

Dated: July 26, 2017

The General Manager Department of Corporate Services, BSE Limited, Floor 25, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai-400001	The Manager Listing Department, National Stock Exchange of India Limited, "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400051
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Dear Sir/Madam,

Sub: Submission of Annual Report for FY17.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that the members of the Company have adopted the Annual Report, inter-alia the audited financial statements (including consolidated financial statements) of the Company for the financial year ended March 31, 2017 which contains, the audited Balance Sheet of the Company as at March 31, 2017, the statement of Profit & Loss Account and the Cash Flow Statement for the year ended March 31, 2017 together with reports of the Directors' and Auditors' thereon, be and are hereby approved and adopted, at the 10th Annual General Meeting held on July 21, 2017, as per the provisions of the Companies Act, 2013.

A certified copy of the Annual Report as adopted by the Members of the Company is enclosed.

We request you to take the above on record and acknowledge receipt.

Thanking you,

Yours faithfully,
for **Quess Corp Limited**



(Sudershan Pallap)
Vice President & Company Secretary



Encl: As above.



Vision, Values, Results.

Quess Corp Limited
Annual Report 2016-17

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Quess Corp Limited

Corporate Information

Board of Directors

Ajit Isaac

Chairman, Managing Director & CEO

Pratip Chaudhuri

Independent Director

Pravir Kumar Vohra

Independent Director

Revathy Ashok

Independent Director

Sanjay Anandaram

Independent Director

Chandran Ratnaswami

Non-Executive Director

Madhavan Menon

Non-Executive Director

Subrata Kumar Nag

Executive, Whole-time Director & CFO

Registered Office

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

Investor Cell

Sudershan Pallap
Vice President & Company Secretary
investor@quesscorp.com

Registrar

Link Intime India Pvt Limited

C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083
Maharashtra, India
rnt.helpdesk@linkintime.co.in
www.linkintime.co.in

Auditors

B S R & Associates LLP

Maruthi Info-Tech Centre, 2nd floor,
11-12/1, Inner Ring Road, Koramangala,
Bengaluru - 560071.
Karnataka, India

Bankers

Axis Bank Ltd
Citibank N.A
IDFC Bank Ltd
Kotak Mahindra Bank Ltd
State Bank of India
The Bank of Nova Scotia
Yes Bank Ltd

Introducing Quess Corp

Quess Corp is India's leading business services provider. Founded in 2007 and headquartered in Bengaluru, the Company has a presence in India, North America, the Middle East and South-East Asia. Powered by a team of 1,89,200 people, we cater to four service lines: People & Services, Global Technology Solutions, Integrated Facility Management and Industrials. Quess Corp is promoted by Fairfax Financial Holdings through its Indian subsidiary, Thomas Cook India Ltd (TCIL) and Mr. Ajit Isaac, Chairman & CEO.

In a volatile global economic landscape, with shifting consumer preferences and far-reaching technological changes, businesses are increasingly feeling the need to focus on what they do best. At Quess, we excel in helping large and emerging companies focus on their strengths and leave the rest to us. Our integrated service offerings across industries and geographies provide significant operating efficiencies to our clients.

With operations across India and the world, we are acting as a force multiplier for our clients. At the same time, we are deeply rooted in our vision and core values that enable us to navigate business challenges, build scale and synergies, and produce lasting results for our clients and all other stakeholders. In our maiden post-IPO report, we are showcasing our strengths, strategies and growth story.

SERVICE LINES

PEOPLE & SERVICES

GLOBAL
TECHNOLOGY
SOLUTIONS

INTEGRATED FACILITY
MANAGEMENT

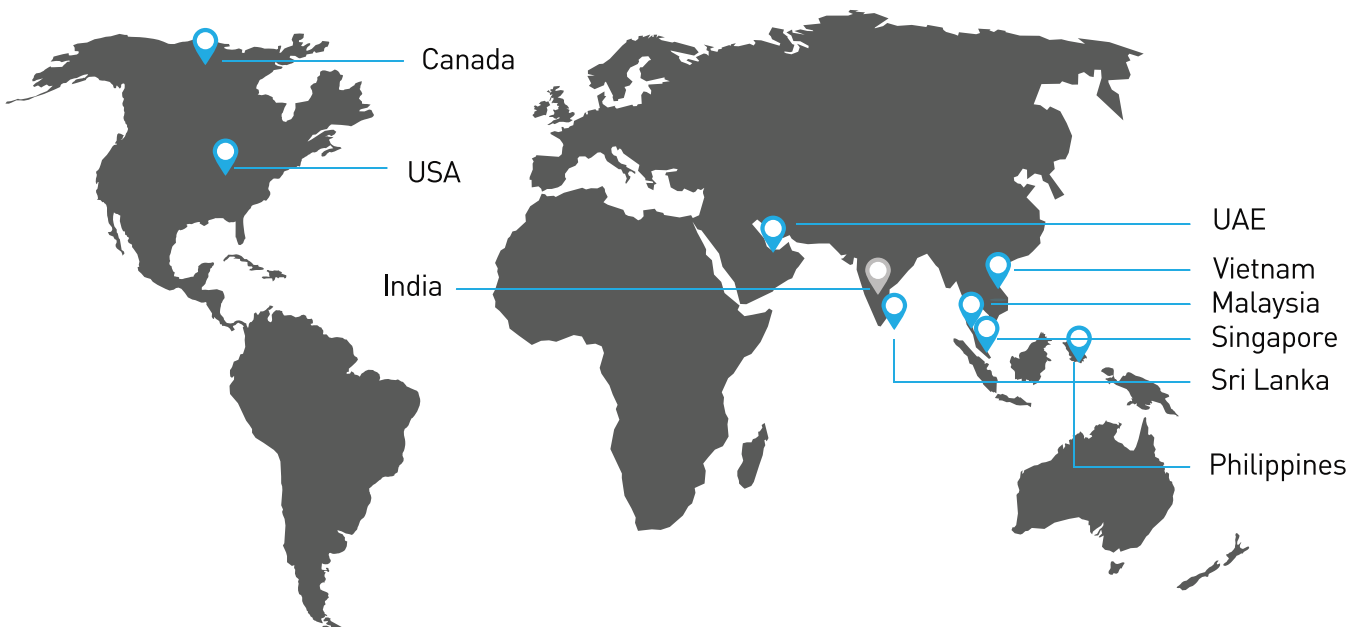
INDUSTRIALS

1,89,200+
Employees

1700+
Clients

9
Countries

16
Acquisitions &
Investments





**DELIVERING
CONSISTENTLY
ON CLIENT
COMMITMENTS**

Our Guiding Principles

We expect to compound our Book Value by 20% p.a., over the long term.

While we grow organically and through friendly acquisitions, our focus will be long-term institution-building and not quarterly earnings.

We will work to keep our debt to EBITDA geared at around 2x.

On an asset-light model, we will continue to develop innovative products and service lines.

We will never bet our Company on any one project or acquisition.

We will continuously give back to society and stay involved in the communities around us.

Structure

AUTONOMY

Our Business will be decentralised and run by the Presidents.

GUIDANCE

The Corporate Office will be involved only in capital allocation, performance goal-setting and leadership planning.

CONNECTEDNESS

Open and collaborative communication approach between Quess' Corporate office and our businesses.

Values

We value **honesty** and **integrity** in all our relationships.

We are **result-oriented**, non-confrontational and apolitical.

We value **loyalty** to the Company and our colleagues.

We are **entrepreneurial**, taking calculated risks and learning from mistakes.

We **work hard**, work smart and **have fun** while doing it.

Board of Directors



Ajit Isaac

Chairman, Managing Director & CEO

Ajit Isaac is the Chairman, Managing Director & CEO of our Company. He holds a Master's from the University of Madras and is a British Chevening Scholar from the University of Leeds, UK. He was nominated for the Forbes India Leadership Awards (2011) under the 'Outstanding Startup Category', CII Regional Emerging Entrepreneur Awards (2011) and most recently, he was one of the finalists at the Ernst & Young Entrepreneur of the Year award (2017).

He has been the CEO at Qess since April 2009 and Chairman & Managing Director since May 2013.



Pratip Chaudhuri

Non-Executive, Independent Director

Pratip Chaudhuri is an Independent Director of our Company. He holds a Bachelor's Degree in Science from the University of Delhi, a Master's Degree in Business Administration from the Punjab University and is a member of the Indian Institute of Bankers. He has over 40 years of experience in the field of banking. He was the Chairman of State Bank of India and has also served as the Chairman of SBI Global Factors Limited and other SBI subsidiaries. He is currently an Independent Director on the board of several Companies.

He has been a Director at Qess since July 2015.



Pravir Kumar Vohra

Non-Executive, Independent Director

Pravir Kumar Vohra is an Independent Director of our Company. He holds a Master's degree in Economics from University of Delhi and is a Certified Associate of the Indian Institute of Bankers. He has over 39 years of experience in the field of banking and information technology. He was previously the Group Chief Technical Officer at ICICI Bank Limited. He has held various leadership positions in India and overseas with State Bank of India.

He has been a Director at Qess since July 2015.



Revathy Ashok

Non-Executive, Independent Director

Revathy Ashok is an Independent Director of our Company. She holds a Bachelor's Degree in Science from the Bangalore University and a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore. She has over 30 years of experience in the field of finance. She was previously the Director – Finance and Administration of TSI Ventures and the Chief Financial Officer of Syntel Limited. She was nominated as one of the women achievers by CII for Southern India in 2011. She has been a Director at Qess since July 2015.



Sanjay Anandaram

Non-Executive, Independent Director

Sanjay Anandaram is an Independent Director of our Company. He holds a Bachelor's Degree in Electrical Engineering from Jadavpur University in Kolkata and a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore. He has over 28 years of experience as a corporate executive, investor, teacher, and advisor to funds and entrepreneurs.

He has been a Director at Qess since December 2015.



Chandran Ratnaswami

Non-Executive Director

Chandran Ratnaswami is a Non-Executive Director of our Company. Mr. Ratnaswami is the CEO of Fairfax India Holdings Corporation and the Managing Director of Hamblin Watsa Investment Counsel. He holds a B.Tech. degree in Civil Engineering from Indian Institute of Technology, Madras and a Master's degree in Business Administration from Rotman School of Management, University of Toronto, Canada. He has 26 years of experience in the field of investment management. Mr. Ratnaswami has been a director of Thomas Cook India since August 22, 2012, and a director of India Infoline Limited since May 15, 2012. He also serves as a director on a number of insurance and non-insurance companies in India and abroad. He has been a Director at Qess since January 2016.



Madhavan Menon

Non-Executive Director

Madhavan Menon is a Non-Executive Director of our Company. He holds a Bachelor's and a Master's degree in Business Administration from George Washington University, USA. He is the Chairman and Managing Director of TCIL. He has over 35 years of experience in the fields of banking, finance and foreign exchange management.

He has been a Director at Qess since May 2013.



Subrata Kumar Nag

Executive, Whole-Time Director and Chief Financial Officer

Subrata Kumar Nag is the Executive, Whole-Time Director and the Chief Financial Officer of our Company. He holds a Master's degree in Business Management from the University of Calcutta. He is also a member of the ICWAI, ICSI and also an AICPA. He has 28 years of experience in the field of finance. Before joining our Company, he was the Vice President – Finance and Company Secretary of Ilantus Technologies Private Limited.

He has been a Director at Qess since July 2013.

Chairman's Message

Dear Shareholder,

I am excited to share our first annual communication since our listing. Qess has had a series of exciting wins and closed the year on a strong note. We are committed to building an enduring institution and hence consciously stay away from a quarterly approach.

We have reason to be proud of Qess' transformation as India's premier business services provider with Revenue growth of 7x, EBITDA growth of 8x and PAT growth of 14x over the past 5 years. This is a testament to our ability to evolve in a rapidly changing market through a judicious mix of organic growth, laser-focus on cost and strategic acquisitions to add to our capabilities and service offerings.

Our Guiding Principles

While we are thankful for our results, we are more grateful for the unique culture that we have at Qess. Business, we believe has the potential to be a force for the good, if we provide outstanding service to customers, nurture our employees and provide a fair return to our shareholders. We focus on the long term and not compromise on integrity in any relationship. We have a prudent capital allocation strategy, again one of the values core to the Qess DNA. Our guiding principles have served us well over the past 10 years and form the bedrock on which Qess stands.

Highlights of FY 2016-17

- In FY 2016-17, our revenue grew to ₹ 4,157 Cr from ₹ 3,435 Cr in FY 2015-16 a growth of 21%.
- EBITDA grew to ₹ 223 Cr a growth of 47%, translating to an EBITDA margin of 5.4%, a growth of 96 bps over the last year.
- Our PAT grew to ₹ 113 Cr from ₹ 81 Cr in 2015-16 a growth of 40%. Our PAT margins improved by 36 bps and we closed the year with 2.7% margins.
- Our employee count stood at 189,200, a growth of 54% over the last year.

Our operating businesses continue to solidify market leadership positions and break new ground. Our People & Services business grew by 20.3% to ₹ 2,345 Cr while EBIT margins improved by 93 bps to 4.6%. Global Technology Services business saw a revenue growth of 28.4% to ₹ 1,183 Cr while EBIT margins improved to 7.0%.

Our cash flow from operations increased to ₹ 74 Cr in FY 2016-17 from negative ₹ 50 Cr, while free cash flow increased to ₹ 36 Cr compared to negative cash flow of ₹ 72 Cr in FY 2015-16. We have a strong balance sheet with a healthy leverage ratio (Gross debt to Equity) of 0.87x and Cash and Bank balance of ₹ 460 Cr.

We closed the year with 6 acquisitions that enabled us to add new service line capabilities, expand our client base and operate in new geographies. The acquisition of Manipal Integrated Services has consolidated our position as a leader in the facility management space.

We forayed into manned guarding and electronic security



through our acquisition of Terrier Securities, adding depth to our integrated facility management offerings.

The acquisition of Comtel established our IT staffing footprint in Singapore while gaining a market-leading presence in SE Asia, a key geography for our next stage of growth.

The investment in Heptagon and Simpliance is expected to accelerate the digital transformation that we have undertaken across our businesses. Through the Inticore-VJP acquisition, we now have a footprint in engineering services and have extended our service capabilities in Industrials.

Digital 'Liquefaction' of Traditional Business Models

Heightened competitive intensity, disruption of traditional supply chain, asset-light business models, and smart decision-making based on quick analysis of big data are the new realities of the digital world. Corporations want to remain flexible to face changing market conditions and nimble to respond to new emerging opportunities. Outsourcing of non-core activities by end-users and adoption of an asset-light approach have been core to our business. To that extent, we are well prepared to face the ongoing paradigm shift, even as we add a layer of technology and digital capabilities across our businesses. We have the ability to "variabilise" fixed costs for our clients, transition internal businesses and manufacturing processes into managed services and provide the flexibility of pay-per-use for common business service requirements. We are excited about the opportunities that lie ahead of us and believe we are competitively positioned to take advantage of these emerging circumstances.

Our People

Fundamental to our success is our talent. I have had the privilege of working alongside exceptional people at Qness - People who can amaze me with their capabilities, expertise and unwavering loyalty & dedication. Over the years, I have also been lucky to retain some exceptional leaders who have traversed this journey with me, sharing my vision and helping build this company. I am deeply thankful to all of them.

In 2017, we made some key leadership hires with a breadth of experience, wisdom and expertise to strengthen our talent pool even further. And as an equitable, meritocratic organisation, we are committed to exploring every avenue to bring opportunities of personal and professional growth to our employees and recognise & reward them continuously.

The Year Ahead

In 2014, India saw a Government with a full majority come to power after a gap of 30 years. This has ushered in a period of political stability enabling the passing of several landmark legislations that are targeted towards the creation of an

economically vibrant and equitable ecosystem in India.

The Government's focus on improving infrastructure, building world-class smart cities and enhancing delivery of services to its citizens opens up several G2C (Government to Consumer) opportunities for Qness.

This year, in addition to scaling up our existing businesses, we intend to focus on new service offerings in the infrastructure, hospitality, and healthcare space and expand our presence in SE Asia and emerging markets by launching several of our existing service offerings in these new geographies.

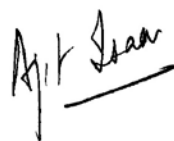
Our Purposeful Existence

I believe that organisations are custodians of public trust and have the obligation to improve outcomes in the communities that they operate in. Our community outreach is carried out through the Careworks Foundation (CWF). CWF focusses on education and healthcare initiatives of primary school kids. In the past year, we adopted 14 schools in Karnataka, India thereby improving learning outcomes for more than 4000+ students. Our efforts are directed towards bettering the overall infrastructure of schools including rebuilding classrooms, improving sanitation and drinking water facilities. We have also provided educational kits, conducted skill development programmes and organised wellness camps for school-going children. These initiatives have had a tremendous positive impact on our communities, helping empower our next generation.

It has been a good year to look back on, but we cannot afford to rest on our laurels. Our sights are ahead and beyond - looking for newer challenges and seeking bigger wins. On behalf of all of us at Qness, my heartfelt thanks for the support, encouragement and especially your trust in us.

I look forward to meeting and interacting with you at our annual meet for shareholders.

Best Regards,



Ajit Isaac

Chairman, Managing Director & CEO
Qness Corp Limited

Operational Highlights 2016-17

People & Services

Crossed a landmark of 1,00,000 associates in general staffing (in October 2016), closing the year with a **headcount of over 1,10,000**.

16,000 students trained and up-skilled across **66 training centers** in India.

Delivered 4 Mn packages for major e-commerce players in 2017 – **One package every two seconds across the 15 cities** that we operate in.

Global Technology Solutions

Market leaders in IT Staffing in India and Singapore with **more than 10,000 technology professionals** engaged at marquee IT firms.

Our Insurance platform processes **P&C policies worth over \$3 Bn in annual premium**.

Integrated Facility Management

We manage **2 world-class airports, 17 hospitals (~10,000 beds)** and **6 universities**.

Our catering business serves **3.5 Mn meals per month**.

Industrials

We are the force behind **3,750 MW of power, 22 MTPA of Steel** and **1.7 MTPA of non-ferrous metals**.

We help help maintain **21,000 telecom towers**; instrumental in the roll out of 4G in India.

We managed **2 Mn electrical meters** in the past year.

Financial Highlights 2016-17

₹4157 Crore
Consolidated Revenue
21% Y-o-Y Growth

₹223 crore
Consolidated EBITDA
47% Y-o-Y Growth

₹113 crore
Consolidated PAT
40% Y-o-Y Growth

₹74 crore
Cash Flow From
Operations

₹36 crore
Free Cash Flow

₹9.10
Diluted EPS
29% Y-o-Y Growth

0.87x
Debt to Equity ratio

Business Overview

People & Services



Temporary Staffing (Non IT), Search & Recruitment across industries



Labour Law Compliance, Payroll Compliance, CLRA Audits and Labour Law Consulting



Retail Management, In-store Solutions, Sales Enablement Programmes, Visual Merchandising, Retail Audits, Events & Activations, Training & Development, Engagement Programmes, Mobile App-based Solutions



Executive Search, Recruitment, Contract Staffing, RPO and Managed Services in the Middle East



Training & Skill Development



Digital SAAS Platform for Labour Law Compliance, Audits and Compliance Knowledge Management



Last Mile Delivery, Reverse Logistics, Managed Fulfillment & Distribution Services

GEOGRAPHIES

India, the Middle East and SE Asia



CLIENTS

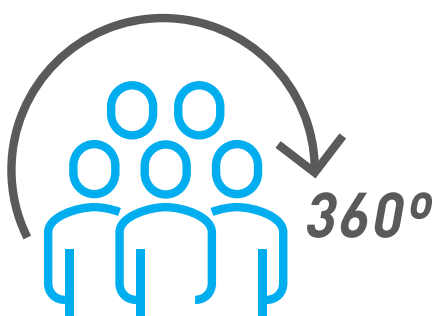
Corporates in e-Commerce, Banking, Financial & Insurance, Industrial Engineering Resources, Consumer Services, Retail, Telecom, and Pharmaceutical & Healthcare sectors.

IKYA IS ONE OF THE TOP GENERAL STAFFING PROVIDERS IN INDIA WITH OVER 1,10,000 ASSOCIATES.

EXCELUS IS AMONG THE LARGEST TRAINING & SKILL DEVELOPMENT PARTNERS OF THE INDIAN GOVERNMENT WITH 66 TRAINING CENTRES ACROSS INDIA.

₹2,345 Crore
Top-line Growth
20% Y-o-Y Growth

With ~1 Mn people entering the workforce every month in India, generating sustainable employment becomes an imperative. As one of the largest private sector employers, Qess has recruited 1 person every 5 minutes in the last year through its general staffing business.



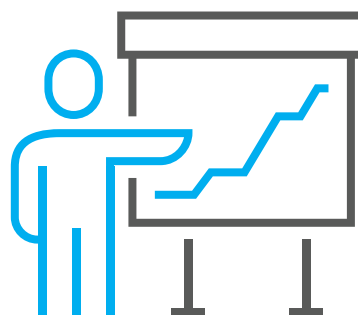
General Staffing & Retail Solutions

Our IKYA Human Capital Solutions brand specialises in supplying a flexible workforce to the industry. With the help of technology, our reach and expertise in managing a field force remotely is unmatched.

Our InEDGE Retail Solutions acts as a connector between strategy and execution for retail operations. From merchandising to sales force management, this is a one-stop solution for retailers.

Search, Recruitment, and Recruitment Process Outsourcing

With brands such as IKYA Search Partners and IKYA Recruitment & RPO under our umbrella, we are adept in headhunting for our clients, from sourcing senior management personnel to recruiting middle and entry-level employees.



Skill Development

Our 'Excelus' brand takes pride in training young Indians to be employable in the industry. With a wide-reaching network and a mission to build a skilled workforce for the nation, we partner with the government, corporates and other institutions.

Digital Compliance

With a pan-India network through 52 offices, 'CoAchieve' Solutions gives our clients statutory compliance management solutions with a strong technology platform. The recently acquired 'Simpliance' platform, on the other hand, enables plug-and-play solutions that simplify labour law compliance management.

Logistics

Qess Corp's 'Dependo' line of business supports our clients with last-mile delivery and reverse logistics solutions.

Global Technology Solutions



IT staff augmentation services to marquee IT clients in India



Mobility, Analytics, Insurance Ops, Information & Systems Integration, Cloud Offerings in P&C Insurance Tech



Information Technology Services - Managed Services, Staff Augmentation & Technology Recruitment in Singapore



Professional Staffing Services, Managed Services, Solutions & Development in North America



Professional IM/IT Staffing Services for Candian public sector clients



Software Product Development and Services IIoT And Mobility

GEOGRAPHIES

India, SE Asia, and North America



CLIENTS

IT Software & product majors, banks & financial institutions.

MAGNA INFOTECH - INDIA'S LARGEST IT STAFF AUGMENTATION PROVIDER WITH CLOSE TO 10,000 ASSOCIATES.

COMTEL IS THE LARGEST IT STAFF AUGMENTATION PROVIDER IN SINGAPORE.

MFX HAS TWO SOPHISTICATED DATA CENTERS AT RIDGEFIELD PARK, NEW JERSEY AND ROANOKE, VIRGINIA WHICH ARE SSAE 16 SOC1 TYPE II COMPLIANT FACILITIES.

₹1,183 Crore
Top-line Growth
28% Y-o-Y Growth

IT organisations around the world are adopting just-in-time hiring and flexi-staffing models to maximise productivity. With a market-leading presence in India and Singapore, we equip our clients with the right technology talent to meet the ongoing wave of automation.



IT Staff Augmentation

Magna | Comtel | Brainhunter | Mindwire

We offer comprehensive IT staffing solutions to clients in India, SE Asia and North America to leading clients in BFSI, Aerospace, Communications, Hi-Tech, Manufacturing & Engineering.

Magna is the market leader in Indian IT staffing, 3x larger than the nearest competitor. Comtel brings us two geographies – Malaysia and Singapore with a market-leading presence in Singapore.



System Integration

Quess delivers solutions for commercial insurance clients, through MFX. As a global insurance integrator, our full suite of technology and business process capabilities enhances the speed of our customers' operations. Outsourcing of non-core technology functions like data center, network and infrastructure management is finding widespread acceptance in the market. We serve as a system integration specialist in the P&C insurance space through our proprietary MFXchange platform.

IIoT and Mobility Solutions

With our newest investment, Heptagon we deliver solution in IIoT and mobility. Our customer segments include large enterprises, SMEs and startups.

Integrated Facility Management



Catering services to corporates, hospitals & education institutes.



Integrated Facility Management, Healthcare Support, Hospitality, F&B, Pest Control & Technical Services.



Integrated Security Solutions, Vulnerabilities & Risk Assessments and Audits.

GEOGRAPHIES

India & SE Asia



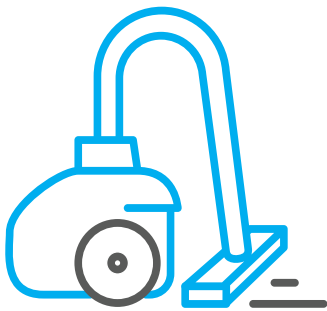
CLIENTS

Airports, schools, universities, hospitals & IT parks and financial institutions, among others.

AMONG THE LARGEST INTEGRATED FACILITY MANAGEMENT PROVIDERS IN INDIA WITH OVER 250MN SQUARE FEET UNDER MANAGEMENT, 3.5MN MEALS SERVED PER MONTH AND OVER 39,000 ASSOCIATES.

₹405 Crore
Top-line Growth
10% Y-o-Y Growth

With the continued boom in commercial real estate and increased awareness of the need for cleanliness (Swachh Bharat), clients seek out organisations like ours that adopt an integrated approach to facility management. Today, Quess manages over 250Mn Sqft of space across India through its IFM business.



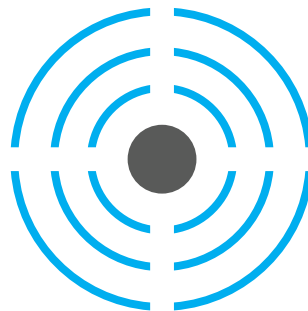
Integrated Facility Management

Avon | Golden Star | Spiffy

Some of the largest brands in the facility management space offering hard and soft services to clients with combined employee strength of over 39,000.

Catering Services

Chef on Wheels provides food and catering services specifically focusing on healthcare, education and hospitality sectors.



Integrated Security Solutions

Terrier, with a track record of 28 years, is amongst the leading providers of manned guarding services in India. Headquartered in Bengaluru, Terrier has a pan-India footprint with presence in over 14 states across 60 cities.

Industrials

Hofincons

Industrial Asset Management, Plant Operations, Preventive & Predictive Maintenance, Condition Monitoring, Fabrication & Erection, Shutdown Operations, Data & Document Management

MAXEED

Telecom (Active and Passive Infra O&M), Managed Services for Utility Clients, Project Consultancy for Renewable energy

Inticore VJP

Delivering Engineering Design Solutions for Automotive, Defence and Oil & Gas clients

GEOGRAPHIES

India, the Middle East & SE Asia



CLIENTS

Power, energy, oil & gas, chemicals and ferrous and non-ferrous metal industries.

HOFINCONS IS A 40-YEAR OLD BRAND, LEADING THE MARKET IN INDUSTRIAL ASSET MANAGEMENT WITH PRESENCE ACROSS POWER, ENERGY, OIL & GAS REFINING, CHEMICALS, FERROUS & NON-FERROUS INDUSTRY SEGMENTS.

₹224 Crore

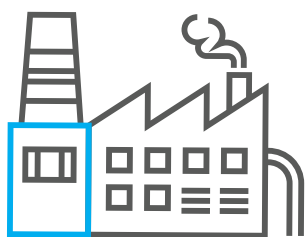
Top-line Growth

5% Y-o-Y Growth

Privatisation of utilities and increased investment in renewable energy are opening new avenues for the Industrials business.

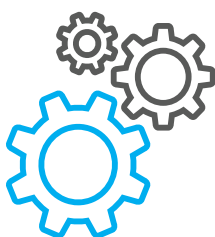
We are in line with the Government of India's "Make in India" initiative to promote light engineering, automotive, defence, and discrete manufacturing.

With over 3900 engineering and technical professionals and 4 decades of experience in Industrial O&M we are set to ride the next wave in manufacturing.



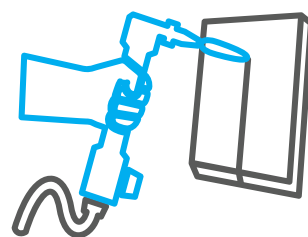
Industrials

Hofincons, with over 40-years of industry-leading experience, helps maintain the plants of our industrial clients.



Managed Services

Maxeed focusses on rendering managed services to clients in the utilities, solar, and telecom spaces, taking responsibility for functional deliverables.



Engineering Solutions and Services

Inticore renders engineering design services for our clients, enabling us to move up the value chain in the Industrials segment.

Community Outreach

Careworks Foundation

Careworks Foundation (CWF), established in 2014, is the CSR arm of Qess Corp. CWF is a non-profit initiative with a vision to actively contribute to the welfare of the community and create a positive impact in the lives of people. Through its focus on healthcare and education, CWF aims to build a healthy & educated workforce and thereby provides a sustainable livelihood for the marginalised sections of the society.

School Enhancement Programme

CWF School Enhancement Programme is the flagship education initiative of Careworks Foundation, aimed at the holistic development of government schools. Its objective is to support quality education for underprivileged children, with special emphasis on education for girls and children from marginalised communities.

Objectives

- To improve the standard of education by strengthening the existing infrastructure and providing basic facilities
- To achieve universal education (Millennium Development Goals 2)

Reach

- Working with 30 schools, 6000 children and 200 teachers
- In FY 2016-17, we adopted 14 schools

School Environment Programme

The mission of this programme is to create physical school infrastructure in a manner that enhances the attractiveness of schools among children, encourage them to attend classes regularly and also strengthen their learning outcomes. Hence, it strives to build schools that are safe, comfortable, attractive, child-friendly and accessible to all children.

Objectives

- Renovating and upgrading the existing school infrastructure
- Ensuring barrier-free access
- Incorporating appropriate safety measures
- Setting up child-friendly school infrastructure
- Building school spaces as pedagogic resources
- Providing essential amenities (drinking water, handwash areas, restrooms) in schools
- Facilitating the maintenance of school infrastructure

Health Programmes

CWF organises general, dental and eye camps to ensure the general well-being of students. In FY 2016-17, CWF health programmes covered 2,000 children and treated major dental issues.

Objectives

- Improving sanitation facilities
- Maintaining clean and sanitised washrooms for young boys and girls
- Improving awareness of cleanliness and sanitation via training programs to school teachers and children
- Ensuring accessibility to pure drinking water with installation of purifiers at school campuses

Reach

- Covered 6000 school-going children



Stakeholder Engagement: School Mapping

School Mapping is a tool to understand the efficacy of existing facilities, and to undertake improvement measures required to bring positive change, involving all stakeholders.

Other initiatives

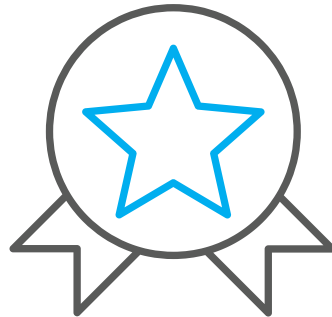
- TLP (Teacher's Learning Programme)
- TEP (Talent Exhibition Programme – Makkala Santhe)
- Employee Volunteer Programme (Joy of Giving)

Industry Recognition

Quess was recognized as the winner in the 'Best IPO' category of IR Awards, 2017 instituted by the Investor Relations Society of India in association with KPMG, Bloomberg and BSE.



Our Chairman Ajit Isaac has been named a finalist at the 2016 EY Entrepreneur of the Year Award Program in India.



Quess was recognised as the 'Best Partner' two years in a row by Huawei Telecommunications for our staffing business, 2016.

Maxeed, the managed services division of Quess, was awarded the Strategic Partner (Services) award by ZTE at its India Partners Meet, 2016.

Simpliance, an associate of Quess, was recognised as the Best Start-Up for its industry leading cloud-based compliance tool at NHRD Showcase, 2016.

Quess Lanka won the 'Device Service Excellence Gold Partner Award' from Huawei Sri Lanka for providing professional staffing services across the region, 2016.

Ikya Human Capital Solutions, a division of Quess Corp, was recognized as the Star Partner at HCL Global Partner Meet, 2016.

Management Discussion and Analysis

The table below gives an overview of the consolidated financial results for FY 2016-17 and FY 2015-16.

1. Financial Results

Particulars (in ₹ crores)	Consolidated		Standalone	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Revenue	4,157.36	3,435.01	3,360.72	2,918.18
Less: Cost of material and stores and spare parts consumed	46.88	48.14	36.04	41.71
Less: Employee benefit expenses	3,543.51	3,006.92	2,936.30	2,558.34
Less: Other expenses	344.17	228.87	210.21	174.08
EBITDA	222.80	151.08	178.17	144.05
<i>EBITDA Margin</i>	<i>5.4%</i>	<i>4.4%</i>	<i>5.3%</i>	<i>4.9%</i>
Add: Other Income	15.25	9.05	16.12	9.10
Less: Finance Costs	46.53	31.04	38.90	27.09
Less: Depreciation and Amortisation Expense	26.44	14.39	17.02	15.24
Add: Share of Profits in Associates	0.12	-	-	-
Profit Before Tax	165.20	114.70	138.36	110.82
<i>Profit Before Tax Margin</i>	<i>4.0%</i>	<i>3.3%</i>	<i>4.1%</i>	<i>3.8%</i>
Less: Tax Expense	51.76	33.52	48.15	32.27
Profit After Tax but before Minority Interest	113.44	81.18	90.21	78.55
Profit After Tax Margin	2.7%	2.4%	2.7%	2.7%
Add: Other Comprehensive Income/ (Losses)	(5.13)	3.81	(2.02)	4.29
Less: Minority Interest	(0.02)	-	-	-
Profit for the Year	108.33	84.99	88.19	82.84
Profit Available for Appropriation	108.33	84.99	88.19	82.84
Balance Carried Forward to Balance Sheet	108.33	84.99	88.19	82.84

The Company, its subsidiaries and associates have adopted "IND AS" with effect from April 01, 2015, with the comparatives for the periods ending March 31, 2016.

Material Changes

No material changes or commitments have occurred between the end of the financial year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

1. Economic Scenario

India's economy followed a path of recovery registering growth in the first two quarters of FY 2016-17. The prospect for economic growth became buoyant with the rural economy, dependent on agriculture, benefiting from a normal monsoon after two successive rain-deficient years. Although the economy was temporarily impacted by certain progressive government reforms, it regained momentum in the last quarter of the FY 2016-17. FY 2016-17 saw landmark economic reforms in India even as the global economic scenario remained restrained.

• **Demonetisation:** We believe that the demonetisation scheme (launched in early November 2016) will eventually help usher in

greater transparency in financial transactions. This transition towards a cashless economy is expected to hasten the shift to organised sector with significant consolidation expected as unorganised players drop away due to heightened scrutiny.

• **Goods and Services Tax:** The Goods and Services Tax (GST) Bill will lead India's economy into a period of transparency, widened tax net, and simplified indirect taxation. Moreover, the GST is slated to bring greater competitiveness and growth to the economy, apart from significantly adding to the India's GDP, going forward.

• **Other Reforms:** The Government of India (GoI) has ushered in several landmark reforms, such as the Real Estate (Regulation and Development) Act, 2016 and the Benami Transactions (Prohibition) Amendment Act, 2016. Besides, the government's special initiatives to bolster the economy like Digital India, Make in India, and Skill India among others are targeted towards maintaining and promoting economic growth in India.

The Central Statistics Office has estimated a GDP growth of 7.3% for FY 2017-18. With the inflation rates remaining benign due to moderated global and commodity prices, the predicted growth rate seems plausible.

The Central Statistics Office forecasted a GDP growth estimated at around 7.3% for FY 2017-18.

The services sector continued to outperform the broader economy registering a growth of around 8.8%.

Going forward, it is expected to face disruption with the rollout of GST. The unorganised players (especially in staffing, facility management and manned guarding) will have to (1) compulsorily deposit service tax recovered from customers to the government on time and (2) regularly deposit statutory employee payments such as ESIC (6.5% of gross salary) and EPF (12% of basic pay). These changes will significantly narrow the pricing difference between unorganised and organised companies. Anecdotal evidence indicate that unorganised providers of temporary staffing and facility management are priced 15-25% below organised players, despite paying the same amount of salaries to their staff, primarily due to non-payment of statutory charges pertaining to EPF, ESIC, etc. Once GST is introduced, unorganised players would not be able to undercut the organised sector on pricing, hence improving prospects of market share gains by organised players like Qess.

The outlook for FY 2017-18 is positive as liquidity in the economy moves towards normalisation, and as a bolstered overall consumption across several sectors is expected. With a predicted normal monsoon in 2017, India's GDP growth is likely to rebound in the second half of the year.

2. Industry Outlook

People & Services

The temporary staffing market grew 19% in 2016 to around ₹54,000 crores. The sector is expected to grow by 20% annually to ₹92,000 crores by 2019 driven by the 'new economy' (demand from organised retail, e-commerce, banking and insurance sector). Organised players are expected to see gains, due to their ability to cater to client requirements without compromising on statutory compliance.

The temporary staffing market grew 19% in 2016 to around ₹54,000 crores and the sector is expected to grow by 20% annually to ₹92,000 crores by 2019.

The provision of skills training in India is quintessential to sustain growth, development and business opportunities. The working age population (15-54 years) accounted for 58.9% of the 1.26 billion population in 2016 and it is expected to increase to 65.9% of the population (891 million) in 2022. To sustain India's economic growth momentum, interventions in skill development ecosystem namely infrastructure, pedagogy, and trainers are key priorities. India's proportion of trained work force is among the lowest in the world with only 10% workforce trained in vocational trades through formal or informal modes. To fill this critical gap, the government has drawn ambitious programmes currently being implemented under the aegis of the National Skill Development Corporation (NSDC) and other central ministries. The NSDC in coordination with the Ministry of Skill Development and Entrepreneurship (MoSDE) caters to around 3.5 million people, falling short of the 13 million who are expected to join the workforce every year.

The working age population (15-54 years) accounted for 58.9% of the 1.26 billion population in 2016.

The government's focus on bridging the skill gap through various initiatives with private sector involvement is encouraging. Centrally-driven programmes like the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) will be a major driver of demand for the training and skilling services provided by the Company.

Global Technology Solutions

Indian IT Staff Augmentation

India's Information Technology- Business Process Management (IT-BPM) industry grew by 8.6% in FY 2016-17 to USD 155.5 billion. This was a continuation of the growth in FY 2015-16, when the industry grew by 8.5% to USD 143 billion. However, the industry faces uncertainties due to regulatory changes

in the US and the macroeconomic outlook. The decision of the industry body NASSCOM to postpone issuing a growth projection for FY 2017-18, a first in 25 years, is a clear indicator of these headwinds.

The Information Technology-Business Process Management (IT-BPM) industry in India grew by 8.6% in FY 2016-17 to USD 155.5 billion.

India's IT-BPM industry is experiencing the twin impact of accelerated technology disruption (due to Internet of Things (IoT), Cloud, Artificial Intelligence (AI) and Automation) and global political uncertainties. With the shift to increasing protectionist policies in most advanced economies, clients are slowing down their decision-making and investment processes.

These new developments are forcing IT-BPM players to maintain nimble and flexible staffing models. India's IT staffing market is set to grow with the ratio of flexi-staff to permanent staff catching up with its global peers. India has a ratio of 0.43% vis-à-vis USA's ratio of 5.0%. Besides, it is expected that the IT-BPM companies may explore on-shoring by subcontracting to local firms or by shifting their work offshore. These are likely to have a positive impact on Quess, which has traditionally focussed on staffing local IT talent.

India's IT staffing market is set to grow with the ratio of flexi-staff to permanent staff catching up with its global peers. India has a ratio of 0.43% vis-à-vis USA's ratio of 5.0%.

North American IT Staff Augmentation

The IT staffing market in the US grew 6% in 2016 to USD 123 billion and is expected to grow at 18% over the next five years. Quess has traditionally stayed away from the 'H1B' model and has focused on staffing of local IT talent, who are not under the 'H1B' regime. The current shift towards protectionism is not expected to impact a player like Quess, that has traditionally focussed on staffing local IT talent.

The IT staffing market in the US grew 6% in 2016 to USD 123 bn and is expected to grow at 18% over the next five years.

Singapore IT Staff Augmentation

The IT Staff Augmentation market in Singapore is SGD 2.15 billion in size as of 2016. The sector primarily caters to the staffing requirements of technology and banking majors that operate from Singapore including MNCs with their regional headquarters in Singapore. The economy is witnessing a significant shift towards protectionism with focus on up skilling and recruitment of local talent. Local IT staffing firms are under constant pressure to staff local residents and have been moving away from the traditional visa driven approach.

The IT Staff Augmentation market in Singapore is SGD 2.15 billion in size as of 2016.

Property and Casualty (P&C) Insurance – ITeS

The P&C Insurance market in the US earns USD 2 trillion in annual premium, covering more than a billion vehicles and 20 million businesses. The P&C industry lags in digital sophistication, so examples of the full benefits of digitisation are scarce. The top 20 or 30 processes can account for up to 40% of the costs and 80 to 90 % of the customer activity. Digitising these processes can take out 30% - 50% of the human service costs, while delivering enhanced customer experience. The insurance industry has been a laggard in adopting new digital approaches. But with changing times leading insurers are driving the adoption of omni-channel servicing, digital products, advanced analytics, and digital process innovation and automation.

The Property and Casualty (P&C) Insurance market in the US earns USD 2 trillion in annual premium, covering more than a billion vehicles and 20 million businesses.

Integrated Facility Management (IFM)

Facility Management

Increased acceptance of outsourcing non-core activities and sustained commercial and office space absorption have been significant drivers for growth of facility management services in India. In FY 2015-16, the IFM market size grew to ₹10,400 crore, at a historic five year CAGR of ~15%. The sector is expected to maintain a growth rate of 25% CAGR over the next three years. Net office space absorption across top cities in 2016 remained stable at 30 million square feet, similar to the net absorption seen in the previous year. Going forward, it is expected that the net absorption of office space will grow at a CAGR of 3% until 2020, which is higher than the growth seen in the last five years.

In FY 2015-16, the IFM market size grew to ₹10,400 crore, at a historic five year CAGR of ~15%.

The sector has been traditionally split between hard and soft services. While hard services account for 40% of the market; soft services account for the other 60%, of which cleaning services contribute ~50% of the total soft services market. However, the past few years have witnessed the emergence of specialised micro-markets with focus on specific sectors, such as healthcare, education and industrial assets, among others. As skill-sets required for this sector are getting more specific, the market is likely to see the rise of specialised players and a higher margin potential.

The market size for hard services grew to ₹4,160 crore i.e. 40% of the IFM market in FY 2015-16; while soft services accounted for ₹6,240 crore i.e. 60% of the same. Cleaning services contributed ₹3,120 crore, nearly 50% of the total soft services market.

Difference between Hard Services and Soft Services

Hard services are related to the physical fabric of the building and cannot be removed. They ensure the safety and welfare of employees and include services like building maintenance, air conditioning, fire safety systems, plumbing, lighting, etc. Soft services include cleaning, security, mail management, waste management and catering.

Security Services

India's security services market is likely to grow at a rate of 20% between FY 2014-15 and FY 2019-20 and achieve market revenues around ₹97,040 crores by FY 2019-20. India's electronic security services market was estimated to be ₹2,430 crores in FY 2010-11 and recorded a CAGR of 25.6%, reaching a value of ₹6,050 crores in FY 2014-15.

India's security services market is likely to grow at a rate of 20% between FY 2014-15 and FY 2019-20 and achieve market revenues around ₹97,040 crores by FY 2019-20.

Key growth drivers for this segment include increasing economic activity, asset creation and infrastructure growth. These developments lead to a need for improved security. Moreover, increased threat from anti-social elements and terrorist outfits, societal perception on threats and awareness on security, are expanding the demand for security services.

Pricing for security services is largely dependent on the minimum wages prescribed in each state. The rise in minimum wages has resulted in an increase in pricing at an average rate of 8% to 10% over the last five years. However, recently there has been significant upturn in wages by up to 50% in a few metropolitan cities including Bengaluru. Given the cost-sensitive nature of the industry, a shift is expected from physical security towards a less labour-intensive electronic security system (that includes alarms, video surveillance and other technology-based systems), over the medium to long term.

India's electronic security services market was estimated at ₹2,430 crores in FY 2010-11 and recorded growth at a CAGR of 25.6%, reaching a value of ₹6,050 crores in FY 2014-15.

Industrials

The manufacturing and infrastructure companies have been outsourcing non-core areas of their operations in order to reduce costs and increase profitability. Delay in revival of the capex cycle has given significant impetus to the outsourcing efforts of asset owners, especially in sectors like ferrous and non-ferrous metals, oil and gas, and heavy engineering. It is forecasted that industrials market will grow at a CAGR of 10-11% per annum from ₹4,800 crores in 2016 to an expected ₹6,700 crores by 2019. However, the most important factors steering the industrials business would be recovery of the capex and investment cycle powered by initiatives like 'Make in India'. These will result in the eventual commissioning of new capacities across sectors. The government has set ambitious capacity building targets across sectors including the addition of 261 gigawatt (GW) fresh power generation capacity by 2022. While renewables will drive majority of the addition (175 GW), solar will emerge as the dominant fuel source (100 GW of addition) over the next 5 years. Moreover, the government is encouraging investment to increase annual crude oil refining capacity to 300 mtpa by 2022 (current capacity of 230 mtpa). Conversion of these targets into actual investment on the ground will propel this segment further.

It is forecasted that industrials market will grow at a CAGR of 10-11% per annum from ₹4,800 crores in 2016 to an expected ₹6,700 crores by 2019.

3. Financial Performance at a Glance

The FY 2016-17 results were among the best in Quess'10 -year history, with strong revenue growth and high earnings quality characterised by expanding profitability margins. Highlights of the year include: -

- Consolidated Revenue grew by 21% from ₹ 3,435 crores in FY 2015-16 to ₹ 4,157 crores in FY 2016-17.
- Headcount grew ~54% from ~ 122,500 in FY 2015-16 to ~189,200 in FY 2016-17. (Incl. Manipal Integrated Services (MIS) and Terrier Security Services (Terrier))

- Consolidated EBITDA grew by 47% from ₹ 151 crores in FY 2015-16 to ₹ 223 crores in FY 2016-17. EBITDA margin expanded by 96 bps from 4.4% in FY 2015-16 to 5.4% in FY 2016-17.

- Consolidated PAT grew by 40% from ₹ 81 crores in FY 2015-16 to ₹ 113 crores in FY 2016-17. PAT margin expanded by 36 bps from 2.4% in FY 2015-16 to 2.7% in FY 2016-17.

- Earnings per share (on a fully diluted basis) increased by 29% to ₹ 9.10 in FY 2016-17 from ₹ 7.03 in FY 2015-16.

- Cash flow from operations increased to ₹ 74 crores in FY 2016-17 from negative ₹ 50 crores in FY 2015-16. The free cash flow (cash flow from operations less capital expenditure) for FY 2016-17 stood at ₹ 36 crores, compared to negative ₹ 72 crores in FY 2015-16.

- Quess announced six acquisitions and investments in FY 2016-17 and all transaction closings happened in Q3 and Q4 of the year, with the exception of MIS, which is expected to close in FY 2017-18. The financial results of FY 2016-17 are not reflective of these acquisitions. It is expected that the financial consolidation of these acquisitions will commence in full form in FY 2017-18.

Balance Sheet Analysis:

	FY 2016-17	FY 2015-16
Leverage Metrics		
Debt: Equity	0.87x	1.05x
Working Capital Metrics		
Receivables DSO	39 days	43 days
Return Metrics		
RoCE (pre tax)	18.4% (post IPO)	23.8%
RoE (post tax)	18.2% (post IPO)	27.2%
Credit Rating		
Long Term	[ICRA]AA- (Stable)	[ICRA]A+ (Positive)
Short Term	[ICRA]A1+	[ICRA]A1+

During the year, the Company maintained a close focus on keeping leverage levels under control. Key leverage metrics continue to be in line with historic levels, despite acquisitions undertaken in the year concluded. The receivables position improved to a Days Sales Outstanding (DSO) of 39 days (vis-à-vis 43 days in FY 2015-16), despite the growth in Consolidated Revenue. This is indicative of the sustainable nature of revenue growth achieved across business segments.

Fund Raising during FY 2016-17

a) Initial Public Offering (IPO)

- Quess went public on July 12, 2016, completing India's most successful IPO by oversubscription rate (147 times) in the past 5 years. The Company raised ₹400 crores through a fully primary equity issuance and was listed at a market capitalisation of around ₹6,400 crores.

- During the year, the Company utilised ₹252 crores towards repayment of debt, mergers and acquisitions, and working capital funding, in line with the objects of the IPO.

Quess went public on July 12, 2016, completing India's most successful IPO by over subscription rate (147 times) in the past 5 years.

b) Issuance of Non-convertible Debentures

- In January 2017, Quess raised ₹150 crores. The Company issued secured redeemable rated listed non-convertible debentures with a tenure of five years and an annual coupon of 8.25%, on a private placement basis. This was the first issuance of non-convertible debentures by Quess and was rated [ICRA] AA-(Stable).

- The proceeds were utilised for meeting Quess' long-term working capital requirements and other general corporate purposes.

Acquisitions and Investments during FY 2016-17

Quess announced six acquisitions and investments in FY 2016-17 in keeping with its established track record of successful inorganic growth through strategic acquisitions. The acquisitions will supplement business verticals, diversify revenue streams and integrate such acquired businesses to further strengthen the Company's service portfolio.

a) Acquisitions

a.1) Manipal Integrated Services Private Limited (MIS)

- Quess agreed to acquire the facility management and catering businesses (FM Business) of MIS on November 28, 2016. The acquisition was structured as a cash-cum-stock deal with an initial investment of ₹220 crores by Quess to subscribe to Compulsorily Convertible Preference Shares (CCPS) of MIS for securing an interest in the FM Business. Subsequently, the FM Business of MIS will be demerged into Quess pursuant to a 'scheme of arrangement', which will see Quess issue approximately 7.15 million equity shares to equity shareholders of MIS.

- In addition to Manipal Group entities, MIS serves more than 120 clients with presence in healthcare, education and BFSI sectors. As on March 31, 2017, MIS had a headcount in excess of 17,000 associates. The FM Business of MIS closed FY 2016-17 with a revenue of ₹ 459 crores and an EBITDA of ₹ 51 crores.

- Quess and Manipal Education & Medical Group (MEMG) have further entered into a long-term partnership under which Quess will provide facility management, catering and security services to all MEMG affiliated entities for a minimum period of five years.

- This acquisition gives Quess' IFM business a strong foothold in the rapidly growing healthcare and education FM space, while building a strategic partnership with the Manipal Group.

- Quess has received approval from Stock Exchanges and the scheme of arrangement is under consideration of the National Company Law Tribunal NCLT.

The Manipal acquisition gives Quess' IFM business a strong foothold in the rapidly growing healthcare and education FM space, while building a strategic partnership with the Manipal Group.

a.2) Comtel Solutions Pte Limited (Comtel)

- Quess acquired Comtel on February 14, 2017 at an enterprise valuation of ~SGD 41.95 million. Quess has acquired 64% in Comtel with the balance stake to be acquired in a phased manner by FY 2021-22.

- Comtel is one of Singapore's largest independent staffing companies. It offers services across staffing solutions, managed services solutions, and recruitment and search services with operations across Singapore, Malaysia and Indonesia. Comtel serves more than 60 clients, including marquee names in BFSI, engineering and IT sectors. As on March 31, 2017, Comtel had headcount in excess of 1,200 associates.

- The acquisition of Comtel provides Quess with market leadership in the Singapore IT Staffing market. Going forward, it is expected to serve as a springboard for expansion of other Quess' services, such as general staffing, managed services for technology, training and skill development, and facility management in Singapore.

- Comtel closed FY 2016-17 with a revenue of SGD 96 million and an EBITDA of SGD 8 million.

The acquisition of Comtel provides Quess with market leadership in Singapore IT Staffing market.

a.3) Terrier Security Services (India) Private Ltd (Terrier)

- Quess entered into an agreement to acquire 74% stake in Terrier on October 19, 2016, subject to the approval of the Foreign Investment Promotion Board (FIPB). Quess completed the acquisition of 49% stake in Terrier for a consideration of ₹72 crores on December 9, 2016.

- With a track record of over 28 years, Terrier is among the leading providers of manned guarding services in India. Headquartered in Bengaluru, Terrier has a pan-India footprint with presence in over 14 states across 60 cities.

- The acquisition marks Quess’ entry into the manned guarding space. It cements Quess’ market leading presence in facility management with the addition of manned and electronic security services.

- The Company filed the application with FIPB for approval of the acquisition of the additional 25% equity stake in Terrier in January 2017 and the same is under consideration by the Foreign Investment Promotion Board (FIPB).

Terrier cements Quess’ market leading presence in facility management with the addition of manned and electronic security services.

a.4) Inticore VJP Advance Systems Private Limited (Inticore):

- Quess entered into an agreement to acquire 74% stake in Inticore on November 28, 2016, adding capability to design and advance engineering solutions to the Industrials business segment. Quess paid a sum of ₹3.50 crores as subscription to fresh equity shares of Inticore. The transaction was closed on December 01, 2016.

- Based out of Coimbatore, Inticore is an engineering design and solutions company focused on aerospace, engineering, defence, and oil & gas sectors.

- The acquisition of Inticore is a strategic fit with Quess’ Industrials business. The investment is envisaged to boost Quess’ capability in developing engineering solutions.

The acquisition of Inticore is a strategic fit with Quess’ Industrials business. The investment is envisaged to boost Quess’ capability in developing engineering solutions.

b) Investments

b.1) Simpliance Technologies Private Limited (Simpliance)

- Quess entered into an agreement to acquire 45% stake in Simpliance on October 19, 2016 for a primary investment of ₹2.50 crores. As on March 31, 2017 Quess holds 27% equity stake in Simpliance.

- Based out of Bengaluru, the technology platform developed by Simpliance has shown successful results for corporates and staffing companies.

The investment in Simpliance will allow the Company to leverage the Digital India drive. The Simpliance platform enhances Quess’ core offerings in labour law compliance, adding a strong layer of automation to the compliance management function.

b.2) Heptagon Technologies Private Limited (Heptagon)

- Quess agreed to acquire 26% equity stake in Heptagon on January 23, 2017 for a sum of ₹5.50 crores as subscription to fresh equity shares of Heptagon. Later, Quess agreed on May 16, 2017 to make further primary equity investment of ₹4.27 crore in Heptagon to increase stake upto 46%.

- Heptagon is engaged in niche software development, working with machine learning, automation, and mobile technologies. The investment in Heptagon is a part of the digitisation effort being implemented across Quess. The products being developed at Heptagon through the investments made by Quess are part of the digital roadmap laid out for each of the Company’s businesses.

Analysis of Business Performance
Revenue Performance (in ₹ crores)

	FY 2016-17	FY 2015-16	Growth
Business Segment			
People & Services (P&S)	2,345.41	1,949.85	20.3%
Global Technology Services (GTS)	1,182.97	921.12	28.4%
Integrated Facility Management (IFM)	404.61	371.87	8.8%
Industrials	224.37	192.17	16.8%
TOTAL	4,157.36	3,435.01	21.0%

Segment Results (in ₹ crores)

	FY 2016-17		FY 2015-16	
	EBIT	EBIT Margin	EBIT	EBIT Margin
P&S	108.9	4.6%	72.4	3.7%
GTS	83.4	7.0%	60.5	6.6%
IFM	20.3	5.0%	17.2	4.6%
Industrials	17.1	7.6%	17.1	8.9%
Unallocated Expenses	(33.3)		(30.4)	
TOTAL	196.4	4.7%	136.7	4.0%

a) People and Services (P&S):

The P&S business offers end-to-end service solutions in the HR services space. P&S provides specialised service offerings in search, recruitment and recruitment process outsourcing (RPO), general staffing, training and skill development, payroll & compliance and retail solutions.

In FY 2016-17, the general staffing associate headcount increased to ~114,800, registering an increase of 39% over the FY 2015-16 closing headcount.

In FY 2016-17, the general staffing associate headcount increased to ~114,800, registering an increase of 39% over the FY 2015-16 closing headcount. The core employee headcount also increased by 25% to 515, in the same period.

Quess' Training and Skill Development business (branded as Excelus) is among the largest skilling partners under the public-private partnership (PPP) model. In FY 2016-17, we trained more than 16,000 students. As of date, we have 23 ongoing projects at 66 centres across 15 states.

FY 2016-17 saw the topline of the P&S business segment grow by 20% to ₹ 2,345 crores with EBIT growth of 50% to ₹ 109 crores. Expansion of EBIT margin from 3.7% to 4.6% was achieved on the back of focus on value-added services and cost efficiencies.

b) Global Technology Services (GTS)

GTS segment focuses on three major areas: a) IT Staff Augmentation, b) Solutions and c) Products. In IT Staff Augmentation, Quess is the largest independent player in India and Singapore (after the acquisition of Comtel), with a rapidly growing presence in the ASEAN markets.

In IT Staff Augmentation, Quess is the largest independent player in India and Singapore (after the acquisition of Comtel), with a rapidly growing presence in the ASEAN markets.

FY 2016-17 was marked by the turnaround of Brainhunter (Quess' vehicle into the North American IT Staff Augmentation market) and MFX (Solutions and Products business). Brainhunter and MFX closed FY 2016-17 with EBITDA of CAD 0.19 mn (compared to FY 2015-16 EBITDA loss of CAD 1 mn) and USD 3 mn (compared to FY 2015-16 EBITDA of USD 2 mn), respectively.

Brainhunter and MFX closed FY 2016-17 with EBITDA of CAD 0.19 mn (compared to FY 2015-16 EBITDA loss of CAD 1 mn) and USD 3 mn (compared to FY 2015-16 EBITDA of USD 2 mn), respectively.

In FY 2016-17, India's IT staffing associate headcount increased to ~9,700, registering an increase of 26% over the FY 2015-16 closing count. The core employee numbers decreased to 672, registering a decline of 9% over the FY 2015-16 closing headcount. The core associate ratio for FY 2016-17 stood at 1:14, registering an improvement of 39% over FY 2015-16 (core associate ratio of 1:10).

FY 2016-17 saw the top line of GTS business segment grow by 28% to ₹ 1,183 crores with an EBIT growth of 38% to ₹ 83 crores.

c) Integrated Facility Management (IFM)

The IFM segment serves as a one-stop shop for all facility management needs. With IFM, the Company offers an entire gamut of facility management services under one roof: soft services (housekeeping), hard services (HVAC and electrical maintenance), food and hospitality (corporate catering), pest control and manned guarding (security personnel, bodyguards).

In FY 2016-17, the IFM associate headcount increased to ~22,300, registering an increase of 13% over the FY 2015-16 closing headcount. The core employee numbers decreased to 275, registering a decline of 6% over the FY 2015-16 closing headcount.

In FY 2016-17, the IFM associate headcount increased to ~22,300, registering an increase of 13% over the FY 2015-16 closing headcount.

FY 2016-17 saw the top line of the IFM segment grow by 9% to ₹ 405 crores with EBIT growth of 18% to ₹ 20 crores. Expansion of EBIT margin from 4.6% to 5.0% was achieved due to Quess' ability focus on high margin contracts.

d) Industrials

Our Industrials business is among the leading players in the Plant Asset Management, offering comprehensive solutions in industrial operations and maintenance along with managed services (in Utilities and Telecom). In FY 2016-17, the Industrials associate headcount increased to 6,933, registering an increase of 27% over the FY 2015-16 closing headcount.

FY 2016-17 saw the topline of the Industrials segment grow by 17% to ₹ 224 crores with EBIT remaining largely stable at ₹ 17 crores. Decline in EBIT margin from 8.9% to 7.6% was mainly due to tapering of the Technology and Consulting business (high margin in nature), which is closely linked with the fortunes of the oil and gas cycle.

Key Corporate Initiatives

Digitisation

In FY 2016-17, Quess embarked on a comprehensive digitisation effort to improve customer experience, bolster service delivery and realise cost efficiencies. Digitisation is being driven through a combination of external technical expertise and internal domain experience. The Company is in the middle of ushering in a quantum change in its key business processes like recruitment, payroll and background verification by bringing in layers of automation and analytics.

The investments in Heptagon and Simpliance represent the second leg of the digitisation programme. The Company is investing in technologies and platforms to enhance its core businesses.

Strengthening of Management Bandwidth and Human Resources

Quess considers its people the Company's most important asset. The Company's employee strength grew by 54% from ~ 122,500 in FY 2015-16 to ~189,200 in FY 2016-17. Quess has institutionalised group level policies introducing good governance, including whistle blower policies and anti-sexual harassment policies. In addition, each business segment has implemented specific operational policies to meet the specific requirements of the said businesses.

One of the key reasons for Quess' success is its decentralised 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 centres, in effect, are presidents of their own operations and are responsible for providing outstanding customer service, ensuring employee satisfaction and providing industry leading return on capital employed. This arrangement provides empowerment to the team, while presenting exciting opportunities for the organisation.

Strengthening the decentralised structure, we have roped in two seasoned management veterans to head the Company's business segments. Mr. Amitabh Jaipuria has been appointed as CEO and President for Global Services. In this role, he is responsible for P&S and IFM businesses in all geographies. He has over 27 years of experience in organisation building with stints across leading corporates. Mr. Satyakam Basu has joined as the CEO and President – Industrials to head the business segment globally. He is a veteran from the metals and mining space and has more than 36 years of experience in the engineering industry.

Further, Mr. Guruprasad Srinivasan who earlier headed the P&S segment has been given the charge of Quess' Shared Services function. He is also responsible for digitisation initiatives as President – Shared Services and Logistics. With these appointments, the Company has brought in the necessary management firepower required to guide Quess' business verticals to the next level of growth.

4. Internal Financial Controls

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting and also the functioning of other operations. These controls and processes are driven through various policies and procedures.

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Board's Report

Dear Shareholders,

The Board of Directors ("Board") of Qess Corp Limited ("Qess" or "Company") with immense pleasure present their Tenth report on the business and operations of the Company for the financial year 2016-17 ("FY17"). This report is being presented along with the audited financial statements for the year.

1. FINANCIAL RESULTS

(in ₹ crores)

Particulars	Consolidated		Standalone	
	FY17	FY16	FY17	FY16
Revenue	4,157.36	3,435.01	3,360.72	2,918.18
Less: Cost of material and stores and spare parts consumed	46.88	48.14	36.04	41.71
Less: Employee benefit expenses	3,543.51	3,006.92	2,936.30	2,558.34
Less: Other expenses	344.17	228.87	210.21	174.08
EBITDA	222.80	151.08	178.17	144.05
EBITDA Margin	5.4%	4.4%	5.3%	4.9%
Add: Other Income	15.25	9.05	16.12	9.10
Less: Finance Costs	46.53	31.04	38.90	27.09
Less: Depreciation and Amortisation Expense	26.44	14.39	17.02	15.24
Add: Share of Profits in Associates	0.12	-	-	-
Profit Before Tax	165.20	114.70	138.36	110.82
Profit Before Tax Margin	4.0%	3.3%	4.1%	3.8%
Less: Tax Expense	51.76	33.52	48.15	32.27
Profit After Tax but before Minority Interest	113.44	81.18	90.21	78.55
Profit After Tax Margin	2.7%	2.4%	2.7%	2.7%
Add: Other Comprehensive Income/ (Losses)	(5.13)	3.81	(2.02)	4.29
Less: Minority Interest	(0.02)	-	-	-
Profit for the Year	108.33	84.99	88.19	82.84
Profit Available for Appropriation	108.33	84.99	88.19	82.84
Balance Carried Forward to Balance Sheet	108.33	84.99	88.19	82.84

The Company, its subsidiaries and associates have adopted "Ind AS" with effect from April 01, 2015, with the comparatives for the period ending March 31, 2016.

Material Changes

No material changes or commitments have occurred between the end of the financial year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

2. FINANCIAL PERFORMANCE AT A GLANCE

The FY17 results were among the best in Qess' 10 year history, with strong revenue growth and high earnings

quality characterized by expanding profitability margins.

Highlights of the year included -

- Consolidated Revenue grew by 21% from ₹ 3,435 crores in FY16 to ₹ 4,157 crores in FY17.
- Headcount grew by 54% from ~122,500 in FY16 to ~189,200 in FY17.
- Consolidated EBITDA grew by 47% from ₹ 151 crores in FY16 to ₹ 223 crores in FY17. EBITDA Margin expanded by 96 bps from 4.4% in FY16 to 5.4% in FY17.

- Consolidated PAT grew by 40% from ₹ 81 crores in FY16 to ₹ 113 crores in FY17. PAT Margin expanded by 36 bps from 2.4% in FY16 to 2.7% in FY17.
- Earnings per share (on a fully diluted basis) increased by 29% to ₹ 9.10 in FY17 from ₹ 7.03 in FY16.
- Cash flow from operations increased to ₹ 74 crores in FY17 from negative ₹ 50 crores in FY16. The free cash flow (Cash flow from operations less capital expenditure) for FY17 stood at ₹ 36 crores, compared to negative ₹ 72 crores in FY16.
- Quess announced 6 acquisitions and investments in FY17 with all the transactions closing happening in Q3 and Q4 of the year, with the exception of Manipal Integrated Services Pvt. Ltd. (MIS) which is expected to close in FY18. The financial results of FY17 are not reflective of these acquisitions. It is expected that the financial consolidation of these acquisitions will commence in full form in FY18.

Balance Sheet Analysis:

	FY17	FY16
Leverage Metrics		
Debt: Equity	0.87x	1.05x
Working Capital Metrics		
Receivables DSO	39 days	43 days
Return Metrics		
RoCE (pre tax)	18.4% (post IPO)	23.8%
RoE (post tax)	18.2% (post IPO)	27.2%
Credit Rating		
Long Term	[ICRA]AA-(Stable)	[ICRA]A+(Positive)
Short Term	[ICRA]A1+	[ICRA]A1+

During the year, the Company maintained a close focus on keeping leverage levels under control. Key leverage metrics continue to be in line with historic levels despite acquisitions undertaken in the year concluded. The receivables position improved to a DSO of 39 days (compared to 43 days in FY16) despite the growth in Consolidated Revenue. This is indicative of the sustainable nature of revenue growth achieved across business segments.

Fund Raising During FY17:

a) Initial Public Offering (IPO)

- Quess' equity shares were listed on July 12, 2016, completing one of India's most successful IPO by oversubscription rate (147 times). The Company raised ₹400 crores through a fully primary equity issuance and was listed at a market capitalisation of around ₹6,400 crores.

- During the year, we utilised ₹252 crores towards repayment of debt, capital expenditure, Mergers & Acquisitions and Working Capital funding, in line with the objects of the issue.

b) Issuance of Non-convertible Debentures

- In January 2017, Quess raised ₹150 crores by issuing secured redeemable rated listed non-convertible debentures with a tenure of 5 years and an annual coupon of 8.25%, on a private placement basis. This was the first issuance of non-convertible debentures by Quess and was rated [ICRA]AA-(Stable)
- The proceeds were utilized for meeting Quess' long term working capital requirements and other general corporate purposes.

Acquisitions during FY17:

Quess announced 6 acquisitions and investments in FY17 in keeping with its established track record of successful inorganic growth through strategic acquisitions to supplement business verticals, diversify revenue streams and integrate such acquired businesses to further strengthen the service portfolio.

a) Acquisitions

a.1) Manipal Integrated Services Private Limited ("MIS"):

- Quess agreed to acquire the facility management and catering ("FM Business") of MIS on November 28, 2016. The acquisition was structured as cash-cum-stock deal with an initial investment of ₹220 crores by Quess to subscribe to Compulsorily Convertible Preference Shares of MIS for securing an interest in the FM Business. Subsequently, the FM Business of MIS will be demerged into Quess pursuant to a Scheme of Arrangement which will see Quess issue approximately 7.15 million equity shares to equity shareholders of MIS.
- In addition to Manipal Group entities, MIS serves more than 120 clients with presence in Healthcare, Education and BFSI sectors. As at March 31, 2017, MIS had headcount in excess of 17,000 associates. The FM Business of MIS closed FY17 with revenue of ~ ₹459 crores and EBITDA of ~ ₹51 crores.
- Quess and Manipal Education and Medical Group ("MEMG"), have also entered into a long term partnership under which Quess will provide facility management, catering and security services to all MEMG affiliated entities for a minimum period of five years.

- This acquisition gives Quess' Integrated Facility Management ("IFM") business a strong foothold in the rapidly growing healthcare and education FM space, while building a strategic partnership with the Manipal Group
 - Quess has received approval from Stock Exchanges and the scheme of arrangement is under consideration of the National Company Law Tribunal.
- a.2) Comtel Solutions Pte Limited ("Comtel"):**
- Quess acquired Comtel on February 14, 2017 at an enterprise valuation of ~SGD 41.95 million. Quess has acquired 64% in Comtel with the balance stake to be acquired in a phased manner by FY22.
 - Comtel is one of Singapore's largest independent IT staffing companies with services offered across staffing solutions, managed services solutions, and recruitment and search services with operations across Singapore, Malaysia and Indonesia. Comtel serves more than 60 clients, including marquee names in BFSI, Engineering and IT sectors. As on March 31, 2017, Comtel had headcount in excess of 1,200 associates.
 - The Comtel acquisition provides Quess with market leadership in Singapore IT Staffing market, while serving as a springboard for expansion of other Quess' services such as general staffing, managed services for technology, training & skill development, and facility management to Singapore.
 - Comtel closed FY17 with revenue of SGD 96 million and EBITDA of SGD 8 million.
- a.3) Terrier Security Services (India) Private Limited ("Terrier"):**
- Quess entered into an agreement to acquire 74% stake in Terrier on October 19, 2016, subject to the approval of Foreign Investment Promotion Board (FIPB). Quess completed the acquisition of 49% stake in Terrier for a consideration of ₹72 crores on December 9, 2016.
 - With a track record of over 28 years, Terrier is among the leading providers of manned guarding services in India. Headquartered in Bengaluru, Terrier has a pan India footprint with presence across 14 states across 60 cities.
 - The acquisition marks Quess' entry into the manned guarding space. It cements Quess' market leading presence in facility management and presents significant cross selling opportunities.
- The Company filed the application with FIPB for approval of the acquisition of the additional 25% equity stake in Terrier in January 2017 and the same is under consideration by the FIPB.
- a.4) Inticore VJP Advance Systems Private Limited ("Inticore"):**
- Quess entered into an agreement to acquire 74% stake in Inticore on November 28, 2016, adding capability to design advance engineering solutions to the Industrials business segment. Quess paid a sum of ₹3.50 crores as subscription to fresh equity shares of Inticore. The transaction was closed on December 01, 2016.
 - Based out of Coimbatore, Inticore is an engineering design and solution company focused on aerospace, engineering, defence and oil & gas sectors.
 - The acquisition of Inticore is a strategic fit with Quess' Industrials business. The investment is envisaged to boost Inticore's capability in developing engineering solutions.
- b) Investments**
- b.1) Simpliance Technologies Private Limited ("Simpliance"):**
- Quess entered into an agreement to acquire 45% stake in Simpliance on October 19, 2016 for a primary investment of ₹2.50 crores. As on March 31, 2017 Quess holds 27% equity stake in Simpliance.
 - Based out of Bengaluru, the technology platform developed by Simpliance has shown successful results for corporates and staffing companies.
 - The investment in Simpliance is a play on digital India. The Simpliance platform enhances Quess' core offerings in labour law compliance, adding a strong layer of automation to the compliance management function.
- b.2) Heptagon Technologies Private Limited ("Heptagon"):**
- Quess agreed to acquire 26% equity stake in Heptagon on January 23, 2017 for a sum of ₹5.50 crores as subscription to fresh equity shares of Heptagon. Quess further agreed on May 16, 2017 to make a further primary equity investment of ₹4.27 cr in Heptagon to increase stake upto 46%.
 - Heptagon is engaged in niche software development and working with machine learning, automation and mobile technologies. The investment in Heptagon

is a part of the digitization effort being implemented across Qness. The products being developed at Heptagon through the investments made by Qness are part of the digital roadmap laid out for each of the businesses.

Details of Subsidiaries and Associates during FY17.

A statement containing salient features of financial statement of subsidiaries in form AOC-1 is attached to the financial statements in accordance with section 129 of Companies Act, 2013 ("CA 2013").

Further pursuant to Section 136 of CA 2013, financial statements of the company, consolidated along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the company.

3. DIVIDEND

The Board of Directors has decided not to recommend any dividend for the financial year under review. Going forward, the dividend, if any, will be declared as per Dividend Distribution policy and depend on a number of factors, including but not limited to the Company's profits, capital requirements, overall financial condition, contractual restrictions and other factors considered relevant by the Board.

The Board of Directors of the Company had approved the Dividend Distribution Policy on May 16, 2017 in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations). The Policy is uploaded on the Company's website at http://quesscorp.com/investor/dist/images/pdf/Policies/Dividend_Distribution_Policy.pdf.

4. TRANSFER TO RESERVES

The Company proposes to transfer an amount of ₹ Nil crore to the General Reserves. An amount of ₹121 crore is proposed to be retained in the Consolidated Statement of Profit and Loss.

5. SHARE CAPITAL

The Company's paid-up Equity Share Capital as on March 31, 2017 was ₹127 crore as compared to ₹ 113 crore in the previous year. The increase in share capital is due to the issue of 12,618,297 Equity Shares as part of the Company's IPO and the allotment of 837,608 Equity Shares to employees pursuant to Qness Corp Employees' Stock Option Scheme 2009 (Amended).

The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. As on March 31, 2017, none of the Directors of the Company hold shares in the Company except Mr. Ajit Isaac, Mr. Subrata Kumar Nag and Mr. Pravir Kumar Vohra who hold 18,585,960 Equity Shares, 12,102 Equity Shares and 192 Equity Shares of the Company respectively.

No disclosure is required under Section 67(3)(c) of the Act, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

The Company has not issued any convertible instrument during the year.

6. FINANCIAL LIQUIDITY

Cash and cash equivalent as at March 31, 2017 was ₹460 crore (Previous year ₹ 109 crore).

The Company's working capital management is based on a well-organized process of continuous monitoring and controls on receivables, inventories and other parameters.

7. CREDIT RATING

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations. ICRA, a reputed Rating Agency, has upgraded the credit rating of the Company from [ICRA]A+ (Positive) to [ICRA]AA- (Stable) for the long term fund based limits in July 2016. The credit rating was reaffirmed in January 2017 along with the same rating for the Company's non-convertible debentures. ICRA reaffirmed the credit rating of [ICRA]A1+ for the short term financial instruments of the Company in July 2016 and January 2017.

8. DEPOSITS

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors Retiring by Rotation

In terms of Section 152 of the CA 2013, Mr. Chandran Ratnaswami is due to retire by rotation at the ensuing Annual General Meeting ("AGM") and, being eligible, offered himself for re-appointment.

Declaration of Independence

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the CA 2013 and SEBI LODR Regulations.

Key Managerial Personnel

During the year under review,

- Mr. Sudershan Pallap was appointed as the Compliance Officer and Company Secretary of the Company in place of Mr. N.V.S. Pavan Kumar, who had resigned from the said post w.e.f. November 28, 2016.
- Mr. Subrata Kumar Nag who is currently the Executive & Whole-time Director was reappointed as the Group CFO of the Company w.e.f. April 5, 2017 in place of Mr. Balasubramanian S, who held the office of Group CFO from January 23, 2017 till April 4, 2017 before resigning.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the CA 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. in the preparation of the accounts for the year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures from the same;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year under review;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the CA 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared annual accounts of the Company on a 'going concern' basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

11. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the CA 2013 and SEBI LODR Regulations during the year under review were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the CA 2013. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

Details of the related party transactions, which are exempted according to a proviso to Section 188 of the CA 2013, during FY17 are disclosed in Note 43 of the financial statements.

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company at http://quesscorp.com/investor/corporate_governance.php.

12. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

In compliance with the provisions of the CA 2013 and SEBI LODR Regulations, the Board, on the recommendation of the Nomination and Remuneration Committee ("NRC"),

approved the Policy for Selection and Appointment of Directors.

The aforesaid Policy provides a framework to ensure that suitable and efficient succession plans are in place for appointment of Directors on the Board so as to maintain an appropriate balance of skills and experience within the Board. The Policy also provides for selection criteria for appointment of directors, viz. educational and professional background, general understanding of the Company's business dynamics, global business and social perspective, personal achievements and Board diversity.

13. AUDITORS

(a) Statutory Auditors

At the 9th AGM held on May 23, 2016, the Members approved the appointment of M/s. BSR & Associates LLP, Chartered Accountants (Registration No.116231W/W-100024) as the Statutory Auditors from conclusion of the 9th AGM until the conclusion of the 10th AGM. As recommended by the Audit Committee, the appointment of M/s. B S R & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company until the conclusion of the 11th AGM is being included in the Notice of the ensuing AGM for your approval. There are no qualifications, reservation or adverse remark made by the Auditor's Report, save and except disclaimer made by them in discharge of their professional obligation.

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the CA 2013, the Company had appointed Mr. S. N. Mishra, Practising Company Secretary as the secretarial auditors to conduct the secretarial audit of the Company for FY17. The report of secretarial auditor for FY17 is annexed herewith as Annexure - I to Directors' Report. There are no qualifications, reservation or adverse remark made by the Secretarial Auditor in their report, save and except disclaimer made by them in discharge of their professional obligation.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 134(3)(M) OF THE CA 2013

The provisions of Section 134(3) (m) of the CA 2013 relating to conservation of energy and technology absorption do not apply to the Company. The Company, however, uses information technology extensively in its operations.

During the year under review, the Company's earning and outgo in foreign exchange earning was ₹ 17 crores and ₹ 1 crores respectively. In connection with the foreign exchange outgo, you are also advised to refer note 41 to Accounts.

15. RISK MANAGEMENT POLICY

The Board of the Company has adopted the Risk Management Policy in order to assess, monitor and

manage risk throughout the Company.

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. The Risk Management policy, as approved by the Board, is displayed on the website of the Company at http://quesscorp.com/investor/corporate_governance.php.

16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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. The CSR initiatives are primarily carried out through the CareWorks Foundation (CWF), a non-profit initiative established in January, 2014.

Your Company continued the social development schemes initiated in previous years along with some new initiatives. These projects covered the broad thematic areas of Education, Health and Sanitation that are compliant with CA 2013.

In compliance with Section 135 of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee).

The Board has adopted the CSR Policy, as formulated and recommended by the CSR Committee, and is available on Company's website at http://quesscorp.com/investor/corporate_governance.php

The disclosure of contents of CSR policy pursuant to clause (o) of sub-section (3) of section 134 of CA 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is annexed herewith as Annexure - II to the Directors' Report.

The CSR activities carried out by the Company during FY17 are detailed below:

1. CSR Programs undertaken by CWF were

a. School Enhancement Programme

CWF School Enhancement Programme is the flagship education initiative of Care works Foundation, aimed at holistic development of government schools. Its objective is to support quality education for underprivileged children, laying special emphasis on education for girls and children from marginalized communities.

Objectives

- To improve the standard of education by strengthening the existing infrastructure and providing basic facilities

- To achieve universal education in line with the United Nations Millennium Development Goals.

Reach

- Working with 30 schools, 6000 children and 200 teachers
- In FY17, we adopted 14 schools

b. School Environment Programme

The key objective is to create physical school infrastructure in a manner that enhances the attractiveness of schools among children, encourage them to attend classes regularly and also, strengthen their learning outcomes. Hence, it strives to build schools that are safe, comfortable, attractive, child-friendly and accessible to all children.

Objectives

- Renovating and upgrading the existing school infrastructure
- Ensuring barrier-free access
- Incorporating appropriate safety measures
- Setting up child-friendly school infrastructure
- Building school spaces as pedagogic resources
- Providing essential amenities (drinking water, hand wash areas, rest rooms) in schools
- Facilitating the maintenance of school infrastructure

c. Health Programmes

CWF organises general, dental and eye camps to ensure the general well being of students. In FY17, CWF health programmes covered 2,000 children and treated major dental issues.

Objectives

- Improving sanitation facilities
- Maintaining clean and sanitized wash rooms for young boys and girls
- Improving awareness of cleanliness and sanitation via training programs to school teachers and children

- Ensuring accessibility to pure drinking water with installation of purifiers at school campuses

Additionally, CWF distributed education kits to over 5000 school children and also awarded 240 scholarships for meritorious students from economically deprived background.

17. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY OPERATIONS IN FUTURE

There are no significant material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its future operations.

18. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Company seeks to ensure that all such complaints are resolved within defined timelines. During FY17, the Company has received 7 complaints, of these 7 complaints have been resolved and there were no pending Complaints as on March 31, 2017. The Company has conducted 22 workshops/ awareness programs on prevention of sexual harassment.

19. VIGIL MECHANISM

The Company has adopted the Whistle-blower Policy, and details of the same are explained in the Corporate Governance Report. The Policy is also available on the Company's website at http://quesscorp.com/investor/dist/images/pdf/Policies/Quess_%20Whistleblowers_Policy.pdf

20. MANAGEMENT DISCUSSION & ANALYSIS

A report on Management Discussion & Analysis is provided separately in this Annual Report.

21. CORPORATE GOVERNANCE

The Company has adopted best corporate practices, and is committed to conducting its business in accordance with the applicable laws, rules and regulations. The Company follows the highest standards of business ethics. A report on Corporate Governance is provided separately in this Annual Report.

The details of the meetings of the Board of Directors held during FY17 are mentioned in the aforesaid Corporate Governance Report.

22. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year under review is annexed as Annexure – III to the Directors' Report.

23. EMPLOYEE STOCK OPTION PLAN (ESOP)

Presently the Company has two schemes viz, Quess Corp Employees' Stock Option Scheme 2009 (Amended) ("ESOP 2009") and Quess Corp Limited Employees' Stock Option Scheme 2015 ("ESOP 2015")

The disclosures with respect to ESOP 2009 and ESOP 2015 as required by the Securities and Exchange Board of India (SEBI) (Share Based Employee Benefits) Regulations, 2014, have been annexed as Annexure – IV the Directors' Report.

24. EXTRACT OF ANNUAL RETURN

Pursuant to Section 134 (3a) and Section 92 (3) of the CA 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2017 in form MGT 9 has been annexed as Annexure – V the Directors' Report.

25. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the CA 2013 are given in the notes to the Financial Statements.

26. PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of CA 2013, and the Rules framed thereunder is provided in a separate annexure forming part of the Directors' Report.

The information in respect of employees of the Company required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 will be provided upon request. In terms of Section 136 of the CA 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

27. ACKNOWLEDGEMENTS

The Board places on record, its deep sense of appreciation to all of Quess' employees and the Company's customers. The Board also thank all the shareholders, investors, vendors, service providers, bankers and all other stakeholders for their continued and consistent support to the Company during the year.

Your Directors would like to make a special mention of the support extended by the various Departments of Government of India, the State Governments, the Tax Authorities, the Ministry of Commerce, Reserve Bank of India, Ministry of Corporate Affairs, Ministry of Finance, the Customs and Excise Departments, Securities and Exchange Board of India, Stock Exchanges and other governmental/ semi-governmental bodies and look forward to their continued support in all future endeavours.

28. CAUTIONARY STATEMENT

The Board's Report and Management Discussion & Analysis may contain certain statements describing the Company's objectives, expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual

outcomes may differ materially from what is expressed herein.

The Company is not obliged to update any such forward-looking statements. Some important factors that could influence the Company's operations include global and domestic economic developments, competitor behaviour, changes in government regulations, tax laws and litigation.

For **Quess Corp Limited**

Bengaluru,
May 16, 2017

Sd/-
Ajit Isaac
Chairman, Managing Director & CEO

Annexure – I

Form MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Qess Corp Limited
3/3/2, Bellandur Gate,
Sarjapur Main Road,
Bengaluru- 560103

I, S.N.Mishra proprietor of SNM & Associates, Bengaluru bearing Membership No. 6143 and C.P. No. 4684, 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") CIN: L74140KA2007PLC043909 listed its securities at the BSE Limited and National Stock Exchange of India Limited since July 12, 2016. 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, for the financial year ended on March 31, 2017, 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 the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed there under;
- (iv) The SEBI Act 1992 and its applicable rules and regulations as under;

- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 SEBI LODR.
- SEBI (Prohibitions of Insider Trading) Regulations, 2015
- Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
- SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- SEBI (Investor Education and Protection Fund) Regulations, 2009
- SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009
- SEBI (Issue and Listing of Debt Securities) Regulations, 2008
- SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006
- SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003
- SEBI (Depositories and Participants) Regulations 1996
- SEBI (Share Based Employee Benefits) Regulations, 2014

- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and Downstream Investments;
- (vi) Labour Laws as applicable and the rules and regulations made thereunder:
- (vii) Tax Laws as applicable and the rules and regulations made thereunder;

I have also examined compliance with the requirements under Chapter IV of SEBI LODR .

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

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 and is in compliance with Regulation 17(1)(a) of SEBI LODR and Section 149 of the Act, read with Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

The Board met 8 (eight) times during the year on 17.05.2016, 20.06.2016, 04.07.2016, 08.07.2016, 29.07.2016, 19.10.2016, 28.11.2016 and 23.01.2017. The intervening gap between the meetings was within the period prescribed under Regulation 17(2) of SEBI LODR and the Act.

Circular resolutions passed by the Committees during the period under review were duly recorded at the consecutive meetings of the Committee.

The participation of Directors in the meetings is duly recorded. The requisite quorum was present in the Board Meetings by participation of Directors in the meetings either in person or through video conferencing (VC) or through VC & dial in.

Adequate notice was 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. The Company is in compliance with Regulation 29 of SEBI LODR w.r.t. prior intimation of Board Meetings as applicable.

Majority decision was carried through, while the Boards views are captured and recorded as part of the minutes.

2. The annual general meeting for the financial year ending on 31st March 2016 was held on 23rd May 2016 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.

No extraordinary general meetings were held during the period under review. Two Postal ballots were conducted by the Company during the period under review. The notices were served on October 19, 2016 and December 12, 2016 and the results were announced on November 26, 2016 and January 17, 2017 respectively in accordance with Section 110 and other applicable provisions, if any, of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The resolutions passed

thereat were duly recorded in Minutes Book maintained for the purpose.

3. The Company has the following committees in place and the members of the committees meet at regular intervals to discuss and execute the relevant functions/operations as per the terms of the policy framed for the purpose:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Administration Committee
- CSR Committee
- IPO Committee*

* The IPO Committee was dissolved upon listing of the Company with the Stock Exchanges.

Regulation 21(5) of SEBI LODR 2015 with respect to Constitution of Risk Management Committee is not applicable to the Company.

4. In accordance with Schedule IV of the Act, an exclusive meeting of Independent Directors was held without the presence of Non-independent Directors & members of management, on 14.03.2017, at which all Independent Directors were present.
5. The Company has duly filed all forms and returns with the Registrar of Companies, and other statutory bodies as applicable from time to time within the time prescribed under the Act and the rules made there under and with additional fees.
6. The Company was in regular compliance with Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.
7. The Company has appointed a Registrar and Transfer Agent ("RTA") as provided hereunder, who are duly registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 who on behalf of the Company, maintains the records of holders of securities issued by the Company and deals with all matters connected with the transfer and redemption of securities.

Link Intime India Private Limited
Address : 247 Park , C 101 1st Floor , LBS Marg ,
Vikhroli (W) , Mumbai – 400 083
Phone: +91 22 49186000 | Extn: 2470 | Fax: +91 22 49186060
Email id: rnt.helpdesk@linkintime.co.in

8. The Company is listed with BSE Limited (BSE) and National Stock Exchange on India Limited since July 12, 2016 and is in compliance with the requirements under Chapter IV of SEBI LODR.
 - As explained by the RTA, the grievances of shareholders have majority been attended to, during the period under review.
 - The code of conduct was amended to include the duties of Independent Directors as laid down in the Act on May 16, 2017..
9. The Company is majorly in compliance with SEBI Act 1992 and its applicable rules and regulations as detailed in Point (iv) of this report.
10. The Company is in compliance with the Foreign Exchange Management Act, 1999 and the rules and regulations thereunder to the following extent:
 - The Annual Return on Foreign Assets and Liabilities for the financial year 2015-16 to the Reserve Bank of India was filed within the stipulated time frame in compliance with RBI/ 2013-14/646 A.P. (DIR Series) Circular No. 145.
 - The Annual Performance Report for the wholly owned subsidiaries for the period ended March 31, 2016 were filed within the stipulated time frame in compliance with RBI//2015-16/374 A.P. (DIR Series) Circular No.62.
 - The Company is in compliance with Regulation 6 of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations w.r.t. investments made in and guarantees provided to wholly owned foreign subsidiaries during the period under review.
 - The Company is in compliance with Regulation 14 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations with respect to intimation of downstream investments made during the period under review.
11. As per the information provided to me, the Company has framed a policy on Prevention and Prohibition of Sexual Harassment at Workplace and has constituted an Internal Complaints Committee to handle matters under the Sexual Harassment of Women at Workplace Act, 2013 and its corresponding rules and regulations.
12. The compliances under the following Labour Laws have been scrutinised by me:
 - a. The Karnataka Shops and Establishments Act, 1961
 - b. The Minimum Wages Act, 1948
 - c. The Payment of Wages Act, 1936
 - d. The Payment of Bonus Act, 1965
 - e. Equal Remuneration Act, 1976
 - f. The Payment of Gratuity Act, 1972
 - g. The Employees' Compensation Act, 1923
 - h. The Maternity Benefit Act, 1961
 - i. The Child Labour (Prohibition and Regulation) Act, 1986
 - j. The Contract Labour (Regulation and Abolition) Act, 1970
 - k. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
 - l. The Apprentices Act, 1961
 - m. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

The Company has complied with the applicable provisions, registrations, filing of returns, maintenance of records and display of abstracts as required under these Labour laws their corresponding rules, regulations and guidelines thereunder except as specified hereunder;
13. For compliances under various tax laws, I have relied on the reports submitted by the Internal Auditors and the Statutory Auditors of the Company. As per the reports provided, the Company is in compliance under the various tax laws and the corresponding rules, regulations and guidelines as applicable to the Company.
14. 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.

Sd/-

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

Place: Bengaluru
Date : May 16, 2017

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure 'A'

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our 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 and 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.

Place: Bengaluru
Date: May 16, 2017

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

Annexure - II to Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities in FY17

CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee ("CSR Committee").

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee, and the same is available on the Company's website.

During FY 2016-17, the Company has pursued the following CSR Projects. CSR activities carried out by the Company through Careworks Foundation are detailed below:

1. School Enhancement Programme
2. Improvement of School Environment
3. Health Intervention

In addition to the above, it is proposed to undertake new CSR Projects in FY18 as given below:

1. Teachers Learning program
2. Psycho Social care for the children

The disclosure of the contents of the CSR policy pursuant to Section 134(3)(o) of CA 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, are as follows:

S. No.	Particulars	Remarks
1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.	Please refer to the overview of programmes undertaken by the Company, as mentioned above. The CSR policy is available on the web link : http://quesscorp.com/investor/dist/images/pdf/Policies/CSR_Policy.pdf
2.	The Composition of the CSR Committee.	Ms. Revathy Ashok, Chairperson Mr. Ajit Isaac Mr. Pravir Kumar Vohra
3.	Average net profit of the company for last three financial years.	₹76.16 crores
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹1.52 crores
5.	Details of CSR sanctioned & spent during the financial year: a) Total amount to be spent for the financial year; b) Amount unspent, if any c) Manner in which the amount spent during the financial year is detailed below	a) ₹ 1.52 crores b) ₹ 0.18 crores c) Details given below in Table A
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.	The Budgeted amount for School Enhancement Programme is ₹ 1.02 crores. Due to delay in completion of the project, the trust could not fully utilize the budgeted amount in FY17. The balance amount of ₹ 0.18 crores will be spent in the present financial year i.e. FY18 on the same project that is scheduled to complete shortly.

Table A

1	2	3	4	5	6	7	8
S. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or others (2) Specify the State and District where projects or programs were undertaken.	Amount Outlay (Budget) Project or Program wise (₹ in crore)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in crore)	Cumulative Expenditure upto the reporting period i.e. FY 2016- 2017 (₹ in crore)	Amount Spent Direct or through Implementing Agency
1	Academic Support Programme (Scholarship, Education kit, Art & Craft)	Education	Karnataka- Bengaluru and Shivamogga District	0.28	0.28	0.28	Spent through Careworks Foundation
2	School Enhancement Programme	Education	Karnataka- Bengaluru and Shivamogga	1.02	0.84*	1.12	Spent through Careworks Foundation
3	Donation to Other charitable trust	Health	Karnataka- Bengaluru and Tamil Nadu - Chennai	0.05	0.05	1.17	Spent through Careworks Foundation
4	Chennai Flood relief work	Disaster Management	Tamil Nadu - Chennai	0.09	0.09	1.26	Spent through Careworks Foundation
5	Health Camp	Health	Karnataka- Bengaluru	0.08	0.08	1.34	Spent through Careworks Foundation
Total				1.52	1.34		

*Explanation is mentioned in Point No.6 of Disclosures.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company has been reproduced below:

The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

Sd/-

Ajit Isaac

Chairman, MD and CEO

May 16, 2017

Sd/-

Revathy Ashok

Chairperson, Corporate Social Responsibility Committee

Annexure - III

Business Responsibility Report

(As per Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	CIN L74140KA2007PLC043909
2.	Name of the Company	QUESS CORP LIMITED
3.	Registered address	3/3/2 Bellandur Gate, Sarjapur Road, Bengaluru - 560103, Karnataka, India
4.	Website	www.quescorp.com;
5.	E-mail id	investor@quescorp.com
6.	Financial Year reported	April 1, 2016 to March 31, 2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	i. People & Services ii. Global Technology Solutions iii. Integrated Facility Management iv. Industrials
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	1. Staffing and recruitment services 2. Facility management and food services 3. Training services 4. Operation and maintenance
9.	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations (Provide details of major 5)	http://quescorp.com/Gmap/offices.php
	ii. Number of National Locations	http://quescorp.com/Gmap/offices.php
10.	Markets served by the Company – Local/ State/ National/ International	Refer to Segment report, at page 131 of Annual Report

Section B: Financial Details of the Company

1.	Paid-up Capital (₹)	₹ 126.79 crores
2.	Total Turnover (₹)	₹ 4157.36 crores (consolidated)
3.	Total profit after taxes (₹)	₹ 113.44 crores (consolidated)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of average net profits of the Company made during the three immediately preceding financial year. Refer to Annexure 2 in the Annual Report, at Page 46
5.	List of activities in which expenditure in 4 above has been incurred:-	Refer to the Annexure 2 in the Annual Report, at Page 46

Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	Yes Refer to Annexure V the Annual Report, at page 56
2.	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1.	Details of Director / Directors responsible for BR	
a)	Details of the Director/Director responsible for implementation of the BR policy / policies	
1.	DIN Number	00087168
2.	Name	Mr. Ajit Isaac
3.	Designation	Chairman, Managing Director & CEO
b)	Details of the BR head	
1.	DIN Number	02234000
2.	Name	Mr. Subrata Kumar Nag
3.	Designation	Executive, Whole-time Director & CFO
4.	Telephone number	080-6105 6000
5.	e-mail id	investor@quesscorp.com

1. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect, and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S.No	Questions	Business Ethics	Product Responsibility	Wellbeing of employees	Stakeholders engagement	Human rights	Environment	Public Policy	CSR	Customer Relations
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The spirit and intent of Quess Code of Conduct and other Codes / Policies are prepared in compliance with applicable laws / rules / guidelines. In addition, they reflect the vision and mission of the Company of providing world-class customer experience while continuously working towards creating better lives.									
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.quesscorp.com								

		Business Ethics	Product Responsibility	Wellbeing of employees	Stakeholders engagement	Human rights	Environment	Public Policy	CSR	Customer Relations
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

3. Governance related to BR

<ul style="list-style-type: none"> Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year 	Quarterly.
<ul style="list-style-type: none"> Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? 	Yes. annual; Website link: http://quesscorp.com/investor/index.php

Section E: Principle-wise performance

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No.	Our policies related to ethics, bribery and corruption are part of our corporate governance frame work and cover the Quess Group and our suppliers.
2. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs /Others?	
3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	Quess' stakeholders includes our investors, clients, employees, vendors / partners, government and local communities. For details on investor complaints, refer to investor complaints section of Corporate Governance report in the Annual Report.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.	i. People & Services ii. Global Technology Solutions iii. Integrated Facility Management iv. Industrials
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	- Not applicable -
i. Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?	
ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	

3. Does the company have procedures in place for sustainable sourcing (including transportation)? i If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so	Yes
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, wherever possible.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as ←5%, 5-10%, →10%). Also, provide details thereof, in about 50 words or so.	Yes, wherever possible

Principle 3 - Businesses should promote the well-being of all employees

1. Please indicate the Total number of employees.	Our global employee count stands at 1,89,200* employees as on March 31, 2017
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis	14,192* employees
3. Please indicate the Number of permanent women employees.	The number of our global women employees is 1,174* as on March 31, 2017.
4. Please indicate the Number of permanent employees with disabilities	The Company does not specifically track the number of disabled employees. The Company gives equal opportunities and treats all employees at par.
5. Do you have an employee association that is recognized by management?	No.
6. What percentage of your permanent employees is members of this recognized employee association?	Not applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	Information required under Sexual Harassment Of Women At Workplace (Prevention, Prohibition & Redressal) Act, 2013 was provided at Page No. 40 of the Annual Report. No complaints received in other areas.
8. What percentage of your under mentioned employees were given safety & skill up gradation training in the last year? <ul style="list-style-type: none"> • Permanent Employees • Permanent Women Employees • Casual/Temporary/Contractual Employees • Employees with Disabilities 	All employees of the Company (Permanent men, Permanent women and Contractual employees) are being given skill upgradation training programmes conducted.

Principle 4- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1. Has the company mapped its internal and external stakeholders? Yes/No	Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details there of, in about 50 words or so.	Details of CSR Programmes are given at page no. 46 of Annual Report.

* includes employees of subsidiaries and associates

Principle 5 - Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	Yes, all companies in the Ques Group are covered by the policy.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	Please refer Page No. 72 in Corporate Governance Report for investor complaints redressal status.

Principle 6 - Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.	Not applicable
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc	Not applicable
3. Does the company identify and assess potential environmental risks? Y/N	Not applicable
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Not applicable
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Not applicable
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not applicable
7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Not applicable

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of: Indian Staffing Federation
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No.

Principle 8 - Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company focusses on responsible business practices with community centric interventions. The thrust areas are sustainable livelihood – especially skill development and employability training, education and health care, all of which constitute the Human Development Index – a quality of life indicator.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO/government structures/ any other organization?	Yes, through Care Works Foundation (CWF). Please refer CSR activities at Page No. 46 of the Annual Report.
3. Have you done any impact assessment of your initiative?	Yes
4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.	Please refer CSR activities at Page No. 46 of the Annual Report
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so	Please refer CSR activities at Page No. 46 of the Annual Report

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.	- Nil -
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)	Not applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so	No
4. Did your company carry out any consumer survey / consumer satisfaction trends?	We interact with our clients on a regular basis and across multiple platforms. Customer-focussed excellence demands constant sensitivity to changing and emerging customer requirements and close attention to the voice of the customer.

Annexure-IV

Disclosure under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") for FY17.

The Company currently has two (2) Employee Stock Option Schemes pursuant to Special Resolutions passed at the General Meetings of the Company. Following are the Employee Stock Option Schemes under which stock options are granted to eligible employees / directors of the Company from time to time:

1. Quess Corp - Employees' Stock Option Scheme, 2009 ("ESOP 2009")
2. Quess Corp Limited - Employees' Stock Option Scheme, 2015 ("ESOP 2015")

I. Details related to ESOP 2009 and ESOP 2015 as per SEBI SBEB Regulations are given below:

A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards, as prescribed from time to time	The same has been appropriately disclosed in the note 47 of the financial statements for the year ended March 31, 2017 mentioned in the Annual Report 2016-17, which is available on the website of the Company viz., www.quescorp.com .
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time,	The same has been appropriately disclosed in the statement of Profit and loss for the year ended March 31, 2017 mentioned at note 40 in the Annual Report 2016-17, which is available on the website of the Company viz., www.quescorp.com .

II. Details related to Employee Stock Option Schemes

	Particulars	ESOP 2009	ESOP 2015
i.	Date of shareholders' approval	December 23, 2015	December 23, 2015 and ratified on November 26, 2016
ii.	Total number of options approved under the Scheme	3,369,256	19,00,000
iii.	Vesting requirements	Minimum vesting period of one year from the date of grant	
iv.	Exercise price or pricing formula	The exercise price would be determined by the Nomination & Remuneration Committee, provided that the exercise price per option shall not be less than the face value of the Equity Shares of the Company.	
v.	Maximum term of options granted	Five years	
vi.	Source of shares [primary, secondary or combination]	Primary	
vii.	Variation in terms of options	None	
viii.	Method used to account for the Scheme (Intrinsic or fair value)	Fair value method	
ix.	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	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. This was approved by the Shareholders on December 23, 2015.	

x. Option movement	ESOP 2009	ESOP 2015
Number of options outstanding at the beginning of FY17	27,29,528	19,00,000
Number of options granted during FY17	-	-
Number of options forfeited / lapsed during FY17	-	-
Number of options vested during FY17	27,29,528	-
Number of options exercised during FY17	8,37,608	-
Number of shares arising as a result of exercise of options	8,37,608	-
Money realized by exercise of options (₹), if scheme is implemented directly by the Company	83,76,080	-
Number of options outstanding at the end of FY17	18,91,920	-
Number of options exercisable at the end of FY17	18,91,920	-
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Please refer Note 47 to financial statements mentioned in the Annual Report 2016-17.	

Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to

	ESOP 2009	ESOP 2015
i. senior managerial personnel	-	-
ii. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during FY17	-	-
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	-
iv. A description of the method and significant assumptions used during FY17 to estimate the fair value of options including the following information: a) The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends; the risk-free interest rate and any other inputs to the model b) The method used and the assumptions made to incorporate the effects of expected early exercise c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Please refer Note 47 to financial statements mentioned in the Annual Report 2016-17.	

Disclosures in respect of grants made in three years prior to IPO

i. Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made	Please refer Note 47 to financial statements mentioned in the Annual Report 2016-17.
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III. The Company has not implemented schemes for the benefit of their employees involving dealing in shares, directly or indirectly, in the form of stock appreciation rights scheme, general employee benefits scheme and retirement benefit scheme.

Annexure-V

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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:

i.	CIN	L74140KA2007PLC043909
ii.	Registration Date	SEPTEMBER 19, 2007
iii.	Name of the Company	QUESS CORP LIMITED
iv.	Category/ Sub-Category of the Company	Public listed company
v.	Address of the Registered Office and contact details	Registered Office: 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru – 560 103 Email: investor@quesscorp.com Website: www.quesscorp.com; Phone No. 080-6105 6000 Fax No. 080-6105 6406
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083. Tel No : +91 22 49186270 Fax : +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : 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:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service* (1987/2008)	% to total turnover of the Company
1.	People and Services	898 /7830	68.71%
2.	Global Technology Solutions	898/ 7830	14.61%
3.	Integrated Facility Management	898/ 7830	10.07%
4.	Industrials	898/ 7830	6.61%

*As per National Industrial Classification –Ministry of Statistics and Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
Holding Company					
1.	Thomas Cook (India) Limited	L63040MH1978PLC020717	Holding Company	62.17%	Section2(46)
Indian Subsidiaries					
1.	Aravon Services Private Limited No. 3, 1st Floor, Trade Globe Building, Opp. VITS Hotel, JB Nagar, Andheri Kurla Road, Andheri (East) Mumbai 400059.	U93000MH2007FTC172493	Subsidiary Company	100%	Section2(87)
2.	CentreQ Business Services Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103.	U72200KA2016PTC097679	Subsidiary Company	100%	Section2(87)
3.	Coachieve Solutions Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103.	U72300DL2007PTC166789	Subsidiary Company	100%	Section2(87)
4.	Dependo Logistics Solutions Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103.	U63030KA2016PTC096361	Subsidiary Company	100%	Section2(87)
5.	Excelus Learning Solutions Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103.	U74999KA2016PTC097984	Subsidiary Company	100%	Section2(87)
6.	Inticore VJP Advanced Systems Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103.	U33112KA2016PTC086889	Subsidiary Company	74%	Section2(87)
7.	MFX Infotech Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103.	U72200KA2014PTC074949	Subsidiary Company	100%	Section2(87)
Foreign subsidiaries					
8.	Brainhunter Systems Limited 2 Sheppard Avenue East, Suite 2000, Toronto, ON M2N 5Y7, Canada	2219707	Subsidiary Company	100%	Section2(87)
9.	Ikya Business Services Private Limited, 216, De Saram, Place, Colombo 10, Sri Lanka	P V 99076	Subsidiary Company	100%	Section2(87)
10.	MFXchange Holdings Inc. 895 Don Mills Road, Building 2, Suite 300, Toronto, Ontario M3C 1W3 Canada	398443-5	Subsidiary Company	51%	Section2(87)
11.	Quesscorp Holdings Pte. Limited 8 Temasek Boulevard, #32-01 Suntec Tower Three Singapore 038988	201526129N	Subsidiary Company	100%	Section2(87)
12.	Quess (Philippines) Corp. 23/F, GT Tower International, 6813, Ayala Avenue, Makati City, Philippines	CS201305088	Subsidiary Company	100%	Section2(87)

13.	Quess Corp(USA) Inc. 3500 South Dupont Highway, Dover, DE 19901, U.S.A.	5435112	Subsidiary Company	100%	Section2(87)
Foreign step down subsidiaries					
14.	Brainhunter Companies LLC 22001 Route 46, Water view Plaza, Suite 310, Parsippany, NJ USA 07054	0400536871	Step Down Subsidiary	100%	Section2(87)
15.	Brainhunter Companies Canada Inc.* 2, Shepard Avenue EaST, Suite 2000, Tornoto, ON M2N 5Y7, Canada	002384695	Step Down Subsidiary	49%	Section2(87)
16.	Comtel Solutions Pte. Limited Singapore 10, Hoe Chiang Road, #15-02 Keppel Towers, Singapore, 089315	199801439D,	Step down Subsidiary Company	64%	Section 2(87)
17.	MFXchange (USA), Inc. 5 Century Drive, Suite 200, Parsippany, New Jersey, 07054	.2039987	Step down Subsidiary	100%	Section2(87)
18.	MFX change (Ireland) Limited (in liquidation) FIRST FLOOR 25-28 ADELAIDE ROAD DUBLIN 2	356722	Step down Subsidiary	100%	Section2(87)
19.	Mindwire Systems Limited Carling Executive Park, 1545 Carling Avenue, Suite 600 Ottawa, ON Canada K1Z 8P9	1823144,	Step down Subsidiary	100%	Section2(87)
20.	Quessglobal (Malaysia) Sdn. Bhd Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur	1127063A,	Step down Subsidiary	100%	Section2(87)
21.	Quess Corp Lanka (Private) Limited (formerly known as Randstad Lanka (Private) Limited) 7th Floor, BOC Merchant Tower, 28, St. Michael's Road, Colombo 03, Sri Lanka	PV 12225,	Step down Subsidiary	100%	Section2(87)
Indian Associates					
22.	Simpliance Technologies Private Limited 2nd floor, A S Chambers, No.6 80 Feet Road, Koramangala Bengaluru 560095	U72200KA2016PTC092594	Associate Company	27%	Section 2(6)
23.	Terrier Security Services (India) Private Limited No. 583, Vyalikaval HBCS Layout, Nagawara, Veerannapalya Bengaluru KA 560045 IN	U74920KA2009PTC049810	Associate Company	49%	Section 2(6)
Foreign Associate					
24.	Himmer Industrial Services (M) SDN. BHD. 17 – 11 Level 17 Q Central Jalan Stesen Sentral 50470 Kuala Lumpur	1185762-T	Associate Company	49%	Section 2(6)

*Dissolved on February 7, 2017

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

1. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / -	1,85,85,960	-	1,85,85,960	16.40	1,85,85,960	-	1,85,85,960	14.66	(1.74)#
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	7,88,23,496	-	7,88,23,496	69.55	7,88,23,496	-	7,88,23,496	62.17	(7.38)#
e) Banks/ Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any Other.... Promoter Group	1,53,65,824	-	1,53,65,824	13.56	1,53,65,824	-	1,53,65,824	12.12	(1.44)#
Sub-total (A) (1):-	11,27,75,280	-	11,27,75,280	99.51	11,27,75,280	-	11,27,75,280	88.95	(10.56)#
(2) Foreign	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	26,83,949	-	26,83,949	2.12	2.12
b) Foreign Portfolio Investors	-	-	-	-	47,51,566	-	47,51,566	3.75	3.75
c) Financial Institutions / Banks	-	-	-	-	1,03,435	-	1,03,435	0.08	0.08
Sub-total (B)(1):-	-	-	-	-	75,38,950	-	75,38,950	5.95	5.95
2. Central Government / State Government(s) / President of India									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
3. Non-Institutions									
a) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakhs	-	-	-	-	39,45,577	5	39,45,582	3.11	3.11
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	5,37,679	22,097	5,59,776	0.49	8,83,415	20,100	9,03,515	0.71	0.22
b) Others (specify)									
1. Trusts	-	-	-	-	3,145	-	3,145	0.00	0.00
2. Non-resident Indians	-	-	-	-	263,182	-	263,182	0.21	0.21
3. Clearing Members	-	-	-	-	1,76,791	-	1,76,791	0.14	0.14
4. Bodies Corporate	-	-	-	-	10,14,907	-	10,14,907	0.80	0.80
5. HUF	-	-	-	-	1,69,609	-	1,69,609	0.13	0.13
Sub-total (B)(3):-	5,37,679	22,097	5,59,776	0.49	64,56,626	20,105	64,76,731	5.11	4.61
Total Public Shareholding (B) = (B)(1)+(B)(2) + (B)(3)	5,37,679	22,097	5,59,776	0.49	1,39,95,576	20,105	1,40,15,681	11.05	10.56
C. Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	11,33,12,959	22,097	11,33,35,056	100	12,67,70,856	20,105	12,67,90,961	100	100

There was no change in the holding of Promoters or Promoter Group during 2016-17. However, the percentage in holding was diluted due to issue Equity shares to public under IPO and to employees under ESOP Plan during 2016-17.

(ii) Shareholding of Promoters

S No.	Shareholder's Name	Shareholding at the beginning of the year(April 1, 2016)			Shareholding at the end of the Year(March 31, 2017)			% Change in Shareholding during 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	
1	Ajit Isaac	1,85,85,960	16.40	Nil	1,85,85,960	14.66	Nil	(1.74)
2	Thomas Cook (India) Limited	7,88,23,496	69.55	Nil	7,88,23,496	62.17	Nil	(7.38)
3	Net Resources Investments Private Limited (Promoter Group)	1,53,65,824	13.56	Nil	1,53,65,824	12.12	Nil	(1.44)

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

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (As on April 1, 2016)		Date	Increase/ Decrease in share-holding	Reason	Cumulative shareholding during the year (01.04.2016 – 31.3.2017)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company#
1	Ajit Isaac	1,85,85,960	16.40	-	-	-	1,85,85,960	14.66
2	Thomas Cook (India) Limited	7,88,23,496	69.55	-	-	-	7,88,23,496	62.17
3	Net Resources Investments Private Limited (Promoter Group)	1,53,65,824	13.56	-	-	-	1,53,65,824	12.12

There was no change in the holding of Promoters or Promoter Group during 2016-17. However, the percentage in holding was diluted due to issue Equity shares to public under IPO and to employees under ESOP Plan during 2016-17.

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) during 2016-2017

S. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C				
	At the Beginning of the year	0	0	0	0
	Bought during the year	21,24,135	1.68	21,24,135	1.68
	Sold during the year	2,00,015	0.16	2,00,015	0.16
	At the end of the year	19,24,120	1.52	19,24,120	1.52
2.	India Capital Fund Limited				
	At the Beginning of the year	0	0	0	0
	Bought during the year	12,22,495	0.96	12,22,495	0.96
	Sold during the year	0	0	0	0
	At the end of the year	12,22,495	0.96	12,22,495	0.96

S. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	Steadview Capital Mauritius Limited				
	At the Beginning of the year	0	0	0	0
	Bought during the year	10,11,217	0.80	10,11,217	0.80
	Sold during the year	1,00,000	0.08	1,00,000	0.08
	At the end of the year	9,11,217	0.72	9,11,217	0.72
4	Wasatch Emerging India Fund				
	At the Beginning of the year	0	0	0	0
	Bought during the year	3,35,495	0.26	3,35,495	0.26
	Sold during the year	0	0	0	0
	At the end of the year	3,35,495	0.26	3,35,495	0.26
5	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life MNC Fund				
	At the Beginning of the year	0	0	0	0
	Bought during the year	3,15,495	0.25	3,15,495	0.25
	Sold during the year	0	0	0	0
	At the end of the year	3,15,495	0.25	3,15,495	0.25
6	Schroder International Selection Fund Indian Opportunities				
	At the Beginning of the year	0	0	0	0
	Bought during the year	2,99,387	0.24	2,99,387	0.24
	Sold during the year	0	0	0	0
	At the end of the year	2,99,387	0.24	2,99,387	0.24
7	LTR Focus Fund				
	At the Beginning of the year	0	0	0	0
	Bought during the year	2,96,409	0.24	2,96,409	0.24
	Sold during the year	0	0	0	0
	At the end of the year	2,96,409	0.24	2,96,409	0.24
8	The Wellington Trust Company National Association Multiple Common Trust Funds Trust Emerging Markets Local Equity Portfolio				
	At the Beginning of the year	0	0	0	0
	Bought during the year	7,41,452	0.58	7,41,452	0.58
	Sold during the year	4,60,165	0.36	4,60,165	0.36
	At the end of the year	2,81,287	0.22	2,81,287	0.22
9	Alchemy India Long Term Fund Limited				
	At the Beginning of the year	0	0	0	0
	Bought during the year	2,40,000	0.19	2,40,000	0.19
	Sold during the year	0	0	0	0
	At the end of the year	2,40,000	0.19	2,40,000	0.19
10	UPS Group Trust				
	At the Beginning of the year	0	0	0	0
	Bought during the year	2,32,000	0.18	2,32,000	0.18
	Sold during the year	0	0	0	0
	At the end of the year	2,32,000	0.18	2,32,000	0.18

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Director's / KMP name	Category of Directors/ KMP	Shareholding at the beginning of the year (As on April 1, 2016)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2016 - 31.3.2017)	
			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	1,85,85,960	16.40	-	-	-	1,85,85,960	14.66
2.	Subrata Kumar Nag	Executive, Whole time Director & Group CFO	0	0.00	Oct 4, 2016	83,026	Shares acquired under ESOP Market Sale	12,102	0.01
					Oct 26, 2016	20,000			
					Oct 27, 2016	15,000			
					Oct 28, 2016	22,924			
					Nov 16, 2016	13,000			
3.	Pravir Kumar Vohra	Independent Director	0	0	Jul 8, 2016	192	IPO allotment	192	Negligible
4.	Sudershan Pallap	Company Secretary	0	0	Aug 1, 2016	1	Market Purchase	1	Negligible

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

S. No.	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
1	Indebtedness at the beginning of the financial year				
	i) Principal Amount	26,274.48	24.89	-	26,299.37
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not due	27.52	-	-	27.52
	Total (i+ii+iii)	26,302.00	24.89	-	26,326.89
2	Change in Indebtedness during				
	the financial year				
	o Addition (Only principal)	27,081.66	48.30	-	27,129.97
	o Reduction (Only principal)	-	-	-	-
	Net Change	27,081.66	48.30	-	27,129.97
3	Indebtedness at the				
	end of the financial year				
	i) Principal Amount	53,356.15	73.19	-	53,429.34
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not due	335.21	-	-	335.21
	Total (i+ii+iii)	53,691.36	73.19	-	53,764.55

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lakhs)

S. No.	Particulars of Remuneration	Chairman, Managing Director & CEO	Executive, Whole- time Director & Group CFO(#)
		Ajit Isaac	Subrata Kumar Nag
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	166.90	104.16
	(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	-	-
2	Stock Options (*)	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit		
	- others, specify		
5	Others, please specify		
	a) Bonus	-	-
	b) Contribution to PF	0.22	0.22
	c) Leave encashment	0.35	0.12
	d) Gratuity	0.19	0.27
	Total (A)	167.66	104.77
	Ceiling as per the CA 2013		1,533.47

(#) Mr. Subrata Kumar Nag was reappointed as Group CFO w.e.f. April 5, 2017

(*) Mr. Subrata Kumar Nag holds 83,026 options granted under the Company's ESOP Plan prior to FY17.

B. Remuneration to other Directors

(₹ In Lakhs)

Particulars of remuneration	Name of Independent Directors				Other Non-executive Directors		Total
	Pratip Chaudhuri	Pravir Kumar Vohra	Revathy Ashok	Sanjay Anandaram	Chandran Ratnaswami	Madhavan Menon	
1 Fee for attending Board/ committee meetings	2.20	2.50	2.70	1.00	-	-	8.40
2 Commission#	5.00	5.00	5.00	5.00	-	-	20.00
3 Others, please specify	-	-	-	-	-	-	-
Total	7.20	7.50	7.70	6.00	-	-	28.40
Total (B)	7.20	7.50	7.70	6.00	-	-	28.40
Total Managerial Remuneration							28.40
Overall Ceiling as per the CA 2013							139.41

Commission to Independent Directors for FY 17 was paid in FY18.

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

(₹ In Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Balasubramanian S., Chief Financial Officer (23.01.2017 to 04.04.2017)	NVS Pavan Kumar, Company Secretary (upto 28.10.2016)	Sudershan Pallap, Company Secretary (w.e.f. 28.10.2016)	
1.	Gross salary				
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24.86	19.69	14.91	59.46
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.07	0.26	-	0.33
c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Options	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit				
	- others, specify	-	-	-	-
5.	Others, please specify				
a)	Bonus	-	-	-	-
b)	Contribution to PF	0.07	0.14	0.09	0.30
c)	Leave encashment	-	-	0.26	0.26
	Total	25.00	20.09	15.26	60.35

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There are no penalties / punishment / compounding of offences for the year ending March 31, 2017.

Annexure – VI

Statement of Disclosure of Remuneration under Section 197(12) of Companies Act, 2013 read with Rules 5 (1), 5 (2) and 5 (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Requirements	Disclosure	
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Ajit Isaac Subrata Kumar Nag	53:1 33:1
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Ajit Isaac Subrata Kumar Nag	15.10 15.00
3.	The percentage increase in the median remuneration of employees in the financial year	The percentage increase in the median remuneration of employees in the financial year is around 12%.	
4.	The number of permanent employees on the rolls of the Company	3371 employees	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average annual increase in the remuneration of employees excluding Key Managerial Personnel ("KMP") during FY 2016-17 was 12.5% and the average increase in the remuneration of KMP was 26%.	
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes	

The statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report. In terms of Section 136 of the Companies Act, 2013, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid annexure and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing to the Company Secretary of the Company.

Report On Corporate Governance

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Quess Corp Limited ("Quess" or "the Company") follows the highest standards of governance principles, given the profile of customers that the Company works with.

It has also ensured sustained access to capital and debt markets on a continuing basis. The Company is committed to strengthen this approach through adoption of 'best in class' philosophy, systems and processes in the realm of governance.

In India, corporate governance standards for listed companies are mandated under the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations).

The Company has always believed in implementing corporate governance guidelines and practices that go beyond meeting the letter of the law and has comprehensively adopted practices mandated in the Act and SEBI LODR Regulations to fulfill its responsibility towards the stakeholders. These guidelines ensure that the Board of Directors ("the Board") will have the necessary authority to review and evaluate the operations when required. Further, these guidelines allow the Board to make decisions that are independent of the management.

This report, along with the reports on Management Discussion

and Analysis and Additional Shareholders Information, reports the Company's compliance with Regulation 34 and 53 of SEBI LODR Regulations.

BOARD OF DIRECTORS

Composition and category of the Directors

As on March 31, 2017, the Company's Board comprised of eight Directors, including four Independent Directors. The Chairman of the Board is an Executive Director. The composition of the Board is in conformity with Regulation 17 of SEBI LODR Regulations, which stipulates that the Board should have an optimum combination of executive and non-executive directors with at least one woman director and at least fifty per cent of the board should consist of non-executive directors. It further stipulates that if the chairperson of the board is an executive and promoter Director then at least one-half of the board should comprise of independent directors.

During the year under review, the Board met eight times on May 17, 2016, June 20, 2016, July 4, 2016, July 8, 2016, July 29, 2016, October 19, 2016, November 28, 2016 and January 23, 2017. The time gap between any two consecutive meetings does not exceed 120 days.

The names of the members of the Board, their status, their attendance at the Board Meetings, number of other Directorships and Committee membership(s)/ chairmanship(s) of each Director are as under:

Name of Director (In alphabetical order)	No. of meetings attended (including through electronic mode) in FY17	No. of directorships held in public companies	No. of Board Committee memberships	No. of Chairmanships of Board Committees
1. Ajit Isaac	8	1	1	0
2. Chandran Ratnaswami	8	7	1	0
3. Madhavan Menon	6	4	6	1
4. Pratip Chaudhuri	7	9	4	1
5. Pravir Kumar Vohra	8	2	3	1
6. Revathy Ashok	8	10	5	3
7. Sanjay Anandaram	5	1	0	0
8. Subrata Kumar Nag	8	1	0	0

Mr. Ajit Isaac and Mr. Subrata Kumar Nag attended the last Annual General Meeting.

Notes:

- None of the Directors of the Company were members in more than ten committees or acted as Chairpersons of more than five committees across all public limited companies in which they were Directors. For the purpose of reckoning the limit, Chairmanship/ membership of the Audit Committee and the Stakeholders' Relationship Committee alone have been considered.
- None of the Directors held directorships in more than ten public limited companies.
- None of the Directors is related to any Director or is a member of an extended family.
- None of the employees of the Company is related to any of the Directors.
- None of the Directors has any business relationship with the Company except Mr. Ajit Isaac.
- None of the Directors has received any loans or advances from the Company during the year.

No. of Shares and convertible instruments held by the Non-Executive Directors:

Mr. Pravir Kumar Vohra, Independent Directors holds 192 equity shares in the Company.

Familiarization programme

The Board has been apprised/ familiarized about the business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable laws, etc., on a periodic basis and the details of such familiarization programmes are available at http://quesscorp.com/investor/dist/images/pdf/Policies/Directors_Familiarization_Programme.pdf

All new Directors inducted into the Board are introduced to the Company through appropriate orientation sessions. Presentations are made by the senior officers to provide an overview of the Company's operations and to familiarize the new Directors with the operations. They are also introduced to the organization's culture, services, constitution, Board procedures, matters reserved for the Board and risk management strategy.

The Company also facilitates the continual education requirements of its Directors. Support is provided for Independent Directors, if they choose to attend professional educational programmes in the areas of Board/ corporate governance.

Information Supplied to the Board

The Board has complete access to all relevant information of the Company. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirement stipulated in Regulation 17 (7) of SEBI LODR Regulations. All information, except critical unpublished price sensitive information (which is circulated at a shorter notice than the period prescribed under Secretarial Standard on Meetings of the Board of Directors), is given to the Directors well in advance of the Board and the Committee meetings.

The Board works closely with the Executive Management Team to constantly review the evolving operating environment and strategies best suited to enhance the Company's performance and periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance, if any.

Code of Conduct

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company at http://quesscorp.com/investor/dist/images/pdf/Policies/Code_of_Business_Conduct_and_Ethics.pdf

All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

Committees of the Board

The Board has constituted committees to delegate particular matters that require greater and more focussed attention in the affairs of the Company.

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of reference for committee members is taken by the Board. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

The Audit Committee was constituted by the Board at its meeting held on July 29, 2013. The Audit Committee was last reconstituted by our Board at its meeting held on May 16, 2017.

The Audit Committee comprises of five members including four Independent Directors:

1. Mr. Pratip Chaudhuri, Chairman
2. Mr. Chandran Ratnaswami
3. Mr. Pravir Kumar Vohra
4. Ms. Revathy Ashok
5. Mr. Sanjay Anandaram

The scope and function of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI LODR Regulations and its terms of reference include the following:

- a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- b) Recommending to the Board, the appointment, re-appointment & replacement, remuneration, terms of appointment of the statutory auditor and the fixation of audit fee
- c) Review and monitor the auditor's independence and performance and effectiveness of audit process
- d) Approval of payments to the statutory auditors for any other services rendered by statutory auditors
- e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013
 - ii) Changes, if any, in accounting policies and practices and reasons for the same

- iii) Major accounting entries involving estimates based on the exercise of judgment by management
 - iv) Significant adjustments made in the financial statements arising out of audit findings
 - v) Compliance with listing and other legal requirements relating to financial statements
 - vi) Disclosure of any related party transactions; and
 - vii) Qualifications and modified opinions in the draft audit report.
- f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval
 - g) Scrutiny of inter-corporate loans and investments
 - h) Valuation of undertakings or assets of our Company, wherever it is necessary
 - i) Evaluation of internal financial controls and risk management systems
 - j) Approval or any subsequent modification of transactions of our Company with related parties
 - k) Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
 - l) Approving or subsequently modifying transactions of the Company with related parties
 - m) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
 - n) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems
 - o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
 - p) Discussion with internal auditors on any significant findings and follow up thereon
 - q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- r) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
 - s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
 - t) Approval of appointment of the chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging the function) after assessing the qualifications, experience and background, etc. of the candidate
 - u) Reviewing the functioning of the whistle blower mechanism, in case the same is existing
 - v) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee
 - w) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
- The powers of the Audit Committee include the following:**
- a) To investigate activity within its terms of reference
 - b) To seek information from any employee
 - c) To obtain outside legal or other professional advice
 - d) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- The Audit Committee shall mandatorily review the following information:**
- a) Management discussion and analysis of financial condition and result of operations
 - b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management
 - c) Management letters/letters of internal control weaknesses issued by the statutory auditors
 - d) Internal audit reports relating to internal control weaknesses
 - e) The appointment, removal and terms of remuneration of the chief internal auditor

f) Statement of deviations:

- (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI LODR Regulations.
- (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI LODR Regulations.

During the year under review, the Audit Committee met five times on May 17, 2016, July 29, 2016, October 19, 2016, November 28, 2016 and January 23, 2017. The time gap between any two meetings was less than four months. The details of the attendance of the Directors at the Audit Committee meetings are given below:

Attendance record of the Audit Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended
Pratip Chaudhuri,	Independent Director	Chairman	5	4
Chandran Ratnaswami	Non-Executive Director	Member	5	5
Pravir Kumar Vohra	Independent Director	Member	5	5
Revathy Ashok	Independent Director	Member	5	5

Chairman, Managing Director & CEO, Whole-time Director & Group CFO, who is responsible for the finance function, the Head of Internal Audit and representatives of the Internal Auditors and the Statutory Auditors are regularly invited to attend meetings of the Audit Committee.

The Company Secretary of the Company is the Secretary to the Audit Committee.

All members of the Audit Committee have accounting and financial management expertise.

b) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ("CSR Committee") was constituted by the Board at its meeting held on April 28, 2014. The Corporate Social Responsibility Committee was last reconstituted by our Board at its meeting held on December 22, 2015.

The CSR Committee comprises of three members including two Independent Directors:

1. Ms. Revathy Ashok, Chairperson
2. Mr. Ajit Isaac

3. Mr. Pravir Kumar Vohra

The scope and function of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act, 2013 and its terms of reference include the following:

- (i) The activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013
- (ii) Recommend the amount of expenditure to be incurred on the aforesaid activities
- (iii) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The CSR Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programme/ activities proposed to be undertaken by the Company.

The roles and responsibilities of the Board with regards to the CSR policy shall be as per the provisions of the Companies Act, 2013 which are stated hereunder:

- (a) Formulate and recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in (a) above
- (c) Monitor the corporate social responsibility policy of the Company from time to time.

During the year under review, the CSR Committee met once on January 23, 2017. The details of the attendance of the Directors at the CSR Committee meetings are given below:

Attendance record of the CSR Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended
Revathy Ashok	Independent Director	Chairperson	1	1
Ajit Isaac	Chairman, Managing Director & CEO	Member	1	1
Pravir Kumar Vohra	Independent Director	Member	1	1

c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC Committee”) was constituted by the Board at its meeting held on April 28, 2014. The NRC Committee was last reconstituted by our Board at its meeting held on January 18, 2016.

The NRC Committee is comprises of three members including two Independent Directors:

1. Mr. Pravir Kumar Vohra, Chairman
2. Mr. Chandran Ratnaswami
3. Mr. Pratip Chaudhuri

The scope and function of the NRC are in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations and its terms of reference include the following:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees
- b) Formulation of criteria for evaluation of Independent Directors and the Board
- c) Devising a policy on Board diversity
- d) Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report
- e) Analysing, monitoring and reviewing various human resource and compensation matters
- f) Determining our Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors
- g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component
- h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws

- i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- j) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when the same come into force
- k) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

During the year under review, the NRC Committee met three times on May 17, 2016, July 29, 2016 and January 23, 2017. The details of the attendance of the Directors at the NRC Committee meetings are given below:

Attendance record of the NRC Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended
Pravir Kumar Vohra	Independent Director	Chairman	3	3
Chandran Ratnaswami	Non Executive Director	Member	3	3
Pratip Chaudhuri	Independent Director	Member	3	2

Performance evaluation of Board Members

The Act and SEBI LODR Regulations stipulates the performance evaluation of the Directors, Board and its Committees. Considering the said provisions, the Company has devised a policy for evaluation of the performance of Directors, Board and Committees, which has been recommended by the NRC Committee and approved by the Board.

Remuneration Policy

The NRC Committee determines and recommends to the Board the compensation payable to the Directors. The NRC Committee reckons the performance of the team, the manner in which the sector is performing and the prevailing and emerging levels of compensation while submitting to the Board their views. All Board-level compensation is approved by the shareholders and disclosed separately in the financial statements.

Remuneration for the Chairman, Managing Director & CEO, Whole-time Director & CFO and other senior executives consists of a fixed component and a variable component.

The Executive Directors of the Company are entitled to an annual variable pay each fiscal year.

The Commission payable to the Independent Directors is as decided by the Board and approved by the Shareholders, the sum of which does not exceed 1% of the net profits for the year, calculated as per the provisions of the Companies Act, 2013. The performance of the Independent Directors is reviewed by the Board on an annual basis.

Remuneration of Directors is as follows:

Remuneration paid to all Directors for FY17

₹ in lakhs

Name of the Director	Sitting Fees	Salary and Perquisites	Contribution to Provident and Other Funds	Leave Encashment	Gratuity	Commission & Others #	Total
Ajit Isaac	-	166.90	0.22	0.35	0.19	-	167.66
Chandran Ratnaswami	-	-	-	-	-	-	-
Madhavan Menon	-	-	-	-	-	-	-
Pratip Chaudhuri	2.20	-	-	-	-	5.00	7.20
Pravir Kumar Vohra	2.50	-	-	-	-	5.00	7.50
Revathy Ashok	2.70	-	-	-	-	5.00	7.70
Sanjay Anandaram	1.00	-	-	-	-	5.00	6.00
Subrata Kumar Nag	-	104.16	0.22	0.12	0.27	-	104.77

Commission to Independent Directors for FY17 was paid in FY18.

During FY17, the Company has not advanced loans to any of its Directors.

d) Stakeholders' Relationship Committee

The Stakeholders Relationship Committee ("SRC Committee") was constituted by the Board at its meeting held on December 22, 2015.

The SRC Committee comprises of the following three members

1. Mr. Madhavan Menon, Chairman
2. Mr. Ajit Isaac and
3. Ms. Revathy Ashok

The scope and function of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations and its terms of reference include the following:

- a) Redressal of shareholders' / investors' grievances
- b) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities
- c) Issue of duplicate certificates and new certificates on split / consolidation / renewal
- d) Non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by our Company to its shareholders
- e) Carrying out any other function as prescribed under the Listing Agreement.

During the year under review, the SRC Committee met three times on July 29, 2016, October 19, 2016 and January 23, 2017. Details of the attendance are given below:

Attendance record of the SRC Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended
Madhavan Menon	Non-Executive Director	Chairman	3	2
Ajit Isaac	Chairman, Managing Director & CEO	Member	3	3
Revathy Ashok	Independent Director	Member	3	3

The Company Secretary & Compliance Officer, is the Secretary to the SRC Committee.

Nature of complaints received and attended to during FY17

Details of queries and grievances received and attended to by the Company during FY17 are given below:

Nature of Complaint	Pending as on	Received during	Answered during	Pending as on
	1-Apr-16	2016-17	2016-17	31-Mar-17
1. Transfer & Transmission of Shares / Duplicate Share Certificates	-	-	-	-
2. Non-receipt of Dividend	-	-	-	-
3. Dematerialization / Rematerialization of shares	-	-	-	-
4. Complaints related to IPO	-	3	3	0

In addition to the aforesaid Committees, the Board has constituted one non-mandatory Committee, namely the Administration Committee, to oversee specific operational activities.

GENERAL BODY MEETINGS

Details of location and time, where last three Annual General Meetings held are given below:

Financial Year	AGM	Location of the meeting	Date & Time	Special Resolutions
2015-16	9th AGM	Quess House, 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103, Karnataka, India	23.05.2016 & 02.00 P.M.	Nil
2014-15	8th AGM	Quess House, 3/3/2, Bellandur Gate, Sarjapur Main Road, Bengaluru-560103, Karnataka, India	26.06.2015 & 11.00 A.M.	Nil
2013-14	7th AGM	27, 4th Floor, S V Towers, 80 Feet Road, 6th Block, Koramangala, Bengaluru - 560 095.	26.05.2014 & 05:00 P.M.	Nil

Postal Ballot

During the year, the Company conducted two postal ballots. A snapshot of the voting results of the below-mentioned postal ballots is as follows:

1. Postal Ballot conducted in October / November 2016

Date of Postal Ballot Notice	October 19, 2016						
Voting Period:	October 27, 2016 to November 25, 2016						
Date of declaration of result	November 26, 2016						
Date of approval	November 26, 2016						
Name of the resolution	Type of resolution	No. of votes polled	Votes cast in favor		Votes cast against		
			No. of votes	%	No. of votes	%	
Alteration of provisions of Memorandum of Association by way of amendment of objects of the Company	Special Resolution	11,72,63,250	11,72,63,152	100.00	98	0	
Approval for ratification to the Quess Corp Limited Employees Stock Option Scheme-2015 ("ESOS 2015")	Special Resolution	11,69,47,560	11,37,69,444	97.28	31,78,116	2.72	

2. Postal ballot conducted in December 2016 / January 2017

Date of Postal Ballot Notice	December 12, 2016
Voting Period:	December 16, 2016 to January 14, 2017
Date of declaration of result	January 17, 2017
Date of approval	January 17, 2017

Name of the resolution	Type of resolution	No. of votes polled	Votes cast in favor		Votes cast against	
			No. of votes	%	No. of votes	%
Authority to offer and issue Secured and Unsecured, redeemable Non-Convertible Debentures and other debt Securities, in one or more tranches, on private placement basis	Special Resolution	11,72,68,696	11,72,68,546	100.00	150	0.00

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above through a postal ballot.

Mr. S. N. Mishra of M/s SNM & Associates Company Secretaries, was appointed as the scrutinizer for carrying out the postal ballot process for the aforesaid two postal ballots, in a fair and transparent manner.

None of the businesses proposed to be transacted in the ensuing the Tenth AGM requires passing of a Special Resolution through Postal Ballot.

Means of Communication

All important information relating to the Company and its performance, including financial results and shareholding pattern, are posted on the website of the Company: www.quesscorp.com. The website also displays all official press releases and presentation to analysts made by the Company.

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers like Financial Express (English) and Hosa Digantha (Kannada).

GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

Date	July 21, 2017
Time	11:30 A.M.
Venue Hall	Spring Hall, Hotel Royal Orchid, 1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka 560008

ii. Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2017, results were announced on:

- First quarter results on July 29, 2016
- Second quarter / Half yearly results on October 19, 2016
- Third quarter results on January 23, 2017
- Fourth quarter and annual results on May 16, 2017

For the year ending March 31, 2018, results will be announced by

- First quarter results - on or before August 14, 2017
- Second quarter / Half-yearly results - on or before November 14, 2017
- Third quarter results - on or before February 14, 2018
- Fourth quarter and annual results - on or before May 30, 2018

iii. Dates of Book Closure

The dates of book closure are from July 17, 2017 to July 21, 2017 inclusive of both days.

iv. Name and address of each Stock Exchange(s) at which the Company's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)

At present, the equity shares of the Company are listed on:

1. BSE Limited (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

2. National Stock Exchange of India Limited (NSE).
Exchange Plaza, Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 050

The annual listing fees for FY18 to BSE and NSE was paid.

v. Stock Exchange codes

Name of the Stock Exchange	Stock Code
BSE Limited	539978
National Stock Exchange of India Limited	QUESS

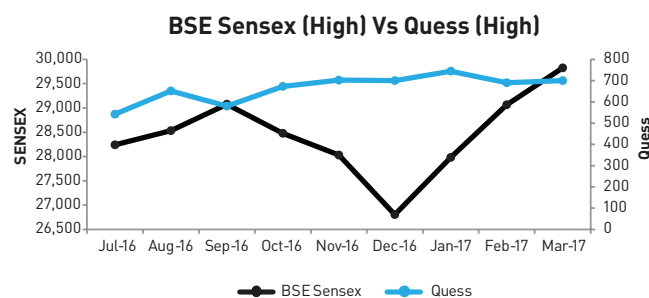
vi. Market Price Data & Performance in comparison to broad-based indices

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
July 2016	542.00	452.40	7246462	541.90	452.50	29354044
Aug 2016	651.25	506.40	4498872	651.00	505.60	16849660
Sept 2016	580.00	514.05	1036365	575.50	510.00	3660882
Oct 2016	672.75	560.00	1087047	672.00	561.00	5564554
Nov 2016	702.20	516.00	696994	704.00	515.00	3565564
Dec 2016	700.15	608.10	591515	699.75	608.55	1977380
Jan 2017	744.55	643.45	295757	744.00	641.60	3116895
Feb 2017	690.00	639.00	132569	697.85	640.10	965623
March 2017	700.00	630.15	118908	721.00	630.00	1408641

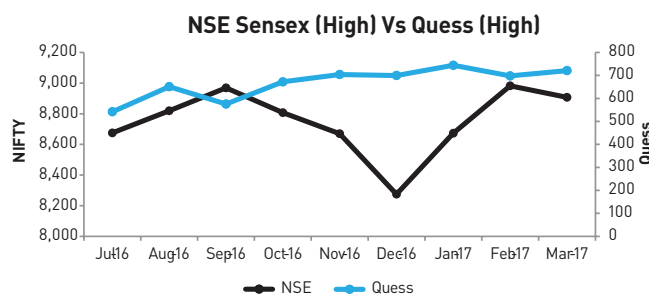
Note: High and low are in Rupees per traded share

Volume is the total monthly volume of trade in number of Quess' shares.

Share Performance on BSE versus BSE Sensex



Share Performance on NSE versus Nifty



vii. Registrar & Share Transfer Agent

The Company has appointed Link Intime India Private Limited as its Registrar and Transfer Agent (RTA). All share transfers and related operations are conducted by RTA, which is registered with SEBI.

Contact	Email	Address
Santosh Jaiswal	rnt.helpdesk@linkintime.co.in	Link Intime India Private Limited 247 Park , C 101, 247 Park Floor, LBS Marg, Vikhroli (W), Mumbai – 400 083 Maharashtra, India Tel: +91 22 49186270 Fax: +91 22 49186060 www. linkintime.co.in

viii. Share Transfer System

The Company has constituted a Stakeholders Relationship Committee for monitoring share transfers.

ix. Distribution of shareholding as on March 31, 2017

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	15658	90.6402	1727959	17279590	1.36
5001- 10000	813	4.706	577995	5779950	0.46
10001- 20000	393	2.2748	561410	5614100	0.44
20001- 30000	107	0.6194	264804	2648040	0.21
30001- 40000	65	0.3762	228824	2288240	0.18
40001- 50000	51	0.2952	235556	2355560	0.18
50001- 100000	85	0.492	631060	6310600	0.50
100001& Above	103	0.5962	122563353	1225633530	96.67
TOTAL	17275	100	126790961	1267909610	100

x. Dematerialization of Shares and liquidity

As at March 31, 2017, over 99.99% shares of the Company were held in dematerialized form.

xi. Outstanding GDRs/ ADRs/ Warrants/ Options or any Convertible instruments, conversion date and likely impact on equity

Nil

xii. Branch Offices

The Company has 65 branches as on March 31, 2017 across India.

xiii. Address for correspondence

Shareholders/ Investors may write to the Company Secretary at the following address:

	Contact	Email	Address
For Corporate Governance and Other Secretarial related matters	Mr. Sudershan Pallap, Vice President & Company Secretary	investor@quesscorp.com	The Company Secretary Quess Corp Limited Registered Office Address: Quess House, 3/3/2, Bellandur Gate, Sarjapur Main Road Bengaluru – 560103 Phone No: 080-6105 6001 Fax No: 080-6105 6406 www.quesscorp.com

In addition to the aforesaid, Debenture holders may write to the Debenture Trustee at the following address:

	Contact	Email	Address
For Debenture related matters	Mr. Jayendra Shetty, Chief Operating Officer	debenturetrustee@axistrustee.com	Axis Trustee Services Limited, Axis House, Bombay Dyeing Mills Compound, PB Marg, Worli, Mumbai-400025. Phone No: 022-62260051/60 Fax No: 022-43253000 www.axistrustee.com

OTHER DISCLOSURES

Materially significant related party transactions

No materially significant related party transactions that may have potential conflict with the interests of the Company at large were reported during FY17.

Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties/ strictures were imposed on the Company by the stock exchanges or SEBI or any statutory authority on any matter relating to the capital market since listing on July 12, 2016.

Whistle-blower mechanism

The Company has adopted the Whistle-blower Policy pursuant to which employees of the Company can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of the Company. Further, the mechanism adopted by the Company encourages the employees to report genuine concerns or grievances, and provides for adequate safeguards against victimization of employees who avail of such a mechanism and also provides for direct access to the Chairperson of the Audit Committee, in exceptional cases.

Code of Conduct for prevention of insider trading

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 on prevention of insider trading, the Company has adopted a Code of Conduct for prevention and prohibition of Insider Trading to regulate, monitor and report trading of

equity shares ; and preserve confidentiality of unpublished price sensitive information to prevent misuse of such information by its employees and other connected persons. The Code of Conduct lays down guidelines which advise them on procedures to be followed and disclosures to be made while dealing with shares of the Company, and cautioning them of the consequences of violations.

Details of compliance with mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of Regulation 34 of SEBI LODR Regulations.

Adoption of non-mandatory requirements

The Board has appointed the Internal Auditor, who reports directly to the Audit Committee.

Subsidiary Companies

The Board of Directors have formulated a policy for determining material subsidiaries pursuant to the provisions of the SEBI LODR Regulations. The same is posted on the Company's website at:

http://quesscorp.com/investor/dist/images/pdf/Policies/Policy_for_Determining_Material_Subsiary.pdf

Web link where policy on dealing with related party transactions

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company at:

http://quesscorp.com/investor/dist/images/pdf/Policies/Policy_on_Criteria_for_determining_RPT.pdf

Compliance certificate regarding compliance of conditions of corporate governance

As required by Schedule V (E) to SEBI LODR Regulations, the auditors' certificate on corporate governance is enclosed as Annexure to this report.

Disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI LODR Regulations

Particulars	Regulation Number	Compliance status (Yes / No / NA)
Board composition	17(1)	Yes
Meeting of Board of Directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	-N.A.-
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all Related Party Transactions	23(2), (3)	Yes

Particulars	Regulation Number	Compliance status (Yes / No / NA)
Approval for material Related Party Transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1) -	N.A.-
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	N.A.-
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of Directors and Senior Management	26(2) & 26(5)	Yes
Other Corporate Governance requirements	27	Yes
Website	46 (b) to (i)	Yes

CEO CERTIFICATION ON CODE OF CONDUCT

I, Ajit Isaac, Chairman, Managing Director and CEO of Qness Corp Limited, hereby certify that all the Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Business Conduct and Ethics of the Company laid down by the Board of Directors, for the year ended March 31, 2017.

Sd/
Ajit Isaac
Chairman, Managing Director & CEO

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members
Qess Corp Limited
Bengaluru

We have examined all relevant records of Qess Corp Limited, for the purpose of certifying compliance of the conditions of Corporate Governance pursuant with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ending March 31, 2017.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Regulation.

On the basis of our findings recorded in the annexed report from the examination of the records produced and explanations and information furnished to us, in our opinion the Company has complied with the conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2017. The Code of Conduct of Board Members was amended to include the duties of Independent Directors as laid down in the Act.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Bengaluru
Date : May 16, 2017

Sd/-
Name: S.N.Mishra.
Company Secretary
C. P. No. : 4684
FCS No. : 6143

Financial Statements

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Independent Auditors' Report

To the Members of Qness Corp Limited

(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS 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 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information herein after referred to as "standalone Ind AS financial statements".

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 Section 143(11) 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 (including other comprehensive income), the statement of cash flow and statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- (e) on the basis of the written representations received from the Directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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
- (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 Ind AS financial statements. Refer note 22 and note 39 to the standalone Ind AS 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;
- iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosure are in accordance with the books of accounts maintained by the Company and as produced by the management. Refer note 49 of the Standalone Ind AS financial statements.

for **B S R & Associates LLP**

Chartered Accountants

Firm's Registration Number: 116231W/W-100024

Sd/-

Vineet Dhawan

Partner

Membership No.: 092084

Place: Bengaluru

Date: 16 May 2017

Annexure - A

to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of Qess Corp Limited ('the Company') on the standalone Ind AS financial statements for the year ended 31 March 2017, 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 unsecured loans to four subsidiaries covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
 - (a) in our opinion, the terms and conditions on the basis of which these loans have been granted are 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 and interest are payable on demand. As there is no outstanding demand of principal and interest at the year-end, paragraph 3(iii)(b) and 3(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, security and guarantees given and investments made.
- (v) in our opinion and according to the information and explanations given to us, 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 duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income 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 2017 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 dues in respect of duty of customs, sales tax, duty of excise and cess 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 value added tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in ₹)	Period to which amount relates	Forum where dispute is pending
Income-tax Act, 1961	Interest	3,929,705	2004-05	Commissioner of IT (Appeals), Chennai
Income-tax Act, 1961	Tax	484,120 (72,618)*	2014-15	Commissioner of IT (Appeals), Bengaluru
Finance Act, 1994	Service tax interest and penalty	4,659,970 (4,649,301)*	April 2009 to September 2011	Commissioner of Central Excise (Appeals), Chennai
Finance Act, 1994	Interest	6,058,798	April 2008 to June 2009	Commissioner of Central Excise, Customs and Service Tax, Bengaluru
Finance Act, 1994	Service tax	3,738,524	April 2013 to July 2014	Commissioner of Service Tax, Bengaluru
Finance Act, 1994	Service tax	3,908,949	2013-14 and 2014-15	Commissioner of Service Tax Bengaluru
KVAT Act, 2003	Value added tax	13,386,982 (4,016,200)*	2012-13	Joint Commissioner of Commercial Taxes (Appeals), Bengaluru
KVAT Act, 2003	Value added tax	32,912,933 (9,873,880)*	2013-14	Joint Commissioner of Commercial Taxes (Appeals), Bengaluru

* represents payments 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 loans to its bankers. The Company did not have any outstanding dues to debenture holders as the same is repayable after five years from the date of its issue and did not have any outstanding loans or borrowings from financial institutions and government during the year.
- (ix) The Company has raised money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the money raised by an initial public offer have been utilized for the purposes for which they were raised. However, the Company does not have any term loan during the year.
- (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 given 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.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all 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.
- (xiv) 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. Thus, paragraph 3(xv) of the order is not applicable.
- (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 Number: 116231W/W-100024

Sd/-

Vineet Dhawan

Partner

Place: Bengaluru

Date: 16 May 2017

Membership No.: 092084

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 Qness Corp Limited (*formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED*) ("the Company") as of 31 March 2017 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 ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards of 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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.

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 2017, 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 issued by the ICAI.

for **BSR & Associates LLP**
Chartered Accountants

Firm's Registration Number: 116231W/W-100024

Sd/-

Vineet Dhawan

Partner

Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

Balance Sheet

as at 31 March 2017

(Amount in ₹ lakhs)

Balance Sheet as at	Note	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	1,810.59	1,623.95	1,318.97
Goodwill	4	45.20	-	-
Other intangible assets	4	8,053.74	8,672.86	9,229.77
Intangible assets under development	4	852.37	85.55	-
Financial assets				
(i) Investments	5	36,502.53	1,688.40	461.80
(ii) Non-current loans	6	1,146.46	577.36	427.46
(iii) Other non-current financial assets	7	85.72	205.16	37.47
Deferred tax assets (net)	8	1,561.34	2,942.19	906.67
Income tax assets (net)	8	11,155.58	6,929.88	7,195.00
Other non-current assets	9	436.63	388.17	380.50
Total non-current assets		61,650.16	23,113.52	19,957.64
Current assets				
Inventories	10	462.35	132.22	52.82
Financial assets				
(i) Trade receivables	11	28,553.05	32,398.20	19,905.06
(ii) Cash and cash equivalents	12	22,379.68	8,420.77	6,489.42
(iii) Bank balances other than cash and cash equivalents above	13	15,827.11	269.74	579.72
(iv) Current loans	14	2,572.17	2,614.10	1,017.37
(v) Other current financial assets	15	294.74	66.84	16.73
(vi) Unbilled revenue	16	34,827.63	27,479.00	12,954.68
Other current assets	17	1,516.37	1,625.94	619.50
Total current assets		106,433.10	73,006.81	41,635.30
Total Assets		168,083.26	96,120.33	61,592.94
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	12,679.10	11,333.51	2,577.38
Other equity	19	66,564.47	21,968.90	22,184.67
Total equity		79,243.57	33,302.41	24,762.05
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Non-current borrowings	20	14,872.39	15.65	-
(ii) Other non-current financial liabilities	21	-	-	66.67
Non-current provisions	22	1,613.08	836.14	851.14
Total non-current liabilities		16,485.47	851.79	917.81
Current liabilities				
Financial liabilities				
(i) Bank overdraft	12	34.22	-	-
(ii) Current borrowings	23	38,523.01	26,274.48	16,506.17
(iii) Trade payables	24	1,998.85	1,592.60	1,231.65
(iv) Other current financial liabilities	25	18,713.71	22,346.99	8,759.73
Current provisions	26	2,044.07	1,736.34	619.68
Other current liabilities	27	11,040.36	10,015.72	8,795.85
Total current liabilities		72,354.22	61,966.13	35,913.08
Total Liabilities		88,839.69	62,817.92	36,830.89
Total Equity and Liabilities		168,083.26	96,120.33	61,592.94

The notes referred to above form an integral part of the 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

Sd/-

Vineet Dhawan

Partner

Membership No.: 092084

Place: Bengaluru

Date: 16 May 2017

for and on behalf of the Board of Directors of
Quess Corp Limited

Sd/-

Ajit Isaac

Chairman & Managing Director & CEO

DIN: 00087168

Place: Bengaluru

Date: 16 May 2017

Sd/-

Subrata Kumar Nag

Executive, Whole-time Director & CFO

DIN: 02234000

Sd/-

Sudershan Pallap

Company Secretary

Membership No.: A14076

Statement of Profit and Loss

For the year ended 31 March 2017

(Amount in ₹ lakhs except per share data)

For the year ended	Note	31 March 2017	31 March 2016
Income			
Revenue from operations	28	336,072.21	291,817.69
Other income, net	29	1,612.10	909.90
Total income		337,684.31	292,727.59
Expenses			
Cost of material and stores and spare parts consumed	30	3,604.22	4,171.35
Employee benefit expenses	31	293,630.38	255,833.80
Finance costs	32	3,890.30	2,708.63
Depreciation and amortisation expenses	33	1,702.15	1,523.68
Other expenses	34	21,020.78	17,407.93
Total expenses		323,847.83	281,645.39
Profit before income tax		13,836.48	11,082.20
Tax expense			
Current tax	8	(3,327.42)	(6,135.00)
Excess provision of tax relating to earlier years	8	-	645.64
Deferred tax	8	(1,488.05)	2,262.54
Total tax expenses		(4,815.47)	(3,226.82)
Profit for the year		9,021.01	7,855.38
Other comprehensive income/ (expense)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of the net defined benefit liability/asset		(309.29)	655.98
Income tax relating to items that will not be reclassified to profit or loss		107.20	(227.02)
Other comprehensive income/ (expense) for the year, net of income tax		(202.09)	428.96
Total comprehensive income for the year		8,818.92	8,284.34
Earnings per equity share (face value of ₹ 10 each)			
Basic (in ₹)	40	7.34	6.94
Diluted (in ₹)	40	7.23	6.81

The notes referred to above form an integral part of the 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 the Board of Directors of
Quess Corp Limited

Sd/-

Vineet Dhawan

Partner

Membership No.: 092084

Sd/-

Ajit Isaac

Chairman & Managing Director & CEO

DIN: 00087168

Sd/-

Subrata Kumar Nag

Executive, Whole-time Director & CFO

DIN: 02234000

Sd/-

Sudershan Pallap

Company Secretary

Membership No.: A14076

Place: Bengaluru

Date: 16 May 2017

Place: Bengaluru

Date: 16 May 2017

Statement of Changes in Equity

for the year ended 31 March 2017

		(Amount in ₹ lakhs)					
		31 March 2017	31 March 2016				
(A) Equity share capital							
Opening balance	18	11,333.51	2,577.38				
Changes in equity share capital	18	1,345.59	8,756.13				
Closing balance	18	12,679.10	11,333.51				
(B) Other equity							
		(Amount in ₹ lakhs)					
Particulars	Note	Reserves and surplus			Total equity attributable to equity holders of the Company		
		Retained earnings	Capital reserve	Stock options outstanding account		Debt redemption reserve	Other items of other comprehensive income
Balance as of 1 April 2015		5,235.27	3,804.74	561.37	-	-	22,184.68
Less: Amount utilized for issue of bonus shares	18.1 (iii)	(8,500.11)	-	-	-	-	(8,500.12)
Add: Profit for the year		7,855.38	-	-	-	-	7,855.38
Less: Transfer to general reserve on forfeiture of stock options	47	-	126.56	(126.56)	-	-	-
Add: Other comprehensive income (net of tax)		-	-	-	-	428.96	428.96
Balance as of 31 March 2016		13,090.65	3,804.74	434.81	-	428.96	21,968.90
Balance as of 1 April 2016		13,090.65	3,804.74	434.81	-	428.96	21,968.90
Add: Premium received on issue of equity shares	19	38,738.18	-	-	-	-	38,738.18
Less: Share issue expenses	19	(2,961.53)	-	-	-	-	(2,961.52)
Add: Profit for the year	19	9,021.01	-	-	-	-	9,021.01
Less: Premium on allotment of ESOP (net of tax)	19	345.79	-	(345.79)	-	-	-
Add: Other comprehensive income (net of tax)		-	-	-	-	(202.09)	(202.09)
Add: Transfer to debenture redemption reserve	19	(187.50)	-	-	187.50	-	-
Balance as of 31 March 2017		21,924.16	3,804.74	89.02	187.50	226.87	66,564.47

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

As per our report of even date attached for and on behalf of the Board of Directors of
Quess Corp Limited
 Chartered Accountants
 Firm's Registration No.: 116231 W/W-100024

Sd/-
Vineet Dhawan
 Partner
 Membership No.: 092084

Place: Bengaluru
 Date: 16 May 2017

Sd/-
Ajit Isaac
 Chairman & Managing Director & CEO
 DIN: 00087168

Place: Bengaluru
 Date: 16 May 2017

Sd/-
Subrata Kumar Nag
 Executive, Whole-time Director & CFO
 DIN: 02234000

Place: Bengaluru
 Date: 16 May 2017

Sd/-
Sudershan Pallap
 Company Secretary
 Membership No.: A14076

Place: Bengaluru
 Date: 16 May 2017

Statement of Cash Flows

For the year ended 31 March 2017

(Amount in ₹ lakhs)

For the year ended	31 March 2017	31 March 2016
Cash flows from operating activities		
Profit before tax	13,836.48	11,082.20
Adjustments for:		
Depreciation and amortisation expenses	1,702.15	1,523.68
Dividend income on mutual fund units	(166.26)	-
Bad debts written off	680.58	-
Deposits/advances written off	-	136.98
Liabilities no longer required written back	(30.18)	(135.79)
Impairment loss allowance on financial assets, net	(112.63)	820.07
Interest income	(1,397.66)	(755.13)
Finance costs	3,890.30	2,708.63
Unhedged foreign exchange loss	13.92	14.51
Operating cash flows before working capital changes	18,416.70	15,395.15
Working capital adjustments:		
Changes in:		
Inventory	(330.13)	(79.40)
Trade receivables and security deposits	3,493.64	(13,589.20)
Other current, non-current, unbilled revenue and financial assets	(7,323.56)	(15,493.37)
Trade payables and other financial liabilities	(3,804.56)	14,132.17
Other liabilities and provisions	1,829.14	2,976.61
Cash generated from operating activities	12,281.23	3,341.96
Income taxes paid, net	(7,528.28)	(4,657.51)
Net cash provided by/ (used in) operating activities (A)	4,752.95	(1,315.55)
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangibles	(2,012.49)	(1,399.92)
Acquisition of shares in subsidiaries	(5,152.89)	(1,100.00)
Acquisition of shares in associates	(7,313.00)	-
Investment in preference shares	(22,000.00)	-
Dividend received on mutual fund units	166.26	-
Bank deposits (having maturity of more than three months), net	(15,437.93)	142.29
Interest received on term deposits	888.37	58.17
Loans given to subsidiaries	(2,786.30)	(2,462.31)
Loans repaid by subsidiaries	2,081.51	1,032.66
Interest received on loans given to subsidiaries	135.57	6.30
Payments to erstwhile minority shareholders	(66.67)	(66.67)
Net cash used in investing activities (B)	(51,497.57)	(3,789.48)
Cash flows from financing activities		
Borrowings - vehicle loan taken	78.31	25.17
Borrowings - vehicle loan repaid	(29.99)	(16.23)
Short-term borrowings, net of repayments	12,248.53	9,468.32
Proceeds from issue of debentures, net of issue expenses	14,833.13	-
Proceeds from issue of equity shares, net of issue expenses	37,038.47	256.03
Proceeds from exercise of share options	83.76	-
Finance costs paid	(3,582.90)	(2,696.91)
Net cash provided by financing activities (C)	60,669.31	7,036.38
Net increase in cash and cash equivalents (A+B+C)	13,924.69	1,931.35
Cash and cash equivalents at the beginning of the year	8,420.77	6,489.42
Cash and cash equivalents at the end of the year (refer note 12)	22,345.46	8,420.77

The notes referred to above form an integral part of the 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

Sd/-
Vineet Dhawan
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

for and on behalf of the Board of Directors of
Quess Corp Limited

Sd/-
Ajit Isaac
Chairman & Managing Director & CEO
DIN: 00087168

Place: Bengaluru
Date: 16 May 2017

Sd/-
Subrata Kumar Nag
Executive, Whole-time Director & CFO
DIN: 02234000
Sd/-
Sudershan Pallap
Company Secretary
Membership No.: A14076

Notes

to the standalone financial statements for the year ended 31 March 2017

1 Company overview

Quess Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED) ('the Company') is a public limited company incorporated and domiciled in India. The registered office of the Company is located at Bengaluru, Karnataka, India. The Company is engaged in the business of providing services in global technology solutions, people and services, integrated facility management and industrials segments.

The Company changed its name to Quess Corp Limited effective from 2 January 2015. The Company undertook an Initial public offer of equity shares and subsequently got its equity shares listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) effective 12 July 2016.

With effect from 14 May 2013, Thomas Cook (India) Limited ("TCIL") has become the parent company and Fairfax Financial Holdings Limited ('FFHL') has become the ultimate holding company of the Company.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone Ind AS financial statements. Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

2.1 Basis of preparation

Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) and the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company's standalone financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standard) Rules, 2006 notified under Section 133 of the Act and other provisions of the Act (' Indian GAAP' or 'Previous GAAP').

The Company has adopted all the relevant Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the Previous GAAP and an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note 51.

The standalone Ind AS financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency and all amounts have been rounded off to the nearest lakhs, unless otherwise stated.

Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following:

- i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
- ii. Share based payment transactions measured at fair value;
- iii. Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations ("DBO").

Notes

to the standalone financial statements for the year ended 31 March 2017

2.2 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- i) **Contingent liabilities:** Contingent liabilities are not recognised in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).
- ii) **Income taxes:** Significant judgements are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.
- iii) **Measurement of defined benefit obligations:** Key actuarial assumptions used for actuarial valuation.
- iv) **Impairment of financial assets:** The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments.
- v) **Property, plant and equipment:** Useful life of asset.
- vi) **Investment in preference shares:** Estimation of fair value of unlisted preference shares.
- vii) **Other estimates:** The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.3 Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes

to the standalone financial statements for the year ended 31 March 2017

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any.

Cost of an item of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the items to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful life of the fixed assets estimated by the Management. The management believes that the useful lives as given below best represent the period over which management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of Schedule II of the Companies Act, 2013. Depreciation for assets purchased/ sold during the year is proportionately charged. The Company estimated the useful lives for fixed assets as follows:

Category	Useful life
Leasehold improvements	Lease term or estimated useful life whichever is lower
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/losses.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of the assets not put to use before such date are disclosed under 'Capital work-in-progress'

Notes

to the standalone financial statements for the year ended 31 March 2017

2.5 Goodwill and other intangible assets

(i) Goodwill

As part of its transition to Ind AS, the Company has elected not to apply the relevant Ind AS viz. Ind AS 103, Business Combinations, on the business combinations accounted prior to 1 April 2015. For the business combinations post 1 April 2015, in accordance with Ind AS 103, the Company accounts using the acquisition method where control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

(ii) Other intangible assets

Internally generated: Research and development

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion or relevant overheads.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Others

Acquired intangible assets and assets acquired on business combinations are measured initially at cost. Other intangible assets are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Brand

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.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including on internally generated software is recognised in profit and loss as and when incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all intangible assets recognised as at 1 April 2015 measured as per the Previous GAAP and use that carrying value as the deemed cost of intangible assets.

Notes

to the standalone financial statements for the year ended 31 March 2017

(iv) Amortisation

Goodwill is not amortized and is tested for impairment annually.

The Company amortizes intangible assets with a finite useful life using the straight-line method.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Brand	15 years
Software	3 years
Copyright and trademarks	3 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.6 Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.7 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.8 Inventories

Inventories (raw materials and stores and spares) which comprise of food consumables and operating consumables are valued at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The comparison of cost and net realizable 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. The Company assess the obsolescence of inventory on a quarterly basis.

2.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The entity has concluded that it is the principal in all of its revenue arrangements since it is exposed to the significant risks and rewards associated with rendering of services.

When the outcome of the contract cannot be measured reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

Notes

to the standalone financial statements for the year ended 31 March 2017

When services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

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.

a) People and services:

Revenue related to staffing services i.e. salary and incidental expenses of temporary associates along with the service charges 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 research and trainings are recognised upon rendering of the service.

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

b) 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 the service charges are recognised in accordance with the agreed terms and recognised as the related services are performed.

c) Integrated facility management:

Revenue from Integrated facility management and food services are at a fixed rate and are recognised as per the terms of the arrangement with the customers.

d) Industrials:

Revenue from operation and maintenance services are primarily earned on a fixed rate basis and are recognised as per the terms of the arrangement with the customer. Certain arrangements are on time and material basis and are recognised as the services are performed as per the terms of the arrangement with the customer.

2.10 Other income

Interest income or expenses is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.11 Investments

Investments in equity shares of subsidiaries shall be accounted either

- (a) at cost, or
- (b) in accordance with Ind AS 109, Financial Instruments

The Company has elected to account its investment in subsidiaries at cost.

Notes

to the standalone financial statements for the year ended 31 March 2017

2.12 Financial instruments

a) Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

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

- amortised cost;
- Fair Value through other comprehensive income (FVOCI) - debt investment;
- Fair Value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets, at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes

to the standalone financial statements for the year ended 31 March 2017

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

c) Impairment of financial assets

The Company assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Company determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

d) Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

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

2.13 Employee benefits

a) Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement

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and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of remeasurements of the net defined liability or asset through other comprehensive income.

Remeasurement of the net defined liability or asset (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

The Company's gratuity scheme is administered through a trust with the Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

b) Short-term employee benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g. short term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the amount of obligation can be estimated reliably.

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases 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.

d) 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.

e) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes cost for restructuring. If the benefits are not expected to be settled wholly within 12 months of reporting date, then they are discounted.

2.14 Share-based payments

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the statement of profit and loss with a corresponding increase in equity over the period that the employees unconditionally becomes entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

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2.15 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognized in profit and loss, except exchange differences arising from the translation of the following items which are recognized in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

2.16 Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in net profit in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax is not recognised for :

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction.
- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profits may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realized.

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2.17 Provisions (other than employee benefits)

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. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) Onerous contract

A contract is considered to be onerous when the expected economic benefit 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 present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognizes any impairment loss on the assets associated with the contract.

2.18 Contingent liability

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 disclosed in the financial statements if an inflow of economic benefits is probable.

2.19 Cash and cash equivalents

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

2.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.21 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to owners of the Company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which 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 reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

2.22 Segment reporting

Based on the "management approach" as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. People and services, Integrated facility management, Global technology solutions and Industrials.

2.23 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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2.24 Recent accounting pronouncements

(a) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows', Ind AS 102, 'Share-based payment' and Ind AS 115, 'Revenue from contracts with customers'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board ("IASB") to IAS 7, 'Statement of cash flows', IFRS 2, 'Share-based payment,' and IFRS 15, 'Revenue from contracts with customers' respectively. The amendments are applicable to the company from 1 April 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

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

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The impact of the above stated amendments to company is Nil as the same is not applicable to Company.

Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115, Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015.

The standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard has been currently deferred. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

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Particulars	(Amount in ₹ lakhs)							Total
	Leasehold improvements	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Computer equipment		
Deemed cost as at 1 April 2015*	103.53	222.08	18.48	390.01	297.61	287.26	1,318.97	
Additions during the year	59.16	131.03	25.42	354.95	23.07	414.58	1,008.21	
Disposals for the year	-	-	3.04	-	29.97	0.13	33.14	
Balance as at 31 March 2016	162.69	353.11	40.86	744.96	290.71	701.71	2,294.04	
Additions during the year	38.95	81.85	141.61	167.58	323.01	235.47	988.47	
Disposals for the year	-	-	-	-	-	-	-	
Balance as at 31 March 2017	201.64	434.96	182.47	912.54	613.72	937.18	3,282.51	
Accumulated depreciation*								
Depreciation for the year	80.74	67.01	19.92	155.20	160.04	211.11	694.02	
Accumulated depreciation on deletions	-	-	3.04	-	20.76	0.13	23.93	
Balance as at 31 March 2016	80.74	67.01	16.88	155.20	139.28	210.98	670.09	
Depreciation for the year	55.84	83.19	35.66	172.22	159.19	295.73	801.83	
Accumulated depreciation on deletions	-	-	-	-	-	-	-	
Balance as at 31 March 2017	136.58	150.20	52.54	327.42	298.47	506.71	1,471.92	
Net carrying amount								
As at 31 March 2017	65.06	284.76	129.93	585.12	315.25	430.47	1,810.59	
As at 31 March 2016	81.95	286.10	23.98	589.76	151.43	490.73	1,623.95	
As at 1 April 2015	103.53	222.08	18.48	390.01	297.61	287.26	1,318.97	

* Refer note 51 (A) (iii)

There has been no impairment losses recognised during the year or previous year.

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4 Intangible assets and intangible assets under development

(Amount in ₹ lakhs)

Particulars	Goodwill (refer note 4.1)	Other intangible assets			Intangible assets under development (refer note 4.3)	
		Brand value of business acquired (refer note 4.2)	Computer software	Copyright and trademarks (refer note 4.1)		Total other intangible assets
Deemed cost as at 1 April 2015*	-	8,946.10	283.67	-	9,229.77	-
Additions during the year	-	-	272.74	-	272.74	85.55
Disposals for the year	-	-	-	-	-	-
Balance as at 31 March 2016	-	8,946.10	556.41	-	9,502.51	85.55
Additions during the year	45.20	-	276.40	4.80	281.20	766.82
Disposals for the year	-	-	-	-	-	-
Balance as at 31 March 2017	45.20	8,946.10	832.81	4.80	9,783.71	852.37
Accumulated Amortisation*						
Amortisation for the year	-	644.60	185.05	-	829.65	-
Accumulated Amortisation on deletions	-	-	-	-	-	-
Balance as at 31 March 2016	-	644.60	185.05	-	829.65	-
Amortisation for the year	-	645.00	254.52	0.80	900.32	-
Accumulated Amortisation on deletions	-	-	-	-	-	-
Balance as at 31 March 2017	-	1,289.60	439.57	0.80	1,729.97	-
Net carrying amount						
As at 31 March 2017	45.20	7,656.50	393.24	4.00	8,053.74	852.37
As at 31 March 2016	-	8,301.50	371.36	-	8,672.86	85.55
As at 1 April 2015	-	8,946.10	283.67	-	9,229.77	-

* Refer note 51 (A) (iii)

There has been no impairment losses recognised during the year or previous year.

4.1 During the year, the Company has entered into an Asset Transfer Agreement with CAARPUS Technology Services Limited ("Transferor") and its founder Mr. L Bharani Raj dated 30 September 2016 to purchase the business asset (copyright and trademarks for using E-catalogue software and other intangibles). The transferor is engaged in the business of providing technology based solutions for material management, coding, catalogue, inventory management etc. The total consideration paid is ₹ 50.00 lakhs.

In accordance with Ind AS 103, the consideration paid requires to be allocated across identifiable assets acquired, at their respective fair values. Accordingly, the Company has recognised intangible assets aggregating to ₹ 4.80 lakhs and remaining amount aggregating to ₹ 45.20 lakhs is accounted as goodwill.

4.2 During the year, 2014 the Company pursuant to the scheme of amalgamation acquired Avon Facility Management Services Limited with effect from 1 January 2014, Magna InfoTech Limited with effect from 1 January 2014 and Hofincons Infotech & Industrial Services Private Limited with effect from 1 July 2014. The management of Quess Corp Limited appointed external valuer to provide a valuation of the Magna brand, Avon brand and Hofincons brand ("Brand") as on 31 December 2013 [applicable for Magna and Avon] and 30 June 2014 [applicable for Hofincons] ("Valuation Date") in connection with restructuring exercise for valuation of brand. Subsequently, the Company on such amalgamation, has identified and recognised Brand amounting to ₹ 9,682.00 lakhs on such valuation.

Brand is amortised over a period of 15 years and the written down value as at 31 March 2017 is ₹ 7,656.51 lakhs (31 March 2016: ₹ 8,301.50 lakhs)

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- 4.3 The Company has entered into an agreement with MFX Infotech Private Limited for development of its payroll management system and other applications. The contract is entered on a time and material basis at cost plus agreed markup. The estimated cost for these software development is ₹ 1,048.67 lakhs out of which cost incurred amounting to ₹ 711.37 lakhs is shown as intangible assets under development.

5 Non-current Investments

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I. Unquoted equity instruments-trade			
Investment in subsidiaries at cost			
3,110,000 (31 March 2016: 3,110,000) fully paid up equity shares of par value of ₹ 10 each of Coachieve Solutions Private Limited	120.00	120.00	120.00
1,000,000 (31 March 2016: 1,000,000) fully paid up equity shares of par value of ₹ 10 each of MFX Infotech Private Limited*	104.50	104.50	101.50
7,000,100 (31 March 2016: 7,000,100) Common Shares of Brainhunter Systems Limited, [formerly known as Zylog Systems (Canada) Limited] fully paid up*	175.12	175.12	55.02
1 (31 March 2016: 1) Common Stock of Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) of US \$ 1,00,000 each, fully paid-up	62.54	62.54	62.54
86,000 (31 March 2016: 86,000) fully paid up equity shares of par value of 100 pesos each of Quess (Philippines) Corp (formerly known as Magna Ikyo Infotech Inc., Philippines)	122.74	122.74	122.74
39,411,557 (31 March 2016: 39,411,557) fully paid up equity shares of par value of ₹ 10 each of Aravon Services Private Limited*	7.00	3.50	-
12,332,075 (31 March 2016: 2,308,499) ordinary shares of Quesscorp Holdings Pte Ltd of SGD 1.00 each, fully paid-up *	6,214.82	1,100.00	-
28,400 (31 March 2016: Nil) fully paid up equity shares having face value of ₹ 10 each at a premium of ₹ 1,222 each of Inticore VJP Advanced Systems Private Limited (refer note 5.1)*	352.38	-	-
10,000 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each of Dependo Logistics Solutions Private Limited (refer note 5.2)	1.00	-	-
10,000 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each of CenterQ Business Solutions Private Limited (refer note 5.3)	1.00	-	-
10,000 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each of Excelus Learning Solutions Private Limited (refer note 5.4)*	17.43	-	-
Investment in associates at cost			
245,000 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each at a premium of ₹ 2,929 each of Terrier Security Services (India) Private Ltd (refer note 5.5) *	7,211.00	-	-

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(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
4,068 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each at a premium of ₹ 2,768 each of Simpliance Technologies Private Limited (refer note 5.6)	113.00	-	-
Total unquoted investments in equity instruments	14,502.53	1,688.40	461.80
II. Unquoted preference shares			
Investment in preference shares at fair value			
4,036,697 (31 March 2016: Nil) fully paid up compulsorily convertible preference shares having face value of ₹ 10 each at a premium of ₹ 535 each of Manipal Integrated Services Private Limited (refer note 5.7)	22,000.00	-	-
Total unquoted investments in preference shares	22,000.00	-	-
Total non-current investments	36,502.53	1,688.40	461.80
Aggregate value of unquoted investments	36,502.53	1,688.40	461.80
Aggregate amount of impairment in value of investments	-	-	-

- 5.1 During the year, the Company has entered into a Share Subscription Agreement dated 28 November 2016 with Inticore VJP Advance Systems Private Limited ("Inticore") to subscribe 73.99% of shares for a consideration of ₹ 349.99 lakhs. The Company acquired controlling stake on 1 December 2016 and Inticore has become the subsidiary of the Company.
- 5.2 During the year, the Company has incorporated Dependo Logistics Solutions Private Limited as a wholly owned subsidiary on 8 September 2016 by subscribing to 10,000 equity shares of ₹ 10 each.
- 5.3 During the year, the Company has incorporated CenterQ Business Solutions Private Limited as a wholly owned subsidiary on 9 November 2016 by subscribing to 10,000 equity shares of ₹ 10 each.
- 5.4 During the year, the Company has incorporated Excelus Learning Solutions Private Limited as a wholly owned subsidiary on 23 November 2016 by subscribing to 10,000 equity shares of ₹ 10 each.
- 5.5 During the year, the Company has entered into Share Purchase Agreement (SPA) with Terrier Security Services (India) Private Limited ("Terrier") and its shareholders on 19 October 2016, to acquire 74% stake in Terrier subject to the approval of Foreign Investment Promotion Board ("FIPB") for consideration as per the terms mentioned in the SPA. The Company has currently acquired 49% stake on 9 December 2016 for a consideration of ₹ 7,200 lakhs and accordingly, Terrier has become an associate of the Company.
- 5.6 During the year, the Company has entered into Share Subscription Agreement ("SSA") dated 19 October 2016 with Simpliance Technologies Private Limited ("Simpliance") and its shareholders to acquire equity stake of 45% in Simpliance for a consideration of ₹ 250 lakhs. The Company has currently acquired 27% equity stake for a consideration of ₹ 113 lakhs and accordingly Simpliance has become an associate of the Company.
- 5.7 During the year, the Company has entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business") of MIS through the Scheme of Arrangement ("the Scheme") into the Company. The Board vide its meeting dated 28 November 2016 has approved the draft scheme of arrangement and filed the Scheme with BSE and NSE. The Company has received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively and has further filed it with National Company Law Tribunal ("NCLT"), subsequent to the balance sheet date. In pursuance of the Scheme, Company has invested ₹ 22,000 lakhs by subscribing to Compulsory Convertible Preference Shares of MIS as part of the purchase consideration.

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The Scheme requires the Company to account for the acquisition, on and from 1 December 2016, i.e. appointed date. In accordance with Indian Accounting Standard 103, Business Combinations, (Ind AS 103), the accounting for the acquisition has to be done on and from the "Acquisition date". As per paragraph 9 of Ind AS 103, the acquisition date is the date on which the acquirer obtains control of the acquiree and is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree as on the closing date. The appointed date (1 December 2016) as per the Scheme is not the same as the acquisition date, as defined under Ind AS 103. The accounting from the appointed date as mentioned in the Scheme is subject to regulatory approval.

* Investments include interest on corporate guarantee given to subsidiaries amounting to ₹ 476.34 lakhs (31 March 2016: ₹ 128.10 lakhs)

6 Non-current loans

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Unsecured, considered good</i>			
Security deposits	1,146.46	577.36	427.46
	1,146.46	577.36	427.46

7 Other non-current financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Bank deposits (due to mature after 12 months from the reporting date)	85.72	205.16	37.47
	85.72	205.16	37.47

8 Taxes

A Amount recognised in profit or loss

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Current tax:		
In respect of the current period	(3,327.42)	(6,135.00)
Excess provision related to prior years (refer note (i) below)	-	645.64
Deferred tax:		
<i>Attributable to:</i>		
Origination and reversal of temporary differences	(1,488.05)	2,257.47
Increase / reduction of tax rate	-	5.07
Income tax expense reported in the Statement of Profit and Loss	(4,815.47)	(3,226.82)

- (i) During the previous year ended 31 March 2016, the Company has performed the reconciliations of tax provision created as per books of accounts with the income tax provision filed in its return of income for the completed assessment years and written back additional provision aggregating to ₹ 645.64 lakhs.

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B Income tax recognised in other comprehensive income

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Remeasurement of the net defined benefit liability/asset		
Before tax	309.29	(655.98)
Tax (expense)/benefit	(107.20)	227.02
Net of tax	202.09	(428.96)

C Reconciliation of effective tax rate

(Amount in ₹ lakhs)

Particulars	For the year ended			
	31 March 2017		31 March 2016	
Profit before tax		13,836.48		11,082.75
Tax using the Company's domestic tax rate	34.61%	4,788.81	34.61%	3,835.52
Effect of:				
Tax exempt income	-1.20%	(166.26)	-	-
Non-deductible expenses	1.39%	192.92	0.33%	36.94
Effective tax rate	34.80%	4,815.47	34.94%	3,872.46
Less: Excess provisions related to prior years		-	5.82%	645.64
Income tax expense reported in the Statement of profit and loss	34.80%	4,815.47	29.12%	3,226.82

D The following table provides the details of income tax assets and income tax liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015

(Amount in ₹ lakhs)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Income tax assets	27,001.57	19,402.78	13,532.90
Income tax liabilities	(15,845.99)	(12,472.90)	(6,337.90)
Net income tax asset at the end of the year	11,155.58	6,929.88	7,195.00

E Deferred tax assets, net

(Amount in ₹ lakhs)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Deferred tax asset and liabilities are attributable to the following:			
Deferred tax asset:			
Impairment loss allowance on financial assets	1,189.46	1,130.41	641.49
Provision for employee benefits	1,186.58	800.20	374.86
Provision for disputed claims	72.63	78.31	76.91
Provision for rent escalation	18.60	16.60	6.74
Others	126.54	1,777.54	12.34
Deferred tax liabilities:			
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	(1,032.47)	(860.87)	(205.67)
Net deferred tax assets	1,561.34	2,942.19	906.67

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The movement of deferred tax aggregating to ₹ 1,380.85 lakhs for the year ended 31 March 2017 (previous year: ₹ 2,035.52 lakhs) comprises of ₹ 1,488.05 lakhs (previous year: ₹ 2,262.54 lakhs) charged to profit and loss account and ₹ 107.20 lakhs (previous year: ₹ 227.02 lakhs) charged to other comprehensive income.

F Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

(Amount in ₹ lakhs)				
For the year ended 31 March 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax liability on:				
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	(860.87)	(171.60)	-	(1,032.47)
Gross deferred tax liability	(860.87)	(171.60)	-	(1,032.47)
Deferred tax assets on:				
Impairment loss allowance on financial assets	1,130.41	59.05	-	1,189.46
Provision for employee benefits	800.20	279.18	107.20	1,186.58
Provision for disputed claims	78.31	(5.68)	-	72.63
Provision for rent escalation	16.60	2.00	-	18.60
Others	1,777.54	(1,651.00)	-	126.54
Gross deferred tax assets	3,803.06	(1,316.45)	107.20	2,593.81
Net deferred tax assets	2,942.19	(1,488.05)	107.20	1,561.34

(Amount in ₹ lakhs)				
For the year ended 31 March 2016	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax liability on:				
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	(205.67)	(655.20)	-	(860.87)
Gross deferred tax liability	(205.67)	(655.20)	-	(860.87)
Deferred tax assets on:				
Impairment loss allowance on financial assets	641.49	488.92	-	1,130.41
Provision for employee benefits	374.86	652.36	(227.02)	800.20
Provision for disputed claims	76.91	1.40	-	78.31
Provision for rent escalation	6.74	9.86	-	16.60
Others	12.34	1,765.20	-	1,777.54
Gross deferred tax assets	1,112.34	2,917.74	(227.02)	3,803.06
Net deferred tax assets	906.67	2,262.54	(227.02)	2,942.19

9 Other non-current assets

(Amount in ₹ lakhs)			
Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Taxes paid under protest	186.12	46.49	46.49
Provident fund dispute paid under protest	107.22	107.22	107.22
Prepaid expenses	103.91	158.76	196.15
Capital advances	39.38	75.70	30.64
	436.63	388.17	380.50

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10 Inventories

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Valued at lower of cost and net realizable value</i>			
Raw materials and consumables	37.06	56.54	43.90
Stores and spares	425.29	75.68	8.92
	462.35	132.22	52.82

11 Trade receivables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good	28,943.11	32,965.38	20,189.52
Considered doubtful	2,763.65	2,699.15	2,161.80
	31,706.76	35,664.53	22,351.32
Loss allowance (refer note 36(ii))			
Unsecured considered good	(390.06)	(567.18)	(284.46)
Doubtful	(2,763.65)	(2,699.15)	(2,161.80)
	(3,153.71)	(3,266.33)	(2,446.26)
Net trade receivables	28,553.05	32,398.20	19,905.06

All trade receivables are current.

Of the above, trade receivables from related parties are as below:

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables from related parties	248.41	300.03	142.86
Less: loss allowance	(130.13)	(86.17)	(4.00)
Net trade receivables	118.28	213.86	138.86

For terms and conditions of trade receivables owing from related parties refer note 43.

The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 36.

12 Cash and cash equivalents

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
Cash on hand	8.36	7.46	8.28
Cheque in hand	378.66	-	-
Balances with banks			
In current accounts	21,670.64	8,413.31	6,312.58
In deposit accounts (with original maturity of less than 3 months)	322.02	-	168.56
Cash and cash equivalents in balance sheet	22,379.68	8,420.77	6,489.42
Bank overdraft used for cash management purpose	(34.22)	-	-
Cash and cash equivalents in the statement of cash flow	22,345.46	8,420.77	6,489.42

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13 Bank balances other than cash and cash equivalents above

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
In deposit accounts (due to mature within 12 months from the reporting date)	15,827.11	269.74	579.72
	15,827.11	269.74	579.72

14 Current loans

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Unsecured, considered good</i>			
Security deposits	767.52	515.33	507.26
Loans to group entities (refer note 43)	1,326.29	1,495.41	90.42
Loans to employees	478.36	603.36	419.69
	2,572.17	2,614.10	1,017.37

15 Other current financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Interest accrued but not due	259.52	23.56	16.73
Interest receivable from related parties (refer note 43)	35.22	43.28	-
	294.74	66.84	16.73

16 Unbilled revenue

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unbilled revenue*	34,827.63	27,479.00	12,954.68
	34,827.63	27,479.00	12,954.68
* includes unbilled revenue billable to related parties (refer note 43)	92.68	132.70	-

17 Other current assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Prepaid expenses	652.71	905.60	395.21
Advances to suppliers	458.28	415.98	89.07
Travel advances to employees	11.09	94.89	26.10
Balances with government authorities	360.74	-	37.69
Dues from related parties*	-	189.55	-
Other advances	33.55	19.92	71.43
	1,516.37	1,625.94	619.50

* includes receivables from related parties (refer note 43)

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18 Equity share capital

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
200,000,000 (31 March 2016: 200,000,000) equity shares of par value of ₹ 10 each*	20,000.00	20,000.00	11,310.46
	20,000.00	20,000.00	11,310.46
Issued, subscribed and paid-up			
126,790,961 (31 March 2016: 113,335,056) equity shares of par value of ₹ 10 each, fully paid up	12,679.10	11,333.51	2,577.38
	12,679.10	11,333.51	2,577.38

* During the previous year ended 31 March 2016, the Company vide its Extraordinary General Meeting dated 10 August 2015, has increased its authorised share capital from ₹ 11,310.46 lakhs divided into 113,104,631 equity shares of ₹ 10 each to ₹ 20,000.00 lakhs divided into 200,000,000 equity shares of ₹ 10 each.

18.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount in ₹ lakhs	Number of shares	Amount in ₹ lakhs
Equity shares				
At the commencement of the year	113,335,056	11,333.51	25,773,764	2,577.38
Shares issued on exercise of employee stock options (refer note 47)	837,608	83.76	-	-
Shares issued during the year (i)	12,618,297	1,261.83	-	-
Right issue (ii)	-	-	2,560,000	256.00
Bonus issue (iii)	-	-	85,001,292	8,500.13
At the end of the year	126,790,961	12,679.10	113,335,056	11,333.51

- (i) During the year ended 31 March 2017, the Company has completed the Initial Public Offering (IPO) and raised a total capital of ₹ 40,000 lakhs by issuing 12,618,297 equity shares of ₹ 10 each at a premium of ₹ 307 per equity share. The equity shares of the Company got listed on NSE and BSE effective from 12 July 2016. The proceeds from IPO is ₹ 37,038.47 lakhs (net of estimated issue expenses).

Details of utilisation of IPO proceeds are as follows:

(Amount in ₹ lakhs)

Particulars	Objects of the issue as per the prospectus	Utilised upto 31 March 2017	Unutilised amount as on 31 March 2017
Repayment of debt availed by the Company	5,000.00	5,000.00	-
Meeting capital expenditure requirement of the Company and Subsidiary MFX US	7,171.70	1,636.01	5,535.69
Funding incremental working capital requirement of our Company	15,790.10	9,500.00	6,290.10
Acquisitions and strategic initiatives	8,000.00	8,000.00	-
General corporate purpose	1,076.67	1,076.67	-
Total	37,038.47	25,212.68	11,825.79

Unutilised amounts of the issue as at 31 March 2017 have been temporarily deployed in fixed deposit with banks which is in accordance with objects of the issue. The same needs to be utilised by 2018.

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Expenses incurred by the Company estimated at ₹ 2,961.53 lakhs, in connection with IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013. Till 31 March 2017, the Company has incurred ₹ 2,746.04 lakhs of IPO expenses and the remaining amount of ₹ 215.49 lakhs is accrued and expected to be utilized by June 2017.

(ii) Right issue

During the previous year ended 31 March 2016, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 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 had resolved not to subscribe to the right issue and had 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	1,294,100	2,547,356	3,841,456
Ms. Amrita Nathani	38,525	3,827	42,352
Mr. Guruprasad 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. Pratibha J	13,400	1,331	14,731
Mr. Jaison Jose	6,700	665	7,365
Total	25,773,764	2,560,000	28,333,764

(iii) Bonus issue

During the year ended 31 March 2016, 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 Extraordinary General Meeting held on 23 December 2015 and vide its Board meeting held on 5 January 2016 had passed a resolution to issue 3 fully paid up equity shares of ₹ 10 each for every 1 fully paid up equity share of ₹ 10 each to the existing shareholder whose name appeared 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	59,117,622	78,823,496
Mr. Ajit Isaac	4,646,490	13,939,470	18,585,960
Net Resources Investments Private Limited	3,841,456	11,524,368	15,365,824
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. Pratibha J	14,731	44,193	58,924
Mr. Jaison Jose	7,365	22,095	29,460
Total	28,333,764	85,001,292	113,335,056

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18.2 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.

18.3 Shares held by holding company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount in ₹ lakhs	Number of shares	Amount in ₹ lakhs
Equity shares				
Equity shares of par value ₹ 10 each				
Thomas Cook (India) Limited	78,823,496	7,882.35	78,823,496	7,882.35
	78,823,496	7,882.35	78,823,496	7,882.35

18.4 Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	% held	Number of shares	% held
Equity shares				
Equity shares of par value ₹ 10 each				
Thomas Cook (India) Limited	78,823,496	62.17%	78,823,496	69.55%
Ajit Isaac	18,585,960	14.66%	18,585,960	16.40%
Net Resource Investments Private Limited	15,365,824	12.12%	15,365,824	13.56%
	112,775,280		112,775,280	

18.5 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 previous financial year and equity shares have been issued under Employee Stock Option Plan for which only exercise price has been received in cash i.e. ₹ 10 per share (refer note 47).

(Value in numbers)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 December 2013	As at 31 March 2013
Bonus shares issued	-	85,001,292	-	-	-
Shares issued on exercise of employee stock options	837,608	-	-	429,000	-

19 Other equity*

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Securities premium account (refer note 19.1)	40,205.62	4,083.18	12,583.29
Stock options outstanding account (refer note 19.2)	89.02	434.81	561.37
Capital reserve account (refer note 19.3)	3,804.74	3,804.74	3,804.74
General reserve account	126.56	126.56	-
Debenture redemption reserve (refer note 19.4)	187.50	-	-
Retained earnings	21,924.16	13,090.65	5,235.27
Other comprehensive income (refer note 19.5)	226.87	428.96	-
	66,564.47	21,968.90	22,184.67

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19.1 Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013. During the year, the Company has made an Initial Public Offer (IPO) and issued 12,618,297 equity shares at a premium of ₹ 307 per share. As per the requirement of Section 52 of the Companies Act, 2013 the Company has utilised the securities premium for the expenses incurred in connection with the Initial Public Offer (IPO) amounting to ₹ 2,961.53 lakhs.

19.2 Stock options outstanding account

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

19.3 Capital reserve account

During the year ended 2015, the Company pursuant to the scheme of amalgamation acquired Avon Facility Management Services Limited with effect from 1 January 2014, Magna InfoTech Limited with effect from 1 January 2014 and Hofincons Infotech & Industrial Services Private Limited with effect from 1 July 2014. As per the accounting treatment of the scheme of amalgamation approved by the Honourable High Court of Karnataka the differential amount between the carrying value of investments and net assets acquired from the transferor companies has been accounted as Capital reserve.

19.4 Debenture redemption reserve

During the year, the Company has issued redeemable non-convertible debentures and has created a debenture redemption reserve as per the requirement of Companies Act, 2013 .

19.5 Other comprehensive income

Remeasurement of the defined benefit liability/(asset) comprises actuarial gain and losses and return on plan assets (excluding interest income).

* For detailed movement of reserves refer Statement of changes in Equity.

20 Non-current borrowings*

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Secured</i>			
Non-convertible debentures (refer note 20.2)	14,833.13	-	-
NSDC loan	-	-	300.00
<i>Unsecured</i>			
Vehicle loans	73.19	24.89	15.94
Total borrowings	14,906.32	24.89	315.94
Less: Current maturities of long-term borrowings	33.93	9.24	315.94
	14,872.39	15.65	-

*Information about the Company's exposure to interest rate and liquidity risk is included in note 36.

20.1 Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

(Amount in ₹ lakhs)

Particulars	Coupon/ Interest rate	Year of maturity	Carrying amount as at 31 March 2017	Carrying amount as at 31 March 2016	Carrying amount as at 1 April 2015
Secured Non-convertible debentures	8.25%	2022	14,833.13	-	-
Unsecured vehicle loan	11.98%	2019	57.55	-	-
Unsecured vehicle loan	14.28%	2018	15.65	24.88	-
Secured NSDC loan	6.00%	2016	-	-	300.00
Unsecured vehicle loan	9.03%	2016	-	-	15.94
Total non-current borrowings			14,906.33	24.88	315.94

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20.2 Non-convertible debentures

During the year ended 31 March 2017, the Company in its Board of Directors meeting held on 28 November 2016 passed a resolution to issue 1,500 redeemable non-convertible debentures at a face value of ₹ 10 lakh aggregating to ₹ 15,000 lakhs. The proceeds from debentures shall be utilised for Company's long-term working capital, payment of transaction related expenses related to capital issue and general corporate purpose but shall not be used for any real estate business, equity trading/speculative business.

The debentures carry a coupon rate of 8.25% p.a. payable annually and is to be redeemed after 5 years from the date of allotment without any redemption premium. These debentures are secured by way of exclusive charge on all the movable and immovable assets of the Company.

Particulars	(Amount in ₹ lakhs)
Proceeds from issue of non-convertible debentures (1,500 debentures at ₹ 10 lakhs face value)	15,000.00
Less: Transaction costs	172.28
Net proceeds	14,827.72
Add: Accrued transaction costs	5.41
Carrying amount of liability at 31 March 2017	14,833.13

21 Other non-current financial liabilities

Particulars	(Amount in ₹ lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Payable to erstwhile minority shareholders*	-	-	66.67
	-	-	66.67

*The Company vide agreement dated 14 May 2013 acquired 100% shareholding of Avon Facility Management Services Limited at a total consideration of ₹ 1,426.27 lakhs. Out of the total consideration, in accordance with Share Purchase Agreement, the Company has paid ₹ 1,200.94 lakhs in May 2013 and has agreed to pay ₹ 292.00 lakhs to certain shareholders over a period of 3 years. There is no outstanding balance to be paid as on the reporting date.

22 Non-current provisions

Particulars	(Amount in ₹ lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity (refer note 45)	1,384.57	575.84	613.95
Other provisions			
Provision for disputed claims (refer note 22.1)	179.67	226.27	226.27
Provision for rent escalation	48.84	34.03	10.92
	1,613.08	836.14	851.14

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22.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

Provision for disputed claims

Particulars	(Amount in ₹ lakhs)
Balance as at 1 April 2015	226.27
Provision recognised / (reversed)	-
Provision utilized	-
Balance as at 31 March 2016	226.27
Provision recognised / (reversed)	(46.60)
Provision utilized	-
Balance as at 31 March 2017	179.67

Disputed claims

The Company has received a demand notice dated 12 June 2012 from Employees' Provident Fund (EPF) Organisation raising a demand of ₹ 428.90 lakhs for the period from April 2008 to February 2012 for not contributing Provident fund, Pension fund, Deposit Linked Insurance Fund and administration charges in accordance with the definition of basic wages as contained in Section 2(b) of Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company, based on an expert's opinion, is of the view that a part of the claim of the department is without foundation, while some part is still under debate and accordingly, provision is created based on the management estimate. The Company has appealed against the ruling which is pending in Employees' Provident Fund Appellate Tribunal, New Delhi.

23 Current borrowings

Particulars	(Amount in ₹ lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loans from banks repayable on demand			
<i>Secured</i>			
Working capital loan (refer note 23.1)	24,500.00	8,400.00	5,300.00
Cash credit and overdraft facilities (refer note 23.2)	12,118.22	14,776.83	9,157.69
Bill discounting facility from banks (refer note 23.3)	1,904.79	3,097.65	2,048.48
	38,523.01	26,274.48	16,506.17

Information about the Company's exposure to interest rate and liquidity risk is included in note 36.

23.1 The Company has taken working capital loan from banks having interest rate ranging from 6% to 9.95%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Company on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company

23.2 The Company has taken cash credit and overdraft facilities having interest rate ranging from MCLR+0.35% to MCLR+2.10%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Company on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

23.3 The Company has taken bill discounting facilities from banks having interest rate of MCLR+1.30%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current and movable assets of the Company on both past and future excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements and assets created out of NSDC facility.

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24 Trade payables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Dues to micro, small and medium enterprise (refer note 46)	-	-	-
Trade payables to related parties (refer note 43)	0.31	26.20	21.94
Other trade payables	1,998.54	1,566.40	1,209.71
	1,998.85	1,592.60	1,231.65

All trade payables are current.

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 36.

25 Other current financial liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long-term borrowings	33.93	9.24	315.94
Interest accrued and not due	335.21	27.52	15.79
Financial guarantee liability	406.62	110.06	1.50
Capital creditors	50.60	17.73	15.29
Other payables			
Payable to erstwhile minority shareholders	-	66.67	66.67
Accrued salaries and benefits	17,724.25	17,035.94	7,541.85
Provision for bonus and incentive*	142.48	5,056.21	784.31
Uniform deposits	20.62	23.62	18.38
	18,713.71	22,346.99	8,759.73

*Balance as at 31 March 2016 includes provision for bonus for the financial year 2015-16 aggregating to ₹ 4,440.46 lakhs 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. The same has been paid during the year (refer note 39.2).

The Company's exposure to currency and liquidity risk related to other current financial liabilities is disclosed in note 36.

26 Current provisions

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity (refer note 45)	1,809.98	1,507.59	8.22
Provision for compensated absences	234.09	228.75	480.68
Other provisions			
Provision for warranty (refer note 26.1)	-	-	120.00
Provision for onerous contracts (refer note 26.1)	-	-	10.78
	2,044.07	1,736.34	619.68

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26.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

Provision for warranty

(Amount in ₹ lakhs)

Particulars	Warranty	Onerous contracts
Balance as at 1 April 2015	120.00	10.78
Provisions recognised /(reversed)	(120.00)	(10.78)
Provisions utilized	-	-
Balance as at 31 March 2016	-	-

Warranty

Warranty provision of ₹ 120 lakhs was created for the projects to make good for any defects identified. During the previous year, the project on which warranty was provided was completed, hence reversed.

Onerous contract

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. During the previous year provision was reversed on completion of project.

27 Other current liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances payable to government authorities	8,186.76	7,129.93	3,365.64
Advance received from customers	1,614.20	1,457.79	1,179.54
Provision for expenses*	1,123.25	555.04	728.93
Income received in advance	85.98	473.36	2,959.85
Amount payable to related parties	25.27	-	-
Book overdraft	-	385.66	552.97
Provision for rent escalation	4.90	13.94	8.92
	11,040.36	10,015.72	8,795.85

*includes amount payable to related parties (refer note 43)

25.27

25.16

-

The Company's exposure to currency and liquidity risk related to other current liabilities is disclosed in note 36.

28 Revenue from operations

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Staffing and recruitment services	278,719.36	241,946.11
Facility management and food services	35,302.86	31,765.73
Training services	9,101.13	7,009.68
Operation and maintenance	12,948.86	11,096.17
	336,072.21	291,817.69

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29 Other income

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Interest income under the effective interest method on:		
Deposits with banks	1,124.33	64.99
Interest income on present valuation of financial instruments	120.99	73.83
Interest on tax refunds	24.84	566.73
Dividend income on mutual fund units	166.26	-
Interest on loans given to subsidiaries	127.51	49.58
Liabilities no longer required written back	30.18	135.79
Miscellaneous income	17.99	18.98
	1,612.10	909.90

30 Cost of materials and stores and spare parts consumed

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Inventory at the beginning of the year	132.22	52.82
Add: Purchases for the year	3,934.35	4,250.75
Less: Inventory at the end of the year	462.35	132.22
Cost of materials and stores and spare parts consumed	3,604.22	4,171.35

31 Employee benefit expenses

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Salaries and wages	268,972.01	235,450.68
Contribution to provident and other funds	23,013.05	17,198.30
Expenses related to defined benefit plans	939.30	2,314.70
Expenses related to compensated absences	5.33	-
Staff welfare expenses	700.69	870.12
	293,630.38	255,833.80

32 Finance costs

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Interest expense	3,552.99	2,541.40
Other borrowing cost	337.31	167.23
	3,890.30	2,708.63

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33 Depreciation and amortisation expenses

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (refer note 3)	801.83	694.03
Amortisation of intangible assets (refer note 4)	900.32	829.65
	1,702.15	1,523.68

34 Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Sub-contractor charges	2,910.02	2,238.19
Recruitment and training expenses	3,302.32	2,518.11
Rent (refer note 44)	2,001.11	1,801.86
Power and fuel	511.26	397.83
Repairs & maintenance		
- buildings	418.94	333.04
- plant and machinery	98.75	77.22
- others	519.93	252.22
Legal and professional fees (refer note 34.1)	1,671.14	721.39
Rates and taxes	118.66	224.55
Printing and stationery	467.01	532.24
Consumables	1,349.52	1,745.51
Travelling and conveyance	4,033.93	3,511.37
Communication expenses	1,018.48	661.01
Impairment loss allowance on financial assets, net [refer note 36 (ii)]	(112.63)	820.07
Deposits/advances written-off	-	136.98
Equipment hire charges	1,009.43	793.99
Insurance	68.63	66.54
Database access charges	234.14	183.54
Bank charges	45.36	36.58
Bad debts written off	680.58	-
Business promotion and advertisement expenses	378.78	158.01
Foreign exchange loss, net	13.59	19.48
Expenditure on corporate social responsibility (refer note 34.2)	152.42	75.65
Miscellaneous expenses	129.41	102.55
	21,020.78	17,407.93

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

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Statutory audit fees	64.00	57.00
Tax audit fees	2.00	2.00
Others	58.00	12.00
Reimbursement of expenses	3.84	3.75
	127.84	74.75

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34.2 Details of CSR expenditure

As per Section 135 of the Companies Act, 2013 a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds required to be spent and funds spent during the year are explained below.

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
a) Gross amount required to be spent by the Company during the year	152.31	74.60
b) Amount spent during the year		
i) Construction or acquisition of any asset	10.30	-
ii) On purpose other than i) above	142.12	75.65

35 Financial instruments - fair value and risk management

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Fair value hierarchy

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

(Amount in ₹ lakhs)

Particulars	Carrying amount	Fair value		
	31 March 2017	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	3,718.64	-	-	-
Trade receivables	28,553.05	-	-	-
Unbilled revenue	34,827.63	-	-	-
Cash and cash equivalents including other bank balances	38,206.79	-	-	-
Other financial assets	380.46	-	-	-
Financial assets measured at fair value				
Investment in preference shares	22,000.00	-	-	22,000.00
Total financial assets	127,686.57	-	-	22,000.00
Financial liabilities measured at amortised cost				
Non-convertible debentures	14,833.13	-	-	14,833.13
Borrowings	38,630.43	-	-	-
Trade payables	1,998.85	-	-	-
Other financial liabilities	18,679.78	-	-	-
Total financial liabilities	74,142.19	-	-	14,833.13

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(Amount in ₹ lakhs)

Particulars	Carrying amount	Fair value		
	31 March 2016	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	3,191.47	-	-	-
Trade receivables	32,398.20	-	-	-
Unbilled revenue	27,479.00	-	-	-
Cash and cash equivalents including other bank balances	8,690.51	-	-	-
Other financial assets	271.99	-	-	-
Total financial assets	72,031.17	-	-	-
Financial liabilities measured at amortised cost				
Borrowings	26,299.37	-	-	-
Trade payables	1,592.60	-	-	-
Other financial liabilities	22,337.75	-	-	-
Total financial liabilities	50,229.72	-	-	-

(Amount in ₹ lakhs)

Particulars	Carrying amount	Fair value		
	1 April 2015	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	1,444.83	-	-	-
Trade receivables	19,905.06	-	-	-
Unbilled revenue	12,954.68	-	-	-
Cash and cash equivalents including other bank balances	7,069.14	-	-	-
Other financial assets	54.20	-	-	-
Total financial assets	41,427.91	-	-	-
Financial liabilities measured at amortised cost				
NSDC Loan	300.00	-	-	300.00
Borrowings	16,522.11	-	-	-
Trade payables	1,231.65	-	-	-
Other financial liabilities	8,510.46	-	-	-
Total financial liabilities	26,564.22	-	-	300.00

Investment in equity shares are not appearing as financial asset in the table above being investment in subsidiaries and associates accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in unquoted preference securities and non-convertible debentures included in level 3.

Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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A Financial Assets:

- 1 Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.
- 2 **Investment in preference shares (unquoted):** The fair values of the unquoted investments have been estimated using a discounted cash flow model ("DCF"). The valuation requires management to make certain assumptions with respect to inputs used, including revenue, EBITDA and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this investment.

B Financial Liabilities:

- 1 **Non-convertible debentures (quoted):** The fair values of the Company's interest-bearing debentures are determined by using DCF method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The debentures are issued during the year, therefore fair value of the debentures is almost equal to balance sheet date value.
- 2 **Borrowings:** It also includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.
- 3 **National Skill Development Centre Loan:** This includes term loan from National Skill Development Centre of ₹300 lakhs taken by the Company which is secured against hypothecation of project assets. The loan is taken at 6% p.a. simple interest. As the specific project for which the loan was sanctioned could not be implemented and the entire loan became due for repayment in 2015, this has been classified under other current financial liabilities. Therefore, the fair value of the loan is equal to the balance sheet date value.
- 4 **Trade payables and other liabilities:** Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

Valuation inputs and relationships to fair value

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used (refer note (A)(2) above for valuation technique adopted):

Financial instruments measured at fair value

(Amount in ₹ lakhs)

Particulars	Fair Value as at 31 March 2017	Significant unobservable inputs	Fair value as at 31 March 2017		Sensitivity
			Increase by 1%	Decrease by 1%	
Investment in preference securities (unquoted)	22,000.00	Risk adjusted discount rate	21,772.80	22,213.16	Increase in discount rate by 1% would decrease the fair value by ₹227.20 lakhs and decrease in discount rate by 1% would increase the fair value by ₹213.16 lakhs.
		EBITDA projection	22,244.25	21,737.88	Increase in EBITDA projection by 1% would increase the fair value by ₹244.25 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹262.12 lakhs.
		Revenue projection	22,116.39	21,863.21	Increase in revenue projection by 1% would increase the fair value by ₹116.39 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹136.79 lakhs.

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Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Particulars	(Amount in ₹ lakhs)
	Fair value of preference securities
Balance as at 1 April 2015	-
Net change in fair value	-
Balance as at 31 March 2016	-
Add: Investment in preference shares	22,000.00
Net change in fair value	-
Balance as at 31 March 2017	22,000.00

36 Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal auditors. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and current assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by its customers. However, the management also considers the factors that may influence the credit risk of its customer base. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three Months for customers. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for corporate customers as at 1 April 2015, 31 March 2016 and 31 March 2017 are as follows:

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables

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are in default (credit impaired), if the payments are more than 270 days past due. Loss rates are based on actual credit loss experience over the last six quarters.

These rates have been adjusted to reflect the management's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from customers:

As at 31 March 2017

(Amount in ₹ lakhs)					
Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	17,669.84	0.21%	37.11	No	17,632.73
Past due 1-90 days	8,636.39	1.49%	128.68	No	8,507.71
Past due 91-180 days	1,808.52	5.60%	101.28	No	1,707.24
Past due 181-270 days	828.36	14.88%	122.99	No	705.37
Above 270 days	2,763.65	100.00%	2,763.65	Yes	-
	31,706.76		3,153.71		28,553.05

As at 31 March 2016

(Amount in ₹ lakhs)					
Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	18,664.30	0.21%	39.20	No	18,625.10
Past due 1-90 days	9,991.66	1.49%	148.88	No	9,842.78
Past due 91-180 days	2,824.48	5.60%	158.17	No	2,666.31
Past due 181-270 days	1,484.95	14.88%	220.94	No	1,264.01
Above 270 days	2,699.14	100.00%	2,699.14	Yes	-
	35,664.53		3,266.33		32,398.20

As at 1 April 2015

(Amount in ₹ lakhs)					
Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	11,890.94	0.21%	24.97	No	11,865.97
Past due 1-90 days	6,124.60	1.49%	91.26	No	6,033.34
Past due 91-180 days	1,673.00	5.60%	93.69	No	1,579.31
Past due 181-270 days	500.99	14.88%	74.55	No	426.44
Above 270 days	2,161.79	100.00%	2,161.79	Yes	-
	22,351.32		2,446.26		19,905.06

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Movement in allowance for impairment in respect of trade receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year is as follows.

	(Amount in ₹ lakhs)	
Particulars	31 March 2017	31 March 2016
Balance as at the beginning of the year	3,266.33	2,446.26
Impairment loss allowances recognised	(112.62)	820.07
Balance as at the end of the year	3,153.71	3,266.33

There is no significant movement in the impairment loss allowance during 2016-17.

ii) Liquidity risk

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

Management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between cash outflow and inflow. Usually, the excess of funds is invested in fixed deposits. This is generally carried out in accordance with practice and limits set by the Company. The limits vary to take into account the liquidity of the market in which the Company operates.

i) Financing arrangement

The Company maintains the following line of credit:

- (i) The Company has taken working capital loan from banks having interest rate ranging from 6% to 9.95%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Company on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- (ii) The Company has taken cash credit and overdraft facilities having interest rate ranging from MCLR+0.35% to MCLR+2.10%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Company on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- (iii) The Company has taken bill discounting facilities from banks having interest rate of MCLR+1.30%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current and movable assets of the Company on both past and future excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements and assets created out of NSDC facility.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payments and excludes netting arrangements:

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As at 31 March 2017

(Amount in ₹ lakhs)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	53,463.56	39,828.67	1,276.76	18,549.02	-
Trade payables	1,998.85	1,998.85	-	-	-
Other financial liabilities	18,679.78	18,679.78	-	-	-

As at 31 March 2016

(Amount in ₹ lakhs)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	26,299.37	26,283.72	15.65	-	-
Trade payables	1,592.60	1,592.60	-	-	-
Other financial liabilities	22,337.75	22,337.75	-	-	-

As at 1 April 2015

(Amount in ₹ lakhs)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	16,822.11	16,822.11	-	-	-
Trade payables	1,231.65	1,231.65	-	-	-
Other financial liabilities	8,510.46	8,443.79	66.67	-	-

As disclosed in note 20 and note 23, the Company has a secured bank loan that contains a loan covenant. A future breach of covenant may require Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The Company is not exposed to significant currency risk as majority of the transactions are primarily denominated in Indian Rupees ("₹"), which is the national currency of India.

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Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

(Amount in ₹ lakhs)

Particulars	Currency	As at					
		31 March 2017		31 March 2016		1 April 2015	
		Foreign currency*	Amount	Foreign currency*	Amount	Foreign currency*	Amount
Trade receivables	USD	473,858.06	307.30	1,030,743.00	682.92	553,201.00	336.52
	EURO	16,798.00	11.64	22,819.00	17.20	-	-
	SAR	96,695.36	16.72	-	-	-	-
Other liabilities	CAD	52,000.00	25.27	5,900.00	3.02	-	-
	USD	-	-	33,413.00	22.14	-	-

*Foreign currency values are in actuals and not recorded in lakhs.

The following significant exchange rates have been applied:

Currency	Year end spot rate		
	31 March 2017	31 March 2016	1 April 2015
USD / INR	64.85	66.26	60.83
EURO / INR	69.29	75.40	67.51
SAR / INR	17.29	17.63	16.67
CAD / INR	48.59	51.23	49.31

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the USD, EURO, SAR and CAD against ₹ at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in ₹ lakhs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2017				
USD (2% movement)	6.15	(6.15)	6.15	(6.15)
EURO (8% movement)	0.93	(0.93)	0.93	(0.93)
SAR (2% movement)	0.33	(0.33)	0.33	(0.33)
CAD (5% movement)	(1.26)	1.26	(1.26)	1.26
31 March 2016				
USD (9% movement)	59.47	(59.47)	59.47	(59.47)
EURO (12% movement)	2.06	(2.06)	2.06	(2.06)
SAR (6% movement)	-	-	-	-
CAD (4% movement)	(0.12)	0.12	(0.12)	0.12

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowings comprises of vehicle loans, working capital loan and debentures which carries fixed rate of interest, which do not expose it to interest rate risk. However, non-convertible debentures have a fixed coupon rate but there is a condition of call/put option associated with change in interest rate exposing it to interest rate risk .

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The borrowings also includes cash credit facilities and bill discounting facilities which carries variable rate of interest.

(a) Interest rate risk exposure

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

(Amount in ₹ lakhs)

Particulars	As at		
	31 March 2017	31 March 2016	01 April 2015
Variable rate borrowings	14,023.01	17,874.48	11,206.17
Fixed rate borrowings	39,406.32	8,424.89	5,615.94
Total borrowings	53,429.33	26,299.37	16,822.11

(b) Sensitivity

(Amount in ₹ lakhs)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2017				
Variable rate borrowings	(33.12)	33.12	(21.59)	21.59
31 March 2016				
Variable rate borrowings	(12.17)	12.17	(7.94)	7.94
1 April 2015				
Variable rate borrowings	(12.64)	12.64	(8.24)	8.24

37 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as aggregate of Non-current borrowing and current borrowing, less cash and cash equivalents.

The Company's policy is to keep the ratio below 2.00. The Company's adjusted net debt to equity ratio were as follows:

(Amount in ₹ lakhs, except ratios)

Particulars	As at		
	31 March 2017	31 March 2016	01 April 2015
Gross Debt	53,395.40	26,290.13	16,506.17
Less: Cash and cash equivalents	22,379.68	8,420.77	6,489.42
Adjusted net debt	31,015.72	17,869.36	10,016.75
Total equity	79,243.57	33,302.41	24,762.05
Net debt to equity ratio	0.39	0.54	0.40

38 Capital commitments

(Amount in ₹ lakhs)

Particulars	As at	
	31 March 2017	31 March 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	395.55	30.64
	395.55	30.64

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39 Contingent liabilities and commitment (to the extent not provided for)

(Amount in ₹ lakhs)

Particulars	As at	
	31 March 2017	31 March 2016
Corporate guarantees given as security for loan availed by related parties (refer note 39.1)	23,173.75	7,498.83
Bonus (refer note 39.2)	3,258.77	3,258.77
Provident fund (see note (i) and (ii) below)	257.33	257.33
Direct and Indirect tax matters (see note (i) and (ii) below)	104.52	60.59
	26,794.37	11,075.52

- i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.
- ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect outcome of these proceedings to have a material adverse effect on its financial position.

39.1 The Company has given guarantees to banks to make good any default made by its related parties in payment to banks on the loan availed by those related parties.

Movement of Corporate Guarantees given to related parties during the year is as follows:

(Amount in ₹ lakhs)

Related parties	As at 1 April 2016	Given during the financial year	Settled /expired during the financial year	As at 31 March 2017
Brainhunter Systems Limited, Canada	6,198.83	-	-	6,198.83
MFX Infotech Private Limited	600.00	-	-	600.00
Aravon Services Private Limited	700.00	-	-	700.00
Terrier Security Services (India) Private Limited	-	2,200.00	-	2,200.00
Excelus Learning Solutions Private Ltd	-	788.47	-	788.47
Inticore VJP Advanced Systems Private Limited	-	500.00	-	500.00
Quesscorp Holdings Pte Ltd	-	12,186.45	-	12,186.45
Total	7,498.83	15,674.92		23,173.75

Movement of Corporate Guarantees given to subsidiaries during the previous year is as follows:

(Amount in ₹ lakhs)

Related parties	As at 1 April 2015	Given during the financial year	Settled /expired during the financial year	As at 31 March 2016
Brainhunter Systems Limited, Canada	-	6,198.83	-	6,198.83
MFX Infotech Private Limited	300.00	600.00	(300.00)	600.00
Aravon Services Private Limited	-	700.00	-	700.00
Total	300.00	7,498.83	(300.00)	7,498.83

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39.2 The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015, according to which the eligibility criteria of salary or wages has been increased from ₹ 10,000 per month to ₹ 21,000 per month (Section 2(13)) and the ceiling for computation of such salary or wages has been increased from ₹ 3,500 per month to ₹ 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 2016 and 31 March 2017 aggregating to ₹ 4,440.46 lakhs and ₹ Nil respectively.

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.

40 Earnings per share

(Amount in ₹ lakhs, except number of shares and per share data)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Nominal value of equity shares (₹ per share)	10	10
Net profit after tax for the purpose of earnings per share (₹ in lakhs)	9,021.01	7,855.38
Weighted average number of shares used in computing basic earnings per share	122,829,474	113,215,610
Basic earnings per share (₹)	7.34	6.94
Weighted average number of shares used in computing diluted earnings per share	124,693,775	115,421,839
Diluted earnings per share (₹)	7.23	6.81

Computation of weighted average number of shares

(Value in numbers)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Number of equity shares outstanding at beginning of the year	113,335,056	25,773,764
Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue		
- Adjustment of opening number of shares prior to right issue from 1 April 2015 to 22 December 2015 $(25,773,764 \times 1.09 \times 265/366)$	-	20,395,438
- Adjustment of opening number of shares post right issue from 22 December 2015 to 31 March 2016 $(25,773,764 \times 101/366)$	-	7,112,432
Add: Weighted average number of equity shares issued during the year		
- 12,618,297 number of equity shares issued on Initial Public Offer on 12 July 2016 for 263 days	9,092,088	-
- 795,398 number of equity shares issued under ESOP scheme on 4 October 2016 for 179 days	390,072	-
- 42,210 number of equity shares issued under ESOP scheme on 16 December 2016 for 106 days	12,258	-
- 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
Weighted average number of shares outstanding at the end of the year for computing basic earnings per share	122,829,474	113,215,610
Add: Impact of potentially dilutive equity shares		
- 1,891,920 number of ESOP at fair value	1,864,301	-

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(Value in numbers)

Particulars	For the year ended	
	31 March 2017	31 March 2016
- 2,729,428 number of ESOP including bonus at fair value	-	2,206,229
Weighted average number of shares outstanding at the end of the year for computing diluted earnings per share	124,693,775	115,421,839

41 Earnings in foreign currency

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Staffing and recruitment services	1,182.04	1,518.43
Operation and maintenance	557.78	1,270.75
	1,739.82	2,789.18

42 Segment reporting

The Chief Executive Officer and Managing Director of the company has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by service offerings. Accordingly, segment information has been presented for service offerings.

Operating 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:

Reportable segment

People and services	It provides comprehensive staffing services and solutions including general staffing, recruitment and executive search, recruitment process outsourcing, as well as payroll, compliance and background verification services.
Global technology solutions	It provides IT staffing and technology solutions and products.
Integrated facility management	It provides services including janitorial services, electro-mechanical services, pest control as well as food and hospitality services.
Industrials	It provides industrial operations and maintenance services and related asset record maintenance services.

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 functions. 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 expenses, 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 practical 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.

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A Operating segment information for the period from 1 April 2016 to 31 March 2017 is as follows:

(Amount in ₹ lakhs)

Particulars	People and services	Global technology solutions	Integrated facility management	Industrials	Unallocated	Total
Segment revenue	230,913.12	49,094.63	33,861.21	22,203.25	-	336,072.21
Segment cost	(220,446.96)	(42,971.33)	(32,484.03)	(20,635.19)	-	(316,537.51)
Segment result	10,466.16	6,123.30	1,377.18	1,568.06	-	19,534.70
Other income	-	-	-	-	1,612.10	1,612.10
Finance charges	-	-	-	-	(3,890.30)	(3,890.30)
Unallocated corporate expenses	-	-	-	-	(3,420.02)	(3,420.02)
Profit before taxation	10,466.16	6,123.30	1,377.18	1,568.06	(5,698.22)	13,836.48
Taxation	-	-	-	-	(4,815.47)	(4,815.47)
Profit after taxation	10,466.16	6,123.30	1,377.18	1,568.06	(10,513.69)	9,021.01
Segment asset	32,681.05	20,532.61	13,211.45	10,619.95	91,038.20	168,083.26
Segment liabilities	21,466.86	3,206.28	5,167.65	3,659.91	55,338.99	88,839.69
Capital expenditure	683.76	120.74	214.38	250.80	766.81	2,036.49

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

(Amount in ₹ lakhs)

Particulars	People and services	Global technology solutions	Integrated facility management	Industrials	Unallocated	Total
Segment revenue	194,860.77	45,974.02	31,765.73	19,217.17	-	291,817.69
Segment cost	(187,178.75)	(40,843.85)	(30,435.24)	(17,895.59)	-	(276,353.43)
Segment result	7,682.02	5,130.17	1,330.49	1,321.58	-	15,464.26
Other income	-	-	-	-	909.90	909.90
Finance charges	-	-	-	-	(2,708.63)	(2,708.63)
Unallocated corporate expenses	-	-	-	-	(2,583.33)	(2,583.33)
Profit before taxation	7,682.02	5,130.17	1,330.49	1,321.58	(4,382.06)	11,082.20
Taxation	-	-	-	-	(3,226.82)	(3,226.82)
Profit after taxation	7,682.02	5,130.17	1,330.49	1,321.58	(7,608.88)	7,855.38
Segment asset	32,318.43	19,922.88	13,359.74	7,518.04	23,001.24	96,120.33
Segment liabilities	21,715.21	3,211.22	2,495.50	1,443.46	33,952.53	62,817.92
Capital expenditure	981.80	62.80	145.95	90.40	85.55	1,366.50

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B Geographic information

The geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets.

(Amount in ₹ lakhs)

Geographic segments	Revenue		Non-current assets*	
	For the year ended		As at	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
India	334,332.39	289,028.50	53,619.68	91,970.26
Other countries:				
- Singapore	-	-	5,900.00	1,100.00
- Canada	-	-	55.03	55.03
- Philippines	-	-	122.74	122.74
- United States of America	1,121.89	1,479.42	62.54	62.54
- Germany	60.15	39.01	-	-
- Qatar	557.78	1,270.75	-	-
Total	336,072.21	291,817.68	59,759.99	93,310.57

*Non-current assets exclude financial instruments and deferred tax assets. It primarily pertains to investment made in subsidiaries outside India.

C Major customer

None of the customers of the Company has revenue which is more than 10% of the Company's total revenue

43 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 (including step subsidiaries)	Coachieve 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 Quess (Philippines) Corp. (formerly known as Magna Iky a Infotech Inc., Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte Ltd, Singapore Quessglobal (Malaysia) SDN. BHD. (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Iky a Business Services (Private) Limited MFXchange Holdings Inc., Canada MFXchange (Ireland) Limited MFXchange US, Inc.

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	MFX Roanoke Inc., USA (merged with MFXchange US, Inc. effective 31 December 2015)
	Quess Lanka Private Limited (formerly known as Randstad Lanka Private Limited)
	Dependo Logistics Solutions Private Limited
	Inticore VJP Advanced Solutions Private Limited
	Comtel Solutions Pte Ltd
	CenterQ Business Solutions Private Limited
	Excelus Learning Solutions Private Limited
- Associates	Terrier Security Services (India) Private Limited Simpliance Technologies Private Limited
- Joint Venture of a subsidiary	Himmer Industrial Services (M) SDN. BHD.
- Fellow subsidiary	National Collateral Management Services Limited
- Entity having common directors	Net Resources Investments Private Limited
- Entities in which key managerial personnel have significant influence	Styracorp Management Services IME Consultancy

Key executive management personnel

Ajit Isaac	Chairman & Managing Director & CEO
Subrata Kumar Nag	Executive, Whole-time Director & Chief Financial Officer (till 23 January 2017 and from 4 April 2017)
	Whole time Director (24 January 2017 to 4 April 2017)
Balasubramanian S	Chief Financial Officer (from 24 January 2017 to 4 April 2017)
N.V.S. Pavankumar	Company Secretary (till 28 November 2016)
Sudershan Pallap	Company Secretary (from 28 November 2016)

(ii) Related party transactions during the year

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Revenue from operations		
Thomas Cook (India) Limited	1,389.91	1,704.12
MFX Infotech Private Limited	7.18	36.05
National Collateral Management Services Limited	1,978.05	1,016.74
Brainhunter Systems Ltd., Canada	-	127.68
Terrier Security Services (India) Private Limited	350.45	-
Other expenses		
Thomas Cook (India) Limited	394.60	282.16
Net Resources Investments Private Limited	300.14	314.21

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(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Aravon Services Private Limited	9.22	10.96
MFX Infotech Private Limited	157.50	38.68
Coachieve Solutions Private Limited	588.83	-
Terrier Security Services (India) Private Limited	14.21	-
Intangible assets under development		
MFX Infotech Private Limited	711.37	-
Expenses incurred by the Company on behalf of related parties		
Coachieve Solutions Private Limited	43.21	16.98
MFX Infotech Private Limited	244.57	120.09
Payment made by related parties on behalf of the Company		
Brainhunter Systems Ltd., Canada	235.38	2.90
Qess Corp (USA) Inc.	13.92	22.54
Loans given to subsidiaries		
Coachieve Solutions Private Limited	883.35	580.80
MFX Infotech Private Limited	1,695.00	1,475.00
Aravon Services Private Limited	-	400.00
Qessglobal (Malaysia) SDN. BHD.	-	6.51
Dependo Logistics Solutions Private Limited	37.95	-
Excelus Learning Solutions Private Limited	170.00	-
Repayment/ Adjustment of loans given to subsidiaries		
Coachieve Solutions Private Limited	836.13	166.90
MFX Infotech Private Limited	2,107.80	400.00
Aravon Services Private Limited	-	400.00
Qessglobal (Malaysia) SDN.BHD.	6.51	65.76
Dependo Logistics Solutions Private Limited	4.99	-
Excelus Learning Solutions Private Limited	-	-
Interest on loans charged to subsidiaries		
Coachieve Solutions Private Limited	48.40	11.28
MFX Infotech Private Limited	77.37	26.86
Aravon Services Private Limited	-	6.30
Qess (Philippines) Corp.	-	5.15
Excelus Learning Solutions Private Limited	1.38	-
Dependo Logistics Solutions Private Limited	0.36	-

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(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Guarantees provided to banks on behalf of related parties		
Aravon Services Private Limited	-	700.00
Brainhunter Systems Ltd., Canada	-	6,198.83
MFX Infotech Private Limited	-	600.00
Inticore VJP Advanced Solutions Private Limited	500.00	-
Terrier Security Services (India) Private Limited	2,200.00	-
Quesscorp Holdings Pte Ltd, Singapore	12,186.45	-
Excelus Learning Solutions Private Limited	788.47	-
Right renunciation		
Thomas Cook (India) Limited	**	**
Ajit Isaac	**	**

**Renunciation of right issues

During the previous year ended 31 March 2017, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 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 had resolved not to subscribe to the right issue and had 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.

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

(Amount in ₹ lakhs)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Trade receivables (gross of loss allowance)			
Thomas Cook (India) Limited	229.07	284.06	140.71
MFX Infotech Private Limited	-	15.97	-
Net Resources Investments Private Limited	-	-	2.15
Terrier Security Services (India) Private Limited	2.44	-	-
Trade payables			
Thomas Cook (India) Limited	-	15.24	21.94
Aravon Services Private Limited	-	10.96	-
Terrier Security Services (India) Private Limited	0.31	-	-
Other current assets			
MFX Infotech Private Limited	-	172.57	-
Coachieve Solutions Private Limited	-	16.98	-

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(Amount in ₹ lakhs)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Unbilled revenue			
Thomas Cook (India) Limited	92.68	-	-
Brainhunter Systems Ltd., Canada	-	132.70	-
Loans			
Coachieve Solutions Private Limited	461.13	413.90	24.66
MFX Infotech Private Limited	662.20	1,075.00	65.76
Quessglobal (Malaysia) SDN. BHD.	-	6.51	-
Dependo Logistics Solutions Private Limited	32.96	-	-
Excelus Learning Solutions Private Limited	170.00	-	-
Other financial assets (interest receivable)			
Coachieve Solutions Private Limited	21.52	11.27	-
MFX Infotech Private Limited	6.82	26.86	-
Quess (Philippines) Corp.	5.15	5.15	-
Dependo Logistics Solutions Private Limited	0.36	-	-
Excelus Learning Solutions Private Limited	1.37	-	-
Other current liabilities			
Brainhunter Systems Ltd., Canada	25.27	3.02	-
Quess Corp (USA) Inc.	-	22.14	-
Guarantees outstanding			
Brainhunter Systems Limited, Canada	6,198.83	6,198.83	-
MFX Infotech Private Limited	600.00	600.00	300.00
Aravon Services Private Limited	700.00	700.00	-
Terrier Security Services (India) Private Limited	2,200.00	-	-
Excelus Learning Solutions Private Ltd	788.47	-	-
Inticore VJP Advanced Systems Private Limited	500.00	-	-
Quesscorp Holdings Pte Ltd	12,186.45	-	-

(iv) Compensation of key managerial personnel*

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Ajit Isaac	167.12	145.20
Subrata Kumar Nag	104.38	90.75
N.V.S.Pavan Kumar (from 26 March 2015 till 28 November 2016)	20.09	27.40
Balasubramanian. S. (from 24 January 2017 to 31 March 2017)	25.00	-
Sudershan Pallap (from 28 November 2016)	15.00	-
	331.59	263.35

*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.

Terms and conditions

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

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44 Leases

Operating Leases

The Company has taken, offices and residential premises under operating leases. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are renegotiated at the time of renewal.

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

(Amount in ₹ lakhs)

Particulars	As at	
	31 March 2017	31 March 2016
Payable within 1 year	256.96	598.24
Payable between 1-5 years	712.56	827.01
Payable later than 5 years	71.26	213.77

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Total rental expense relating to operating lease	2,001.11	1,801.86
- Non-cancellable	583.19	623.30
- Cancellable	1,417.92	1,178.56

45 Assets and liabilities relating to employee benefits

(Amount in ₹ lakhs)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Net defined benefit liability, gratuity plan	3,194.55	2,083.43	622.16
Liability for compensated absences	234.09	228.75	480.68
Total employee benefit liability	3,428.64	2,312.18	1,102.84
Current	2,044.07	1,736.33	488.89
Non-current	1,384.57	575.85	613.95
	3,428.64	2,312.18	1,102.84

The Company does not have any assets relating to employee benefits. For details about the related employee benefit expenses, see note 31.

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. It entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A Funding

The Company's gratuity scheme for core employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan.

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The Company has determined that, in accordance with the terms and conditions of gratuity plan, and in accordance with statutory requirements (including minimum funding requirements) of the plan, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

B Reconciliation of the net defined benefit liability/asset

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

(Amount in ₹ lakhs)

Particulars	As at	
	31 March 2017	31 March 2016
Reconciliation of present value of the defined benefit obligation		
Obligation at the beginning of the year	2,577.30	1,062.24
Current service cost	787.30	664.23
Interest cost	189.01	79.84
Past service cost	-	1,603.71
Benefits settled	(147.26)	(146.69)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	249.13	(517.36)
- Changes in demographic assumptions	63.99	(103.38)
- Changes in financial assumptions	-	(65.29)
Obligation at the end of the year	3,719.47	2,577.30
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	493.87	440.07
Interest income on plan assets	37.01	33.08
Return on plan assets recognised in other comprehensive income	3.83	(30.05)
Contributions	137.46	197.46
Benefits settled	(147.25)	(146.69)
Plan assets at the end of the year, at fair value	524.92	493.87
Net defined benefit liability	3,194.55	2,083.43

C (i) Expense recognised in profit or loss

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Current service cost	787.30	664.23
Interest cost	189.01	79.84
Past service cost	-	1,603.71
Interest income	(37.01)	(33.08)
Net gratuity cost	939.30	2,314.70

(ii) Remeasurement recognised in other comprehensive income

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Remeasurement of the net defined benefit liability	313.12	(686.03)
Remeasurement of the net defined benefit asset	(3.83)	30.05
	309.29	(655.98)

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D Plan assets

(Amount in ₹ lakhs)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Funds managed by insurer	524.92	493.87	440.07
	524.92	493.87	440.07

E Defined benefit obligation - Actuarial Assumptions

Particulars	For the year ended		
	31 March 2017	31 March 2016	31 March 2015
Discount rate	6.36% - 6.68%	7.3% - 7.5%	7.8% - 9.25%
Future salary growth	6% - 7.5%	6% - 7.5%	6% - 10%
Attrition rate	30% - 70%	30% - 70%	8% - 15%
Rate of return on planned assets	6% - 7%	6% - 7%	6% - 7%
Average duration of defined benefit obligation (in years)	3	3	3

F Sensitivity analysis

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

Core employees

(Amount in ₹ lakhs)

Particulars	As at					
	31 March 2017		31 March 2016		1 April 2015	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	609.25	651.89	483.00	516.06	199.07	212.70
Future salary growth (1% movement)	649.82	610.64	514.93	483.63	211.82	199.33
Attrition rate (1% movement)	593.08	676.75	466.67	542.34	192.34	223.53

Associate employees

(Amount in ₹ lakhs)

Particulars	As at					
	31 March 2017		31 March 2016		1 April 2015	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	3,039.65	3,141.11	2,044.29	2,114.49	842.56	871.49
Future salary growth (1% movement)	3,140.80	3,039.02	2,114.44	2,044.48	871.47	842.64
Attrition rate (1% movement)	2,814.61	3,472.69	1,893.99	2,337.34	780.62	963.34

46 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 2017 based on the information received and available with the Company.

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Also, the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

47 Employee stock options

A Description of share based payment arrangement

The Company has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options of 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 ₹ 10 each in the hands of the employees. The options have 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 ₹ 10. All outstanding options were vested as at 31 March 2015. As at 31 March 2017, the Company had 1,891,920 exercisable options outstanding [31 March 2016: 2,729,528 (bonus adjusted)]

The Company, pursuant to resolutions passed by the Board and its Shareholders resolutions dated 22 December 2015 and 23 December 2015, respectively, adopted Qess 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 2017 under ESOP 2015 scheme.

B Measurement of fair values

The Company does not have any unvested option as at 1 April 2015 under Employee Stock Option Scheme 2009. The Company has elected for the exemption of Employee Share based payment under Ind AS 101 and accordingly fair valuation of vested options prior to 1 April 2015 was not required.

C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

Particulars	For the year ended			
	31 March 2017		31 March 2016	
	Number of Share options	Weighted average exercise price	Number of Share options	Weighted average exercise price
Outstanding options as at the beginning of the year	2,729,528	10	871,000	10
Less: Exercised during the year	(837,608)	10	-	-
Less: Lapsed/forfeited during the year	-	-	(188,618)	10
Options exercisable as at the end of the year	1,891,920	10	682,382	10
Add: Bonus impact on stock options outstanding	-	-	2,047,146	10
Options vested and exercisable, end of the period (including bonus impact)	1,891,920	10	2,729,528	10

During the previous year, 188,618 options were forfeited and resultantly an amount of ₹ 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 were converted into 2,729,528 shares.

The options outstanding as at 31 March 2017 have an exercise price of ₹ 10 (31 March 2016: ₹ 10) and a weighted average remaining contractual life of 4.17 years (31 March 2016: 5.17 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 is ₹ 10 (2015-16: no options exercised)

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48 Details of non-current investments purchased and sold during the year: Investment in equity instruments

Subsidiaries	No. of shares acquired	Value per share including premium	As at 1 April 2016	Purchased during the year	Sold during the year	Adjustment on account of corporate guarantee	As at 31 March 2017
Quesscorp Holdings Pte Ltd	6,711,398	SGD 1	1,100.00	4,800.00	-	314.82	6,214.82
Inticore VJP Advance Systems Private Limited	28,400	1,232	-	349.89	-	2.49	352.38
Dependo Logistics Solutions Private Limited	10,000	10	-	1.00	-	-	1.00
CenterQ Business Solutions Private Limited	10,000	10	-	1.00	-	-	1.00
Excelus Learning Solutions Private Limited	10,000	10	-	1.00	-	16.43	17.43
Terrier Security Services (India) Private Ltd	245,000	2,939	-	7,200.00	-	11.00	7,211.00
Simpliance Technologies Private Limited	4,068	2,778	-	113.00	-	-	113.00

Investment in preference shares

Entity	No. of shares acquired	Value per share including premium	As at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
Manipal Integrated Services Private Limited	4,036,697	545	-	22,000	-	22,000

Details of non-current investments purchased and sold during the previous period (excluding interest on financial guarantee)

Investment in equity instrument

Subsidiaries	No. of shares acquired	Face value per unit	As at 1 April 2015	Purchased during the year	Sold during the year	Adjustment on account of corporate guarantee	As at 31 March 2016
Aravon Services Private Limited*	39,411,557	₹ 10	-	-	-	3.50	3.50
QuessCorp Holdings Pte Ltd	2,308,499	SGD 1	-	1,100.00	-	-	1,100.00

* The value of 39,411,557 equity shares purchased during the year ending 31 March 2016 is ₹ 100.

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49 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	(Amount in ₹ lakhs)		
	SBN*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	3.13	0.94	4.07
Add: Permitted receipts	-	31.02	31.02
Less: Permitted payments	(0.06)	(1.72)	(1.78)
Less: Amount exchanged over the counter	(0.16)	-	(0.16)
Less: Amount deposited in banks	(2.91)	(24.88)	(27.79)
Closing cash in hand as on 30 December 2016	-	5.36	5.36

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016

50 During the year ended 31 March 2015, 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 year ended 31 March 2015, the Company had 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.

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51 First time adoption

As stated in note 2, these are the Company's first standalone financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2015 ("transition date"). For the year ended 31 March 2016, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP' or the 'Indian GAAP').

The accounting policies set out in note 2 have been applied in preparing these standalone Ind AS financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening standalone Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its standalone Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in standalone financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its standalone financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

A. Optional exemptions availed

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions.

(i) Business combination:

As per Ind AS, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements from that date. The Company has elected to apply Ind AS 103, Business combinations prospectively to business combinations occurred after 1 April 2015 i.e. the transition date. Business combinations occurred prior to the transition date have not been restated.

(ii) Share based payments:

Ind AS 101 allows a first-time adopter to elect not to apply Ind AS 102, Share-based payments to equity instruments that were vested before the transition date. Accordingly, the Company has elected the optional exemption.

(iii) Property, plant and equipment and intangible assets:

As per Ind AS 101 an entity may elect to:

- (a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;
- (b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or, cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (c) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS which are measured in accordance with previous GAAP.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. The Company has disclosed the net carrying amount of property, plant and equipment and intangible assets as its deemed cost as at the date of transition.

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(iv) Investments in subsidiaries, associates and joint ventures:

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries, associates and joint ventures at:

- a) cost determined in accordance with Ind AS 27, Consolidated and Separate Financial Statements; or
- b) deemed cost, which shall be its:
 - i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
 - ii) previous GAAP carrying value at that date.

The Company has chosen to avail the exemption provided by Ind AS 101 and value all its investments in subsidiaries at deemed cost being the previous GAAP carrying value at the transition date.

B. Mandatory exceptions availed

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments carried at fair value through profit and loss or fair value through other comprehensive income;
- Impairment of financial assets based on expected credit loss model and
- Determination of the discounted value for financial instruments carried at amortised cost.

Upon the assessment of the estimate made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, other than those which are required due to application of Ind AS.

(ii) Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initially accounting for those transactions.

The Company has chosen to avail the exception to apply the derecognition provision of Ind AS 109 prospectively from the date of transition.

(iii) Classification and measurement of financial assets:

Ind AS 101 requires an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

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C. Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

- Equity as at 1 April 2015 and 31 March 2016.
- Net profit for the year ended 31 March 2016.

Reconciliation of equity as previously reported under IGAAP to Ind AS

(Amount in ₹ lakhs)

Particulars	Note	Balance Sheet as at 31 March 2016			Balance Sheet as at 1 April 2015		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		1,623.95	-	1,623.95	1,318.97	-	1,318.97
Goodwill	a	24.05	(24.05)	-	145.69	(145.69)	-
Other intangible assets		8,672.86	-	8,672.86	9,229.77	-	9,229.77
Intangible assets under development		85.55	-	85.55	-	-	-
Financial assets							
(i) Investments	b	1,560.30	128.10	1,688.40	460.30	1.50	461.80
(ii) Non-current loans	c	775.86	(198.50)	577.36	608.23	(180.77)	427.46
(iii) Other non-current financial assets		205.16	-	205.16	37.47	-	37.47
Deferred tax assets (net)	d	2,159.28	782.91	2,942.19	278.67	628.00	906.67
Income tax assets (net)		6,929.88	-	6,929.88	7,195.00	-	7,195.00
Other non-current assets	c	252.26	135.91	388.17	234.65	145.85	380.50
Total non-current assets		22,289.15	824.37	23,113.52	19,508.75	448.89	19,957.64
Current Assets							
Inventories		132.22	-	132.22	52.82	-	52.82
Financial assets							
(i) Trade receivables	e	34,623.21	(2,225.01)	32,398.20	21,566.66	(1,661.60)	19,905.06
(ii) Cash and cash equivalents		8,420.77	-	8,420.77	6,489.42	-	6,489.42
(iii) Bank balances other than cash and cash equivalents above		269.74	-	269.74	579.72	-	579.72
(iv) Current loans	c	2,625.69	(11.59)	2,614.10	1,031.84	(14.47)	1,017.37
(v) Other current financial assets		66.84	-	66.84	16.73	-	16.73
(vi) Unbilled revenue		27,479.00	-	27,479.00	12,954.68	-	12,954.68
Other current assets	c	1,564.91	61.03	1,625.94	577.44	42.06	619.50
Total current assets		75,182.38	(2,175.57)	73,006.81	43,269.31	(1,634.01)	41,635.30
Total Assets		97,471.53	(1,351.20)	96,120.33	62,778.06	(1,185.12)	61,592.94
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		11,333.51	-	11,333.51	2,577.38	-	2,577.38
Other equity	f	23,430.16	(1,461.26)	21,968.90	23,371.29	(1,186.62)	22,184.67
Total equity		34,763.67	(1,461.26)	33,302.41	25,948.67	(1,186.62)	24,762.05
Liabilities							
Non-current liabilities							
Financial liabilities							
(i) Non-current borrowings		15.65	-	15.65	-	-	-
(ii) Other non-current financial liabilities		-	-	-	66.67	-	66.67
Non-current provisions		836.14	-	836.14	851.14	-	851.14
Total non-current liabilities		851.79	-	851.79	917.81	-	917.81
Current liabilities							
Financial liabilities							
(i) Current borrowings		26,274.48	-	26,274.48	16,506.17	-	16,506.17
(ii) Trade payables		1,592.60	-	1,592.60	1,231.65	-	1,231.65
(iii) Other current financial liabilities	b	22,236.93	110.06	22,346.99	8,758.23	1.50	8,759.73
Current provisions		1,736.34	-	1,736.34	619.68	-	619.68
Other current liabilities		10,015.72	-	10,015.72	8,795.85	-	8,795.85
Total current liabilities		61,856.07	110.06	61,966.13	35,911.58	1.50	35,913.08
Total Liabilities		62,707.86	110.06	62,817.92	36,829.39	1.50	36,830.89
Total Equity and Liabilities		97,471.53	(1,351.20)	96,120.33	62,778.06	(1,185.12)	61,592.94

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Explanations for Reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS:

(a) Impairment of goodwill and reversal of amortisation

The Company has availed the exemption under Ind AS 101 and accordingly business combinations prior to 1 April 2015 was not restated and goodwill is carried at cost. The Company has carried the impairment testing of goodwill as at 1 April 2015 and as the recoverable amount was less than the carrying value, goodwill is impaired leading to decrease in equity. As the goodwill is impaired on 1 April 2015, the amortisation on such goodwill amortised as per previous GAAP is reversed leading to an increase in income.

(b) Investments/ Other financial liabilities

Under Ind AS, the fair value of the financial guarantee given to subsidiaries is considered as deemed capital contribution by Company to its subsidiary since the guarantee has been provided by the Company in its capacity as a share holder and accounts for the issuance of the guarantee as a capital contribution to the subsidiary. Subsequently, this guarantee is to be measured at the higher of an amount determined based on the expected loss method (as per guidance in Ind AS 109) or the amount originally recognised less the cumulative amount recognised as income on a straight-line basis in accordance with Ind AS 18, Revenue.

(c) Loans and other current assets - Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS.

Difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 210.09 lakhs as at 31 March 2016 (1 April 2015: ₹ 195.25 lakhs). The prepaid rent increased by ₹ 316.86 lakhs as at 31 March 2016 (1 April 2015: ₹ 187.91 lakhs). Total equity decreased by ₹ 7.33 lakhs as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 decreased by ₹ 61.60 lakhs due to amortisation of the prepaid rent and is partially off-set by the notional interest income of ₹ 55.79 lakhs recognised on security deposits.

(d) Deferred taxes

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12, Income taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for deferred tax on such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax liabilities is of ₹ 154.90 lakhs (1 April 2015: ₹ 629.00 lakhs).

(e) Trade receivables

Under Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection. The Company uses an allowance matrix to measure the expected credit loss over the last six quarters under which the Company impaired its trade receivables by ₹ 1661.59 lakhs on 1 April 2015 which has been eliminated against retained earnings. Impact of ₹ 563.42 lakhs for year ended on 31 March 2016 has been recognised in the statement of profit and loss.

(f) Other equity

Adjustments to retained earnings has been made in accordance with Ind AS, for the above mentioned line items. In addition, as per Ind AS 19, Employee benefits, actuarial gain and losses are recognised in other comprehensive income as compared to being recognised in the statement of profit and loss under IGAAP.

Notes

to the standalone financial statements for the year ended 31 March 2017

Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS

(Amount in ₹ lakhs)

Particulars	Note	Year ended 31 March 2016		
		IGAAP	Adjustments	Ind AS
Income				
Revenue from operations		291,817.69	-	291,817.69
Other income	g	836.07	73.83	909.90
Total Income		292,653.76	73.83	292,727.59
Expenses				
Cost of materials and stores and spare parts consumed		4,171.35	-	4,171.35
Employee benefit expenses	h	255,177.82	655.98	255,833.80
Finance costs		2,708.63	-	2,708.63
Depreciation and amortisation expenses	i	1,645.32	(121.64)	1,523.68
Other expenses	j	16,782.92	625.01	17,407.93
Total expenses		280,486.04	1,159.35	281,645.39
Profit before tax		12,167.72	(1,085.52)	11,082.20
Tax expense				
Current tax		(6,135.00)	-	(6,135.00)
Excess provision of tax relating to earlier years		645.64	-	645.64
Deferred tax	k	1,880.62	381.92	2,262.54
Profit for the year		8,558.98	(703.60)	7,855.38
Other comprehensive income/ (expense)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurements of the net defined benefit liability/assets		-	655.98	655.98
Income tax relating to items that will not be reclassified to profit or loss	l	-	(227.02)	(227.02)
Other comprehensive income/ (expense) for the year, net of income tax		-	428.96	428.96
Total comprehensive income for the year		8,558.98	(274.64)	8,284.34

Explanations for Reconciliation of Profit or Loss as previously reported under IGAAP to Ind AS:

(g) Other income

Adjustment in other income pertains to interest income on present valuation of financial instruments i.e. on security deposits and financial guarantees given to subsidiaries as an Ind AS adjustment of security deposits and financial guarantee contracts.

(h) Employee benefit expenses - Remeasurements of post employment defined benefit obligation

Under Ind AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2016 decreased by ₹ 655.98 lakhs. There is no impact on the total equity as at 31 March 2016.

(i) Depreciation and amortisation expenses

Under Ind AS, acquired goodwill is not amortised as it has indefinite useful life and tested for impairment annually and when there is an indication of impairment the same is impaired whereas in Indian GAAP, purchased goodwill was amortised over 5 years. Therefore, on Ind AS transition the amortisation of goodwill as per IGAAP has been written back.

(j) Other expenses

Ind AS adjustments in relation to other expenses pertains to amortisation of prepaid rent recognised against security deposits and impairment loss recognised against trade receivables as per expected credit loss model.

(k) Deferred tax

Deferred tax adjustments has been made in accordance with Ind AS, under balance sheet approach for all the items which have differential book base from that of tax base and which temporarily gets reversed due to timing difference.

Notes

to the standalone financial statements for the year ended 31 March 2017

(l) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

52 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions (if applicable) entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions (if any) are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

53 Details of loans given during the year under Section 186(4) of the Act: Movement for the year ended 31 March 2017

(Amount in ₹ lakhs)

Particulars	Balance as at 1 April 2016	Loans given during the year	Repaid/adjusted during the year	Balance as at 31 March 2017
MFX Infotech Private Limited	1,075.00	1,695.00	2,107.80	662.20
Coachieve Solutions Private Limited	413.91	883.35	836.13	461.13
Quessglobal (Malaysia) SDN.BHD	6.51	-	6.51	-
Dependo Logistics Solutions Private Limited	-	37.95	4.99	32.96
Excelus Learning Solutions Private Limited	-	170.00	-	170.00
Total	1,495.42	2,786.30	2,955.43	1,326.29

The above unsecured loans are given to subsidiaries at an interest rate equivalent to Government Bond rate. The loan does not have any fixed term and are receivable on demand. Out of total repayment of ₹ 2,955.43 lakhs an amount of ₹ 873.92 lakhs has been adjusted against trade payables.

Movement for the year ended 31 March 2016

(Amount in ₹ lakhs)

Particulars	Balance as at 1 April 2015	Loans given during the year	Repaid/adjusted during the year	Balance as at 31 March 2016
MFX Infotech Private Limited	-	1,475.00	400.00	1,075.00
Coachieve Solutions Private Limited	-	580.80	166.90	413.90
Quessglobal (Malaysia) SDN.BHD.	-	6.51	-	6.51
Aravon Services Private Limited	-	400.00	400.00	-
Quess (Phillipines) Corp	65.76	-	65.76	-
Total	65.76	2,462.31	1,032.66	1,495.41

The above unsecured loans are given to subsidiaries at an interest rate equivalent to Government Bond rate. The loan does not have any fixed term and are receivable on demand.

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

Sd/-
Vineet Dhawan
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

for and on behalf of the Board of Directors of
Quess Corp Limited

Sd/-
Ajit Isaac
Chairman & Managing Director & CEO
DIN: 00087168

Place: Bengaluru
Date: 16 May 2017

Sd/-
Subrata Kumar Nag
Executive, Whole-time Director & CFO
DIN: 02234000

Sd/-
Sudershan Pallap
Company Secretary
Membership No.: A14076

Independent Auditor's Report

To The Members of Qness Corp Limited

(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Qness Corp Limited *(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)* ("the Holding Company"), its subsidiaries (collectively referred to as "the Company" or "the Group"), its associates and joint venture (as listed in note 45 to the consolidated Ind AS financial statements) which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and joint venture 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 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 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 Ind AS financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 of the consolidated Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated financial position of the Group, its associates and joint venture as at 31 March 2017 and their consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other matters

We did not audit the financial statements/ financial information of twenty subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 64,576 lakhs and net assets of ₹ 6,414 lakhs as at 31 March 2017, total revenues of ₹ 78,336 lakhs and net cash inflows amounting to ₹ 1,431 lakhs for the year ended on that date, as considered in these consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 67 lakhs for the year ended 31 March 2017, as considered in these consolidated Ind AS financial statements, in respect of two associates and a joint venture, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint venture, is based solely on the reports of the other auditors.

Seven of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted 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 the consolidated Ind AS 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 Ind AS financial statements, in so far as it relates to the financial statements/ financial information of such subsidiaries located outside India, is based solely on the aforesaid audit reports of these other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries, associates and joint venture as noted in the 'Other matters' paragraph, we report, to the extent applicable, that:
 - (a) (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 Ind AS financial statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - (c) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - (d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
 - (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2017, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of

the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2017 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 Holding Company, its subsidiary companies and associate 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint venture as noted in the 'Other matters' paragraph:
 - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture. Refer note 24 and note 41 to the consolidated Ind AS financial statements;
 - ii. the Group, its associates and joint venture 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 Holding Company, its subsidiary companies and associate companies incorporated in India; and
 - iv. the Holding Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 of the Group companies, which are incorporated in India, as applicable and these are in accordance with the books of accounts maintained by the Group companies as applicable. Based on the audit procedures and relying on the management representation we report that the disclosure is in accordance with the books of accounts maintained by the Holding and Group companies and as produced by the management. Refer note 52 to the consolidated Ind AS financial statements.

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

Firm Registration Number: 116231W/W-100024

Sd/-

Vineet Dhawan

Partner

Place: Bengaluru
Date: 16 May 2017

Membership No.: 092084

Annexure - A

to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of Qess Corp Limited (*formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED*) ("the Holding Company"), its subsidiaries (collectively referred to as "the Company" or "the Group"), its associates and joint venture as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Qess Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED), its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are 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 ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 internal financial controls over financial reporting of the Holding Company, its subsidiary companies and associate companies incorporated in India, based on our audit. We conducted our audit in accordance with 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 issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies incorporated in India, in terms of their report referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies and associate companies incorporated in India.

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 Ind AS 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 Ind AS 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 Ind AS 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 and based on the consideration of the reports of the other auditors referred to in the 'Other Matters' paragraph below, the Holding Company, its subsidiary companies and associate 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 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven subsidiary companies and two associate companies, incorporated in India, is based solely on the corresponding reports of the auditors of such subsidiary companies and associate companies incorporated in India.

Our opinion is not modified in respect of the above matters.

for **B S R & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W/W-100024

Sd/-

Vineet Dhawan

Partner

Membership No.: 092084

Place: Bengaluru

Date: 16 May 2017

Consolidated Balance Sheet

as at 31 March 2017

Balance Sheet as at	Note	31 March 2017	31 March 2016	1 April 2015
(Amount in ₹ lakhs)				
ASSETS				
Non-current assets				
Property, plant and equipment	3	5,043.56	4,443.92	1,458.55
Goodwill	4	37,875.28	20,197.56	11,042.19
Other intangible assets	5	790.38	575.84	283.67
Intangible assets under development	5	771.68	239.07	-
Financial assets				
(i) Investments	6	29,763.82	365.50	-
(ii) Non-current loans	7	1,433.41	408.90	394.58
(iii) Other non-current financial assets	8	131.13	217.40	43.30
Deferred tax assets (net)	9	4,799.58	6,138.72	3,964.89
Income tax assets (net)	9	11,780.15	7,309.47	7,231.43
Other non-current assets	10	563.30	613.66	428.17
Total non-current assets		92,952.29	40,510.04	24,846.78
Current assets				
Inventories	11	572.74	182.77	52.82
Financial assets				
(i) Trade receivables	12	44,684.60	40,527.69	23,801.61
(ii) Cash and cash equivalents	13	30,127.19	10,664.22	7,602.77
(iii) Bank balances other than cash and cash equivalents above	14	15,833.46	271.08	579.72
(iv) Current loans	15	2,302.32	1,738.87	1,005.88
(v) Other current financial assets	16	259.86	23.77	16.73
(vi) Unbilled revenue	17	38,682.58	28,732.80	15,019.97
Other current assets	18	2,619.01	2,353.42	696.98
Total current assets		135,081.76	84,494.62	48,776.48
Total Assets		228,034.05	125,004.66	73,623.26
EQUITY AND LIABILITIES				
Equity				
Equity share capital	19	12,679.10	11,333.51	2,577.38
Other equity	20	70,938.29	24,328.77	24,329.49
Total equity attributable to equity holders of the Company		83,617.39	35,662.28	26,906.87
Non-controlling interests	21	88.20	-	-
Total equity		83,705.59	35,662.28	26,906.87
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Non-current borrowings	22	27,444.87	3,548.14	-
(ii) Other non-current financial liabilities	23	13,279.03	2,918.31	66.67
Non-current provisions	24	2,254.62	1,417.83	851.14
Total non-current liabilities		42,978.52	7,884.28	917.81
Current liabilities				
Financial liabilities				
(i) Bank overdraft	13	34.22	385.66	-
(ii) Current borrowings	25	45,565.52	33,900.11	22,042.67
(iii) Trade payables	26	6,314.45	6,737.45	4,172.75
(iv) Other current financial liabilities	27	28,638.61	26,295.05	9,973.39
Income tax liabilities (net)	9	823.72	-	-
Current provisions	28	2,272.23	1,969.09	620.50
Other current liabilities	29	17,701.19	12,170.74	8,989.27
Total current liabilities		101,349.94	81,458.10	45,798.58
Total Liabilities		144,328.46	89,342.38	46,716.39
Total Equity and Liabilities		228,034.05	125,004.66	73,623.26

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

Sd/-

Vineet Dhawan

Partner

Membership No.: 092084

for and on behalf of the Board of Directors of

Quesst Corp Limited

Sd/-

Ajit Isaac

Chairman & Managing Director & CEO

DIN: 00087168

Sd/-

Subrata Kumar Nag

Executive, Whole-time Director & CFO

DIN: 02234000

Sd/-

Sudershan Pallap

Company Secretary

Membership No.: A14076

Place: Bengaluru
Date: 16 May 2017

Place: Bengaluru
Date: 16 May 2017

Consolidated Statement of Profit and Loss

For the year ended 31 March 2017

		(Amount in ₹ lakhs except per share data)	
For the year ended	Note	31 March 2017	31 March 2016
Income			
Revenue from operations	30	415,735.95	343,501.42
Other income	31	1,525.20	905.16
Total income		417,261.15	344,406.58
Expenses			
Cost of material and stores and spare parts consumed	32	4,687.77	4,814.04
Employee benefit expenses	33	354,350.85	300,692.06
Finance costs	34	4,653.28	3,104.27
Depreciation and amortisation expenses	35	2,644.20	1,439.01
Other expenses	36	34,417.22	22,887.07
Total expenses		400,753.32	332,936.45
Profit before share of profit of equity accounted investees and income tax		16,507.83	11,470.13
Share of profit/(loss) of equity accounted investees (net of income tax)	6	12.46	-
Profit before tax		16,520.29	11,470.13
Tax expense			
Current tax	9	(3,720.74)	(6,245.80)
Excess provision of tax relating to earlier years	9	-	645.64
Deferred tax	9	(1,455.11)	2,248.03
Total tax expenses		(5,175.85)	(3,352.13)
Profit for the year		11,344.44	8,118.00
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability/asset	47	(340.47)	632.19
Income tax relating to items that will not be reclassified to profit or loss	9	106.72	(225.38)
Share of other comprehensive income of equity accounted investees (net of income tax)	6	54.44	-
Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations		(333.91)	(25.41)
Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income, net of tax		(513.22)	381.40
Total comprehensive income for the year		10,831.22	8,499.40
Profit attributable to:			
Owners of the Company		11,346.07	8,118.00
Non-controlling interests		(1.63)	-
Total profit for the year		11,344.44	8,118.00
Other comprehensive income attributable to:			
Owners of the Company		(513.22)	381.40
Non-controlling interests		-	-
Total other comprehensive income		(513.22)	381.40
Total comprehensive income attributable to:			
Owners of the Company		10,832.85	8,499.40
Non-controlling interests		(1.63)	-
Total comprehensive income		10,831.22	8,499.40
Earnings per equity share (face value of ₹ 10 each)			
Basic (in ₹)	42	9.24	7.17
Diluted (in ₹)	42	9.10	7.03

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

Sd/-
Vineet Dhawan
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

for and on behalf of the Board of Directors of
Quess Corp Limited

Sd/-
Ajit Isaac
Chairman & Managing Director & CEO
DIN: 00087168

Place: Bengaluru
Date: 16 May 2017

Sd/-
Subrata Kumar Nag
Executive, Whole-time Director & CFO
DIN: 02234000

Sd/-
Sudershan Pallap
Company Secretary
Membership No.: A14076

Consolidated Statement of Changes in Equity

for the year ended 31 March 2017

		(Amount in ₹ lakhs)	
		31 March 2017	31 March 2016
(A) Equity share capital			
Particulars	Note		
Opening balance	19	11,333.51	2,577.38
Changes in equity share capital	19	1,345.59	8,756.13
Closing balance		12,679.10	11,333.51
(B) Other equity			
Particulars	Note	Reserves and surplus	Other comprehensive income
		Retained earnings	Remeasurement of defined benefit liabilities/ (assets)
		General reserve	Foreign currency translation reserve
		Stock options outstanding account	Debt redemption reserve
		Securities premium	
			Total attributable to equity holders of the Company
			Attributable to non-controlling interests
			Total
Balance as of 1 April 2015		11,170.95	13.88
Less: Amount utilized for issue of bonus shares (iii)	19.1	-	-
Add: Profit for the year		8,118.00	-
Less: Transfer to general reserve on forfeiture of stock options	48	126.56	-
Add: Exchange differences on translation of foreign operations		-	(25.41)
Add: Other comprehensive income (net of tax)		-	406.81
Balance as of 31 March 2016		19,288.95	406.81
Balance as of 1 April 2016		19,288.95	406.81
Add: Premium received on issue of equity shares	19	38,738.18	-
Less: Share issue expenses	20	(2,961.53)	-
Add: Acquisition of subsidiary with non-controlling interests	21	-	-
Add: Profit for the year		11,346.07	-
Less: Premium on allotment of ESOP	48	345.79	-
Add: Exchange differences on translation of foreign operations		-	(333.91)
Add: Share of other comprehensive income in equity accounted investees (net of tax)	6	-	54.44
Add: Other comprehensive income (net of tax)		-	(233.75)
Add: Transfer to debt redemption reserve	20	(187.50)	-
Balance as of 31 March 2017		30,447.55	227.50
		126.56	345.44
		89.02	187.50
		89.02	88.20
		70,938.29	71,026.49

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

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

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

for and on behalf of the Board of Directors of

Quest Corp Limited

Executive, Whole-time Director & CFO

Sd/-
Vineet Dhawan
Partner
Membership No.: 092084

Sd/-
Subrata Kumar Nag
Executive, Whole-time Director & CFO
DIN: 02234000

Sd/-
Sudershan Pallap
Company Secretary
Membership No.: A14076

Place: Bengaluru
Date: 16 May 2017

Place: Bengaluru
Date: 16 May 2017

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

(Amount in ₹ lakhs)

For the year ended	31 March 2017	31 March 2016
Cash flow from operating activities		
Profit before tax	16,520.29	11,470.13
Adjustments for:		
Depreciation and amortisation expenses	2,644.20	1,439.01
Dividend income on mutual fund units	(166.26)	-
Bad debts written off	710.59	-
Deposits/ advances written off	-	136.98
Liabilities no longer required written back	(32.40)	(161.31)
Impairment loss on financial assets	(85.25)	788.85
Interest income	(1,244.39)	(700.05)
Finance costs	4,653.28	3,104.27
Change in fair value of contingent consideration	(44.69)	-
Loss/ (Profit) on sale of property, plant and equipment and intangible assets, net	15.16	(0.95)
Unrealised forex exchange loss	9.77	13.05
Share of profit of equity accounted investees	(12.46)	-
Operating cash flows before working capital changes	22,967.84	16,089.98
Changes in		
Inventory	(372.48)	(100.84)
Trade receivables and security deposits	1,218.09	(16,099.95)
Other current, non-current, unbilled revenue and financial assets	(8,278.33)	(14,884.04)
Trade payables and other financial liabilities	(3,981.27)	15,880.59
Other liabilities and provisions	3,828.95	(1,015.96)
Cash generated from operating activities	15,382.80	(130.22)
Income taxes paid (net)	(8,022.43)	(4,822.26)
Net cash provided by/ (used in) operating activities (A)	7,360.37	(4,952.48)
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangibles	(3,791.69)	(2,255.17)
Acquisition of shares in subsidiaries net of acquisition date cash and cash equivalents	(9,330.36)	1,144.07
Acquisition of shares in equity accounted investees	(7,320.42)	-
Investment in preference shares	(22,000.00)	-
Dividend received on mutual fund units	166.26	-
Bank deposits (having original maturity of more than three months), net	(15,448.83)	150.41
Interest received on term deposits	892.27	63.42
Loan given to related parties, net of repayments	(692.11)	-
Interest received on loans given to related parties	11.80	-
Payment to erstwhile minority shareholders	(66.67)	(66.67)
Net cash used in investing activities (B)	(57,579.75)	(963.94)
Cash flows from financing activities		
Borrowings - vehicle loan taken	78.31	25.17
Borrowings - vehicle loan repaid	(29.99)	(16.23)
Current borrowings, net of repayments	11,704.24	8,741.58
Proceeds from issue of debentures, net of issue expenses	14,833.13	-
Proceeds from issue of equity shares, net of issue expenses	37,038.47	256.00
Proceeds from exercise of share options	83.76	-
Proceeds from term loan	10,724.94	2,049.20
Repayment of term loan	(314.72)	-
Proceeds/ (repayment) under finance leases, net	335.27	401.09
Proceeds from loans taken from related parties	35.19	209.23
Repayment of loans to related parties	(106.79)	(41.30)
Interest paid	(4,300.20)	(3,040.05)
Net cash provided by financing activities (C)	70,081.61	8,584.69
Net increase in cash and cash equivalents (A+B+C)	19,862.23	2,668.27
Cash and cash equivalents at the beginning of the year	10,278.56	7,602.77
Effect of exchange rate fluctuations on cash and cash equivalents	(47.82)	7.52
Cash and cash equivalents at the end of the year (refer note 13)	30,092.97	10,278.56

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

Sd/-

Vineet Dhawan

Partner

Membership No.: 092084

Place: Bengaluru

Date: 16 May 2017

for and on behalf of the Board of Directors of

Quess Corp Limited

Sd/-

Ajit Isaac

Chairman & Managing Director & CEO

DIN: 00087168

Place: Bengaluru

Date: 16 May 2017

Sd/-

Subrata Kumar Nag

Executive, Whole-time Director & CFO

DIN: 02234000

Sd/-

Sudershan Pallap

Company Secretary

Membership No.: A14076

Notes

to the Consolidated financial statements for the year ended 31 March 2017

1 Company overview

Quess Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED) ("the Company") together with its subsidiaries, collectively referred to as the "Group", is a public limited company incorporated and domiciled in India. The registered office of the Company is located at Bengaluru, Karnataka, India. These consolidated Ind AS financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates and joint venture. The Group is engaged in the business of providing services in global technology solutions, people and services, integrated facility management and industrials, segments.

The Company changed its name to Quess Corp Limited effective from 2 January 2015. The Company under took an initial public offer of equity shares and subsequently got its shares listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) effective 12 July 2016.

With effect from 14 May 2013, Thomas Cook (India) Limited ("TCIL") has become the parent company and Fairfax Financial Holdings Limited ("FFHL") has become the ultimate holding company of the Company.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated Ind AS financial statements. Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

2.1 Basis of accounting and preparation of Consolidated Ind AS financial statements

Statement of compliance:

These consolidated Ind AS financial statements are prepared in accordance with Indian Accounting Standards ("Ind AS") and the provisions of the Companies Act, 2013 ("Act") and the relevant rules thereunder. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Group's consolidated financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Act and other provisions of the Act ("Indian GAAP" or "Previous GAAP").

The Group has adopted all the relevant Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("IGAAP"), which was the Previous GAAP and an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 55.

The Group's consolidated Ind AS financial statements are approved for issue by the Company's Board of Directors on 16 May 2017.

These consolidated Ind AS financial statements are presented in Indian Rupees ("₹"), which is also the Group's functional currency and all amounts have been rounded-off to the nearest lakhs, otherwise stated.

2.2 Basis of measurement

The consolidated Ind AS financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following:

- i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
- ii. Share based payment transactions measured at fair value;
- iii. Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations; and ("DBO")
- iv. Contingent consideration in business combination measured at fair value

Notes

to the Consolidated financial statements for the year ended 31 March 2017

2.3 Use of estimates and judgement

The preparation of the consolidated Ind AS financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated Ind AS financial statements is included in the following notes:

- i. **Contingent liabilities:*** Contingent liabilities are not recognised in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs (except, in the extremely rare circumstances where no reliable estimate can be made).
- ii. **Income taxes:*** Significant judgements are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.
- iii. **Recognition of deferred tax assets:*** Availability of future taxable profit against which tax losses carried forward can be used.
- iv. **Measurement of defined benefit obligations:*** Key actuarial assumptions used for actuarial valuation.
- v. **Impairment of financial assets:*** The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments.
- vi. **Property, plant and equipment:*** Useful life of asset.
- vii. **Investment in preference shares:*** Estimation of fair value of unlisted preference shares.
- viii. **Business combinations and intangible assets:*** Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.
- ix. **Other estimates:*** The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.4 Measurement of fair values

Some of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Notes

to the Consolidated financial statements for the year ended 31 March 2017

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5 Basis of consolidation

a) Business combinations

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS viz. Ind AS 103, Business Combinations, on the business combinations accounted on or after 1 April 2015. For the business combinations occurred on or after 1 April 2015, in accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date). Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is re-measured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as the case may be.

b) Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities ("net assets") acquired exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

In respect of such business combinations that occurred prior to 1 April 2015, goodwill is included on the basis of its deemed cost, which represents the amount recorded under the Group's Previous GAAP or Indian GAAP.

c) Intangible assets

Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The amortisation of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated and is included in depreciation and amortisation expenses in the consolidated statements of profit and loss. The estimated useful life of amortisable intangibles are reviewed and where appropriate are adjusted, annually.

d) Subsidiaries

Subsidiaries are the entities controlled by the Group. The consolidated Ind AS financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in note 45. Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Notes

to the Consolidated financial statements for the year ended 31 March 2017

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group. Non-controlling interests (NCI) which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Group, are excluded.

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

In case where the Group has written a put option with NCI in an existing subsidiary on their equity interest in that subsidiary then the Group evaluates access to the returns associated with the ownership interest. In case NCI still have present access to returns associated with the underlying ownership interest, then the Group has elected to account for put option as per the anticipated-acquisition method. Under the anticipated-acquisition method the put option is accounted for as an anticipated acquisition of the underlying NCI. This is independent of how the exercise price is determined (e.g. fixed or variable) and how likely it is that the option will be exercised. Subsequent to initial recognition, any changes in the carrying amount of the put liability is accounted through profit and loss account.

Change in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

e) **Equity accounted investees**

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

Associates are entities over which the group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method of accounting. The investment is initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases. The Group's investment in equity accounted investees includes goodwill identified on acquisition.

2.6 Functional and presentation currency

Items included in the consolidated Ind AS financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupees ("₹"), which is also the Company's functional currency.

2.7 Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any.

Cost of an item of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the items to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Notes

to the Consolidated financial statements for the year ended 31 March 2017

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of the items of property, plant and equipment less their estimated residual values over their estimated useful lives using the Straight Line Method ('SLM'), and is recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. The Management believes that the useful lives as given below best represent the period over which management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation for assets purchased/sold during the year is proportionately charged. The Group estimated the useful lives for items of property, plant and equipment as follows:

Asset category	Estimated useful life
Leasehold improvements	Lease term or estimated useful life, whichever is lower
Leasehold computer equipments	Lease term or estimated useful life, whichever is lower
Buildings	20 years
Plant and machinery	3 years
Computer equipments	3 years
Furniture and Fixtures	4 - 7 years
Office equipment	4 - 5 years
Vehicles	3 years
Computer (data server)	7 years

The assets residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

2.8 Goodwill and other intangible assets

(i) Goodwill

For measurement of goodwill that arises on a business combination refer note 2.5. Subsequent measurement of goodwill that arises on business combination is at carrying cost less any accumulated impairment losses.

In respect of such business combinations that occurred prior to 1 April 2015, goodwill is included on the basis of its deemed cost, which represents the amount recorded under the Group's Previous GAAP.

(ii) Other intangible assets

Internally generated: Research and development

Notes

to the Consolidated financial statements for the year ended 31 March 2017

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software includes employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Others

Other intangible assets including those acquired by the Group in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as and when incurred.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

(iv) Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

The estimated useful lives of intangibles are as follows:

Asset category	Estimated useful life
Software (leasehold)	Lease term or estimated useful life, whichever is lower
Software (owned)	3 years
Copyright and trademarks	3 years

The assets' residual value and useful life are review and adjusted if appropriate at the end of each reporting period.

Notes

to the Consolidated financial statements for the year ended 31 March 2017

2.9 Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.10 Leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are generally charged to profit or loss on a straight-line basis over the period of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.11 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. The Group assess the obsolescence of inventory on a quarterly basis.

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is exposed to the significant risks and rewards associated with rendering of services.

When the outcome of the contract cannot be measured reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

Notes

to the Consolidated financial statements for the year ended 31 March 2017

When services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

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

a) People and services:

Revenue related to staffing services i.e. salary and incidental expenses of temporary associates along with the service charges 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 research and trainings are recognised upon rendering of the service.

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

b) 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 the service charges are recognised in accordance with the agreed terms and recognised as the related services are performed.

c) Integrated Facility Management:

Revenue from Integrated Facility Management and food services are at a fixed rate and are recognised as per the terms of the arrangement with the customers.

d) Industrials:

Revenue from operation and maintenance services are primarily earned on a fixed rate basis and are recognised as per the terms of the arrangement with the customer. Certain arrangements are on time and material basis and are recognised as the services are performed as per the terms of the arrangement with the customer.

e) Software and solutions business:

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

2.13 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain/ loss on translation of foreign currency assets and liabilities.

Interest income or expense is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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2.14 Foreign currency transactions and balances

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognised in profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign currency transactions are translated into the functional currency using the exchange rates in effect on the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

The assets and liabilities of foreign operations (subsidiaries and joint venture) including goodwill and fair value adjustments arising on acquisition, are translated into ₹ the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

2.15 Financial instruments

a) Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

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

- amortised cost;
- Fair Value through other comprehensive income (FVOCI) - debt investment;
- Fair Value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

c) Impairment of financial assets

The Group assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Group determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is

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used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

d) **Derecognition of financial assets**

The Group derecognizes a financial asset when the

- contractual rights to the cash flows from the financial asset expires, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or
- Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities

a) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss (FVTPL) or amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at FVTPL.

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

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

2.16 Employee benefits

(a) Defined benefit plans

The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurement of the net defined liability or asset (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Short-term benefit plans

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g. short term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employees, and the amount of obligation can be estimated reliably.

(c) Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases 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.

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(d) 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 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.

(e) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes cost for restructuring. If the benefits are not expected to be settled wholly within 12 months of reporting date, then they are discounted.

2.17 Share-based payments

Employees of the Group receive remuneration in the form of equity settled instruments of the Company, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the statement of profit and loss with a corresponding increase to the share based payment reserve, a component of equity. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

2.18 Taxes

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

Current tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date.

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction.
- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realized.

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

2.19 Provisions (other than employee benefits)

A provision is recognised 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 recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) *Onerous contract*

A contract is considered to be onerous when the expected economic benefit 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 present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognizes any impairment loss on the assets associated with the contract.

2.20 Contingent liability

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 disclosed in the financial statements if an inflow of economic benefits is probable.

2.21 Cash and cash equivalents

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

2.22 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.23 Earnings per share

The basic earnings per share is computed by dividing the net profit/ (loss) attributable to owners of the Group for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (loss) per share and also the weighted average number of equity shares which 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 reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

2.24 Segment reporting

Based on the "management approach" as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. People and services, Integrated facility management, Global technology solutions and Industrials.

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2.25 Impairment

(a) Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Group determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk, rather it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

(b) Non-financial assets

Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in net profit in the statement of profit and loss and is not reversed in the subsequent period.

2.26 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.27 New Recent accounting pronouncements

(a) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows', Ind AS 102, 'Share-based payment' and Ind AS 115, 'Revenue from contracts with customers'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows', IFRS 2, 'Share-based payment,' and IFRS 15, 'Revenue from contracts with customer' respectively. The amendments are applicable to the company from 1 April 2017.

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Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment is applicable to the group from 1 April 2017.

The Group is evaluating the requirements of the amendment and the effect on the consolidated Ind AS financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The impact of the above stated amendment to Group is Nil as the same is not applicable to Group.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115, Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015.

The standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions - and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard has been currently deferred. The Group is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

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3 Property, plant and equipment

Particulars	(Amount in ₹ lakhs)										Total Property, plant and equipment and capital work in progress
	Buildings	Leasehold improvements	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Computer equipment	Computer equipment - leased	Total Property, plant and equipment	Capital work-in- progress	
Deemed cost at 1 April 2015*	-	132.52	233.86	18.48	408.48	297.61	367.60	-	1,458.55	-	1,458.55
Additions through business combination	-	1,956.46	283.61	58.78	596.61	200.88	62.86	3,156.02	6,315.22	-	6,315.22
Additions during the year	-	100.22	135.39	34.22	322.97	108.92	501.70	530.31	1,733.73	-	1,733.73
Disposals for the year	-	138.55	27.21	19.28	17.16	29.97	6.09	-	238.26	-	238.26
Translation differences#	-	(13.85)	0.19	0.03	(12.70)	-	(30.55)	2.70	(54.18)	-	(54.18)
Balance as at 31 March 2016	-	2,036.80	625.84	92.23	1,298.20	577.44	895.52	3,689.03	9,215.06	-	9,215.06
Additions through business combination	-	-	1.51	-	7.28	-	12.74	-	21.53	150.92	172.45
Additions during the year	127.58	294.43	130.06	141.61	316.22	475.04	307.87	1,041.30	2,834.11	6.75	2,840.86
Disposals for the year	-	142.88	0.06	36.02	59.03	0.04	0.07	-	238.10	-	238.10
Capitalised during the year	-	-	-	-	-	-	-	-	(150.92)	(150.92)	-
Translation differences#	-	(18.74)	(3.19)	0.43	(13.10)	-	(30.10)	(49.83)	(114.53)	-	(114.53)
Balance as at 31 March 2017	127.58	2,169.61	754.16	198.25	1,549.57	1,052.44	1,185.96	4,680.50	11,718.07	6.75	11,724.82
Accumulated depreciation*											
Additions through business combination	-	1,303.92	279.61	43.95	498.15	115.04	36.06	1,512.56	3,789.29	-	3,789.29
Depreciation for the year	-	156.52	70.18	27.78	178.86	255.39	279.15	259.84	1,227.72	-	1,227.72
Accumulated depreciation on deletions	-	138.55	27.21	12.44	17.16	20.76	6.07	-	222.19	-	222.19
Translation differences#	-	(12.71)	0.20	0.03	(11.42)	-	4.13	(3.91)	(23.68)	-	(23.68)
Balance as at 31 March 2016	-	1,309.18	322.78	59.32	648.43	349.67	313.27	1,768.49	4,771.14	-	4,771.14
Additions through business combination	-	-	1.36	-	3.18	-	9.85	-	14.39	-	14.39
Depreciation for the year	0.56	233.03	89.31	39.58	235.04	221.99	360.07	984.33	2,163.91	-	2,163.91
Accumulated depreciation on deletions	-	128.21	0.03	36.02	58.45	0.04	0.01	-	222.76	-	222.76
Translation differences#	-	(8.91)	(0.45)	0.43	(8.58)	-	(27.86)	(0.05)	(45.42)	-	(45.42)
Balance as at 31 March 2017	0.56	1,405.09	412.97	63.31	819.62	571.62	655.32	2,752.77	6,681.26	-	6,681.26
Net carrying amount											
As at 31 March 2017	127.02	764.52	341.19	134.94	729.95	480.82	530.64	1,927.73	5,036.81	6.75	5,043.56
As at 31 March 2016	-	727.62	303.06	32.91	649.77	227.77	582.25	1,920.54	4,443.92	-	4,443.92
As at 1 April 2015	-	132.52	233.86	18.48	408.48	297.61	367.60	-	1,458.55	-	1,458.55

* Refer note 55(A)(iii)

Represents translation of tangible assets of foreign operations into Indian Rupees.

There has been no impairment losses recognised during the year or previous year.

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4 Goodwill

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Carrying value at the beginning of the year	20,197.56	11,042.19	11,042.19
Additions:			
Goodwill on Aravon Services Private Limited [refer note (a)]	-	72.97	-
Goodwill on MFXchange Holdings Inc. [refer note (b)]	-	8,979.90	-
Goodwill on Quess Corp Lanka (Private) Limited [refer note (c)]	99.08	-	-
Goodwill on Inticore VJP Advance Systems Private Limited [refer note (d)]	94.89	-	-
Goodwill on Comtel Solutions Pte Limited [refer note (e)]	18,106.14	-	-
Translation differences	(622.39)	102.50	-
Carrying value at the end of the year	37,875.28	20,197.56	11,042.19

Goodwill 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 indicators for impairment. An amount of ₹ 37,875.28 lakhs (31 March 2016: ₹ 20,197.56 lakhs) has been recognised as Goodwill as per the requirements of Ind AS 103, Business Combinations.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The goodwill on acquisition of entities has been allocated to operating segments as follows:

Entity acquired	Allocated operating segment
Aravon Services Private Limited	Integrated facility management
MFXchange Holdings Inc.	Global technology solutions
Quess Corp Lanka (Private) Limited	People and services
Inticore VJP Advance Systems Private Limited	Industrials
Comtel Solutions Pte Limited	Global technology solutions

The carrying value of goodwill, net of translation differences, as on 1 April 2015 is as follows:

(Amount in ₹ lakhs)

Entity acquired	Allocated operating segment	As at 1 April 2015
Avon Facility Management Services [#]	Integrated facility management	716.32
Magna Infotech [#]	Global technology solutions	6,520.33
Hofincons Infotech and Industrial Services [#]	Industrials	1,010.54
Coachieve Solutions Private Limited	People and services	58.10
Brainhunter Systems Limited	Global technology solutions	2,736.90
Total Carrying value as at 1 April 2015		11,042.19

[#] Divisions of the parent entity, Quess Corp Limited

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each of the assumption are mentioned below:

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Particulars	As of 31 March 2017	As of 31 March 2016	As of 1 April 2015
Discount rate*	12%-15%	12%-15%	12%-15%
Terminal growth rate**	2%-4%	2%-4%	2%-4%
Operating margins	5%-15%	5%-15%	5%-15%

*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

** The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

As of 31 March 2017, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

(a) Acquisition of Aravon Services Private Limited

During the previous year, the Company has acquired 100% of equity interest in Aravon Services Private Limited ("ASPL"). The acquisition was effected through a Share Purchase Agreement ("SPA") dated 12 February 2015, among Quess Corp Limited and erstwhile shareholders (Aramark India Holdings LLC and Aramark Senior Notes Company) for a consideration of ₹ 100. The date of acquisition determined was 1 April 2015 (end of business hours). ASPL is engaged in rendering integrated food and facility management service to corporate customers in India, predominantly in the areas of housekeeping services and guest house management services.

The fair value of net liabilities acquired on the acquisition date as a part of the transaction amounted to ₹ 72.97 lakhs. The purchase consideration paid and the fair value of net liabilities acquired has been attributed to goodwill. Results from this acquisition and goodwill are grouped under integrated facility management segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

Particulars	(Amount in ₹ lakhs)		
	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	202.23	-	202.23
Intangible assets	19.43	(19.43)	-
Net liabilities (excluding above)#	(1.13)	(425.25)	(426.38)
Deferred tax assets	-	151.18	151.18
Total			(72.97)
Purchase consideration paid*			(0.00)
Goodwill			72.97

A liability at a fair value of ₹ 425.25 lakhs was recognised at the acquisition date arising from a claim from service tax department.

* Purchase consideration paid is ₹ 100

(b) Acquisition of MFXchange Holdings Inc.

On 3 November 2014, Quess Corp Limited, through its wholly owned subsidiary Quess Corp (USA) Inc. ("QCI") entered into a Share Purchase Agreement ("SPA") with Fairfax Financial Holdings Limited ("FFHL") to acquire MFXchange Holdings Inc. ("MFX"). As per the terms of the SPA, QCI acquired 49% of the common shares for USD 49 on 3 November 2014. Further, it was also agreed that Quesscorp Holdings Pte Ltd ("QHPL") (wholly owned subsidiary of Quess Corp Limited) would acquire remaining 51% of common shares for USD 51 by 1 January 2016 and to pay FFHL an additional

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consideration at 40% of the net income of MFX for each of the calendar years 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, QHPL acquired remaining 51% of shares on 1 January 2016 and MFX became wholly owned subsidiary during the previous year.

MFX provides customized datacentre and infrastructure services including private cloud offerings across various industries. MFX also provides end-to-end commercial technology applications and business process outsourcing solutions to the property and casualty insurance industry.

The fair value of net liabilities acquired on the acquisition date as a part of the transaction amounted to ₹ 6,089.60 lakhs. The purchase consideration paid and the fair value of net liabilities acquired has been attributed to goodwill aggregating to ₹ 8,979.90 lakhs. Results from this acquisition and goodwill are grouped under Global technology solutions segment.

The fair value of purchase consideration of ₹ 2,890.30 lakhs comprised upfront cash consideration of ₹ 0.03 lakhs and contingent consideration of ₹ 2,890.27 lakhs. The details are as follows:

		(Amount in ₹ lakhs)	
Nature of consideration and terms of payment		Amount	Fair Value
1.	Upfront cash consideration	0.03	0.03
2.	Contingent consideration; payable in five instalments on each calendar year ending 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019	3,221.15	2,890.27
Total purchase consideration		3,221.18	2,890.30

Contingent consideration recognised on the acquisition date is determined based on management approved forecast of likely earn outs to be paid to the erstwhile owners of MFX. The fair value of the contingent consideration has been arrived by computing the present value of estimated cash outflows at a discount rate of 3.5% which approximates the prime lending rate at United States of America.

The purchase price has been allocated based on the report of a valuer which is as follows:

				(Amount in ₹ lakhs)
Particulars	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated	
Property, plant and equipment	2,323.70	-	2,323.70	
Intangible assets	200.90	-	200.90	
Net liabilities (excluding above)	(8,614.20)	-	(8,614.20)	
Total			(6,089.60)	
Purchase consideration paid			2,890.30	
Goodwill			8,979.90	

(c) Acquisition of Quess Corp Lanka (Private) Limited

On 26 April 2016, Quess Corp Limited acquired 100% equity interest in Quess Corp Lanka (Private) Limited [formerly known as Randstad Lanka (Private) Limited] through its wholly owned subsidiary Quesscorp Holdings Pte Ltd for a consideration of ₹ 387.16 lakhs. The business acquisition was effected by entering into a Share Purchase Agreement ("SPA") dated 14 October 2015 with Randstad India (Private) Limited. Accordingly, during the year Quess Corp Lanka (Private) Limited became the wholly owned subsidiary of Quess Corp Limited.

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The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 288.08 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 99.08 lakhs. Results from this acquisition and goodwill are grouped under People and services segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)			
Particulars	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	2.93	-	2.93
Net assets (excluding above)	277.94	-	277.94
Deferred tax assets	7.21	-	7.21
Total			288.08
Purchase consideration paid			387.16
Goodwill			99.08

(d) Acquisition of Inticore VJP Advance Systems Private Limited

On 1 December 2016, Quess Corp Limited acquired 73.95% equity interest in Inticore VJP Advance Systems Private Limited ("IASPL") for a consideration of ₹ 349.89 lakhs. The business combination was effected by entering into a Share Subscription Agreement ("SSA") dated 28 November 2016 with IASPL and promoters of IASPL. IASPL offers engineering solutions to clients including component design solutions, development engineering and sourcing management.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 344.83 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 94.89 lakhs. Results from this acquisition and goodwill are grouped under Industrials segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)			
Particulars	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	4.22	-	4.22
Net assets (excluding above)	338.56	-	338.56
Deferred tax assets	2.05	-	2.05
Total			344.83
Share of the Group at 73.95%			255.00
Purchase consideration paid			349.89
Goodwill			94.89

(e) Acquisition of Comtel Solutions Pte Limited

On 14 February 2017, Quess Corp Limited through its wholly owned subsidiary Quesscorp Holdings Pte Ltd ("QHPL") acquired 100% equity interest in Comtel Solutions Pte Limited ("CSPL") for a consideration of ₹ 25,094.49 lakhs. The business combination was effected by entering into a Share Purchase Agreement ("SPA") dated 14 February 2017 with promoter-shareholder of CSPL Mr. Gopal Vasudev ("GV") whereby the parties agreed that QHPL would purchase, and GV would sell, 100% shareholding in Comtel in four tranches. CSPL is one of Singapore's independent staffing companies with services offered across staffing solutions, managed services solutions, and recruitment and search services.

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As CSPL acquisition has been completed towards end of the financial year, the management has decided to avail the one year measurement period available as per Ind AS 103 for completing the purchase price allocation exercise. Accordingly, for the year ended 31 March 2017, the group has provisionally allocated the purchase consideration.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 6,988.35 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 18,106.14 lakhs.

The fair value of purchase consideration is ₹ 25,094.49 lakhs. The details are as follows:

(Amount in ₹ lakhs)		
Nature of consideration and terms of payment	Amount	Fair value
1. Upfront cash consideration [refer note (i) below]	12,657.01	12,657.01
2. Additional consideration [refer note (i) below]	1,169.08	1,169.08
3. Financial liability [refer note (ii) below]	4,459.48	4,235.83
4. Financial liability towards put option [refer note (iii) below]	8,066.85	7,032.57
Total purchase consideration	26,352.42	25,094.49

- (i) As per the SPA, QHPL has acquired 64% equity shares of Comtel by paying an upfront cash consideration of SGD 268.49 lakhs and an additional consideration of SGD 24.80 lakhs. The additional consideration has been computed as per the predefined calculation based on the EBITDA of CSPL for the financial year ending 31 March 2017 and will be paid on or before 30 June 2017 to GV.
- (ii) As per the SPA, GV is committed to sell to QHPL equity shares of 22% (11% each of CSPL in March 2018 and March 2019 respectively). Accordingly, minimum agreed payout during these two tranches of equity share acquisition has been recorded as financial liability as on the date of SPA.
- (iii) As per the SPA, QHPL has written a put option to acquire balance equity shares of 14% of CSPL during 1 April 2019 to 31 March 2022. QHPL has adopted anticipated acquisition method for accounting such put option. Under the anticipated acquisition method the interest subject to the put option is deemed to have been acquired at the date of acquisition.

The purchase price has been allocated based on Management's estimates of fair values as follows:

(Amount in ₹ lakhs)			
Particulars	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets	6,988.35	-	6,988.35
Total			6,988.35
Purchase consideration paid			25,094.49
Goodwill			18,106.14

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5 Other intangible assets and intangible assets under development

(Amount in ₹ lakhs)

Particulars	Other intangible assets				Total	Intangible assets under development (refer note 5.2)
	Goodwill (refer note 5.1)	Computer software	Computer software -leased	Copyright and trademarks (refer note 5.1)		
Deemed cost as at 1 April 2015*	-	283.67	-	-	283.67	-
Additions through business combination	-	424.65	204.34	-	628.99	-
Additions during the year	-	301.96	-	-	301.96	239.07
Translation differences#	-	0.36	0.18	-	0.54	-
Balance as at 31 March 2016	-	1,010.64	204.52	-	1,215.16	239.07
Additions during the year	45.20	381.84	268.17	4.80	700.01	532.61
Disposals for the year	-	4.75	-	-	4.75	-
Translation differences#	-	(1.62)	(7.14)	-	(8.76)	-
Balance as at 31 March 2017	45.20	1,386.11	465.55	4.80	1,901.66	771.68
Accumulated amortisation*						
Additions through business combination	-	375.21	52.88	-	428.09	-
Amortisation for the year	-	193.96	17.33	-	211.29	-
Translation differences#	-	0.18	(0.24)	-	(0.06)	-
Balance as at 31 March 2016	-	569.35	69.97	-	639.32	-
Amortisation for the year	-	336.00	143.49	0.80	480.29	-
Accumulated amortisation on deletions	-	4.75	-	-	4.75	-
Translation differences#	-	-	(3.58)	-	(3.58)	-
Balance as at 31 March 2017	-	900.60	209.88	0.80	1,111.28	-
Net carrying amount						
As at 31 March 2017	45.20	485.51	255.67	4.00	790.38	771.68
As at 31 March 2016	-	441.29	134.55	-	575.84	239.07
As at 1 April 2015	-	283.67	-	-	283.67	-

*Refer note 55(A)(iii)

#Represents translation of intangible assets of foreign operations into Indian Rupees.

There has been no impairment losses recognised during the year or previous year.

5.1 During the year, the Group has entered into an Asset Transfer Agreement with CAARPUS Technology Services Limited ("Transferor") and its founder Mr. L Bharani Raj dated 30 September 2016 and has purchased the business asset (copyright and trademarks for using E-catalogue software and other intangibles). The transferor is engaged in the business of providing technology based solutions for material management, coding, catalogue, inventory management, etc. The total consideration paid is ₹ 50.00 lakhs.

In accordance with Ind AS 103, the consideration paid requires to be allocated across identifiable assets acquired, at their respective fair values. Accordingly, the Company has recognised intangible assets aggregating to ₹ 4.80 lakhs and remaining amount aggregating to ₹ 45.20 lakhs is accounted as goodwill.

5.2 The Group has entered into an agreement with MFX Infotech Private Limited for development of its payroll management system and other applications. The contract is entered on a time and material basis at cost plus agreed markup. The estimated cost for these software development is ₹ 1,048.67 lakhs out of which cost incurred by MFX Infotech Private Limited is ₹ 711.37 lakhs. Since, the transaction is within the Group companies, for the purpose of consolidated Ind AS financial statements, inter-company markup has been eliminated from the profit recognised in the books of MFX Infotech Private Limited and corresponding reduction has been made in the carrying amount of the intangible assets under development in the books of the Group.

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6 Non-current investments

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unquoted - Trade			
Investments carried at fair value through other comprehensive income			
Investments in equity, preference and other instruments (refer note A below)	22,365.50	365.50	-
Investments in equity accounted investees (refer note A below)	7,398.32	-	-
	29,763.82	365.50	-

(Amount in ₹ lakhs)

A	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Unquoted - Trade			
	Investments carried at fair value through other comprehensive income			
	Investments in equity instruments			
	200,000 (31 March 2016: 200,000) fully paid up equity shares of par value of ₹ 10 each of KMG Infotech Limited (refer note 6.1)	165.50	165.50	-
	Investments in Preference shares			
	40,36,697 (31 March 2016: Nil) fully paid up compulsorily convertible preference shares having face value of ₹ 10 each at a premium of ₹ 535 each of Manipal Integrated Services Private Limited (refer note 6.2)	22,000.00	-	-
	Other non-current investments			
	Investment in StyraCorp Management Services (refer note 6.3)	132.24	132.24	-
	Investment in IME Consultancy (refer note 6.3)	67.76	67.76	-
		22,365.50	365.50	-
	Investments in equity accounted investees			
	Investments in associates			
	Investments in equity instruments			
	245,000 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each at a premium of ₹ 2,929 each of Terrier Security Services (India) Private Ltd (refer note 6.4)*	7,291.33	-	-
	4,068 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each at a premium of ₹ 2,768 each of Simpliance Technologies Private Limited (refer note 6.5 and 6.7)	105.56	-	-
	Investments in joint venture			
	49000 (31 March 2016: Nil) fully paid up equity shares of par value of 1 RM each of Himmer Industrial Services (M) SDN BHD (refer note 6.6 and 6.7)	1.43	-	-
	Total investments in equity accounted investees	7,398.32	-	-
		29,763.82	365.50	-
	Aggregate amount of unquoted investments	29,763.82	365.50	-
	Aggregate amount of impairment in value of investments	-	-	-

* Investments include interest on corporate guarantee given to associate amounting to ₹ 11 lakhs (31 March 2016: Nil)

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- 6.1 Investments in KMG Infotech Ltd has been acquired through the acquisition of MFXchange Holdings Inc. during the previous year.
- 6.2 Quess Corp Limited has entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means Identified Business) of MIS through the Scheme of Arrangement ("the Scheme") into the Group. The Board vide its meeting dated 28 November 2016 has approved the draft scheme of arrangement and filed the Scheme with BSE and NSE. The Group has received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively and has further filed it with National Company Law Tribunal ("NCLT"), subsequent to the balance sheet date. In pursuance of the Scheme, Group has invested ₹ 22,000 lakhs by subscribing to Compulsorily Convertible Preference Shares of MIS as part of the purchase consideration. The Scheme requires the Group to account for the acquisition, on and from 1 December 2016, i.e. appointed date. In accordance with Indian Accounting Standard 103, Business combinations, ("Ind AS 103"), the accounting for the acquisition has to be done on and from the acquisition date. As per paragraph 9 of Ind AS 103, the acquisition date is the date on which the acquirer obtains control of the acquiree and is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree the closing date. The appointed date (1 December 2016) as per the Scheme is not the same as the acquisition date, as defined under Ind AS 103. The accounting from the appointed date as mentioned in the Scheme is subject to regulatory approval.
- 6.3 Styra Corp Management Services ("Styra") and IME Consultancy ("IME") are sole proprietorship establishments incorporated in Dubai, United Arab Emirates. Both these entities are registered in the name of Mr. Ajit Issac and Mr. Mohamed Mazarooki has been appointed as local service agent. The Group, based on a legal advice received from an external lawyer of Dubai, has not consolidated these entities as the Management believes that these entities will continue to operate as sole establishments under the registered ownership of and professional licenses held by Mr. 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.
- 6.4 The Group has entered into Share Purchase Agreement ("SPA") with Terrier Security Services (India) Private Limited ("Terrier") and its shareholders on 19 October 2016, to acquire 74% stake in Terrier subject to the approval of Foreign Investment Promotion Board ("FIPB") for consideration as per the terms mentioned in the SPA. The Group has currently acquired 49% stake on 9 December 2016 for a consideration of ₹ 7,200 lakhs and accordingly, Terrier has become an associate of the Group.

The following table summarizes the financial information of Terrier as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Terrier.

Particulars	(Amount in ₹ lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Percentage ownership interest	49.00%	-	-
Non-current assets	1,260.55	-	-
Current assets	8,141.84	-	-
Non-current liabilities	(79.03)	-	-
Current liabilities	(6,813.81)	-	-
Net assets before corporate guarantee adjustment	2,509.55	-	-
Less: Corporate guarantee issued by Quess Corp Limited	(11.00)	-	-
Net assets	2,498.55	-	-
Group's share of net assets	1,224.29	-	-
Goodwill	6,056.04	-	-
Carrying amount of interest in associates	7,280.33	-	-
Add: Corporate guarantee issued by Quess Corp Limited	11.00	-	-
Value of investment	7,291.33	-	-

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Particulars	(Amount in ₹ lakhs)
	For the period from 9 December 2016 to 31 March 2017
Revenue	10,440.16
Profit after tax	52.84
Other comprehensive income	111.10
Total comprehensive income	163.94
Group's share of profit (49%)	25.89
Group's share of other comprehensive income (49%)	54.44
Group's share of total comprehensive income	80.33

- 6.5 The Group has entered into Share Subscription Agreement ("SSA") dated 19 October 2016 with Simpliance Technologies Private Limited ("Simpliance") and its shareholders to acquire equity stake of upto 45% in Simpliance for a consideration of ₹ 250 lakhs. The Group has currently acquired 27% equity stake for a consideration of ₹ 113 lakhs and accordingly Simpliance has become an associate of the Group.
- 6.6 The Group has entered into an agreement with CPI Engineering Services SDN. BHD ("CPI") and incorporated Himmer Industrial Services (M) SDN. BHD ("Himmer") in which the group has 49% equity stake. Considering provisions of the agreement, the Group has classified investment in Himmer as joint venture as per Ind AS 111, Joint Arrangements.
- 6.7 The following table analyses the Group's interests in individually immaterial associate (refer note 6.5) and joint venture (refer note 6.6) in the carrying amount and share of profit and other comprehensive income.

Associate

Particulars	(Amount in ₹ lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Group's share of net assets	8.36	-	-
Goodwill	97.20	-	-
Carrying amount of interests in associate	105.56	-	-
Share in loss	7.44	-	-
Share in other comprehensive income	-	-	-
Share in total comprehensive income	7.44	-	-

Joint venture

Particulars	(Amount in ₹ lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Group's share of net assets	1.43	-	-
Goodwill	-	-	-
Carrying amount of interests in joint venture	1.43	-	-
Share in loss	5.99	-	-
Share in other comprehensive income	-	-	-
Share in total comprehensive income	5.99	-	-

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7 Non-current loans

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Unsecured, considered good</i>			
Security deposits	1,433.41	408.90	394.58
	1,433.41	408.90	394.58

8 Other non-current financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Bank deposits (due to mature after 12 months from the reporting date)	131.13	217.40	43.30
	131.13	217.40	43.30

9 Taxes

A Amount recognised in profit or loss

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Current tax:		
In respect of the current period	(3,720.74)	(6,245.80)
Excess provision related to prior years (refer note (i) below)	-	645.64
Deferred tax:		
<i>Attributable to:</i>		
Origination and reversal of temporary differences	(1,455.11)	2,242.96
Increase/ reduction of tax rate	-	5.07
Income tax expense reported in the Statement of Profit and Loss	(5,175.85)	(3,352.13)

- (i) During the previous year ended 31 March 2016, the Group has performed the reconciliations of tax provision created as per books of accounts with the income tax provision filed in its return of income for the completed assessment years and written back additional provision aggregating to ₹ 645.64 lakhs.

B Income tax recognised in other comprehensive income

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Remeasurement of the net defined benefit liability/asset		
Before tax	(340.47)	632.19
Tax (expense)/ benefit	106.72	(225.38)
Net of tax	(233.75)	406.81

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C Reconciliation of effective tax rate

(Amount in ₹ lakhs)

Particulars	For the year ended			
	31 March 2017		31 March 2016	
Profit before tax		16,520.29		11,470.13
Tax using the Company's domestic tax rate	34.61%	5,717.34	34.61%	3,969.58
Effect of:				
Tax exempt income	(1.21)% - (1.88)%	(160.10)	0.00% - (0.73)%	7.38
Non-deductible expenses	(35.00)% - 47.86%	280.52	(39.60)% - 2.89%	125.65
Unrecognized tax losses	(5.97)% - 33.06%	(289.54)	(39.60)% - 33.06%	(217.92)
Deferred tax credit for earlier periods	(5.99)% - (42.00)%	(226.17)	-	-
Difference in enacted tax rate	(18.15)% - 0.39%	(146.20)	(8.61)% - 4.99%	113.08
Effective tax rate	31.33%	5,175.85	34.85%	3,997.77
Less: Excess provisions related to prior years				645.64
Income tax expense reported in the statement of profit and loss	31.33%	5,175.85	29.22%	3,352.13

D The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2017, 31 March 2016 and 1 April 2015

Non-current tax assets (net)

(Amount in ₹ lakhs)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Income tax assets	27,847.46	19,852.66	13,569.81
Income tax liabilities	(16,067.31)	(12,543.19)	(6,338.38)
Net income tax assets at the end of the year	11,780.15	7,309.47	7,231.43

Current tax liabilities (net)*

(Amount in ₹ lakhs)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Income tax assets	-	-	-
Income tax liabilities	823.72	-	-
Net income tax liabilities at the end of the year	823.72	-	-

*For current tax liabilities above, there is no legally enforceable right to set off against the non-current tax assets and accordingly disclosed separately.

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E Deferred tax assets, net

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax asset and liabilities are attributable to the following:			
Deferred tax assets:			
Impairment loss allowance on financial assets	1,189.46	1,130.41	641.49
Provision on employee benefits	1,186.58	826.60	374.86
Provision for disputed claims	72.63	78.31	76.91
Provision for rent escalation	18.60	16.60	6.74
Others	564.87	1,929.83	29.77
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	1,767.44	2,156.97	2,835.12
Net deferred tax assets	4,799.58	6,138.72	3,964.89

The movement of deferred tax aggregating to ₹ 1,348.39 lakhs (excluding additions through business combination) for the year ended 31 March 2017 (31 March 2016: ₹ 2,022.65 lakhs) comprises of ₹ (1,455.11) lakhs (31 March 2016: ₹ 2,248.03 lakhs) charged to profit and loss account and ₹ 106.72 lakhs (31 March 2016: ₹ (225.38) lakhs) charged to other comprehensive income.

F Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

(Amount in ₹ lakhs)

For the year ended 31 March 2017	Opening balance	Additions through business combinations	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	1,130.42	-	59.04	-	1,189.46
Provision for employee benefits	826.60	-	253.26	106.72	1,186.58
Provision for disputed claims	78.31	-	(5.68)	-	72.63
Provision for rent escalation	16.60	-	2.00	-	18.60
Others	1,929.82	9.25	(1,374.20)	-	564.87
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	2,156.97	-	(389.53)	-	1,767.44
Net deferred tax assets	6,138.72	9.25	(1,455.11)	106.72	4,799.58

(Amount in ₹ lakhs)

For the year ended 31 March 2016	Opening balance	Additions through business combinations	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	641.49	-	488.93	-	1,130.42
Provision for employee benefits	374.86	-	677.12	(225.38)	826.60
Provision for disputed claims	76.91	-	1.40	-	78.31
Provision for rent escalation	6.74	-	9.86	-	16.60
Others	29.77	151.18	1,748.87	-	1,929.82
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	2,835.12	-	(678.15)	-	2,156.97
Net deferred tax assets	3,964.89	151.18	2,248.03	(225.38)	6,138.72

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G Unrecognised deferred tax assets/ (liabilities)

The Group does not have unrecognised deferred tax liabilities.

Unrecognised deferred tax assets relate primarily to business losses. These unexpired business losses will expire based on the year of origination as follows:

(Amount in ₹ lakhs)	
For the year ended 31 March	Unabsorbed business losses
2018	311.01
2019	-
2020	0.32
2021	-
2022	-
Thereafter	9,560.80
	9,872.13

10 Other non-current assets

(Amount in ₹ lakhs)			
Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Taxes paid under protest	186.12	46.49	79.50
Provident fund payments made under protest	107.22	107.22	107.22
Prepaid expenses	156.82	384.25	210.81
Capital advances	113.14	75.70	30.64
	563.30	613.66	428.17

11 Inventories

(Amount in ₹ lakhs)			
Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Valued at lower of cost and net realizable value</i>			
Raw materials and consumables	147.45	107.09	43.90
Stores and spares	425.29	75.68	8.92
	572.74	182.77	52.82

12 Trade receivables

(Amount in ₹ lakhs)			
Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Unsecured</i>			
Considered good	45,179.75	41,216.95	24,136.15
Considered doubtful	3,191.00	2,950.55	2,166.46
	48,370.75	44,167.50	26,302.61
<i>Loss allowance [refer note 38(i)]</i>			
Unsecured considered good	(625.80)	(705.47)	(335.54)
Doubtful	(3,060.35)	(2,934.34)	(2,165.46)
	(3,686.15)	(3,639.81)	(2,501.00)
Net trade receivables	44,684.60	40,527.69	23,801.61

All trade receivables are current.

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Of the above, trade receivables from related parties are as below:

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables from related parties	253.54	291.44	143.55
Less: Loss allowance	(130.13)	(86.17)	(4.00)
Net trade receivables	123.41	205.27	139.55

For terms and conditions of trade receivables owing from related parties refer note 45.

The Groups exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 38.

13 Cash and cash equivalents

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
Cash on hand	17.61	14.49	11.99
Cheques in hand	378.66	-	-
Balances with banks			
In current accounts	29,399.26	10,349.73	7,422.22
In deposit accounts (with original maturity of less than 3 months)	331.66	300.00	168.56
Cash and cash equivalents in balance sheet	30,127.19	10,664.22	7,602.77
Bank overdraft used for cash management purpose	(34.22)	(385.66)	-
Cash and cash equivalents in the statement of cash flow	30,092.97	10,278.56	7,602.77

14 Bank balances other than cash and cash equivalents

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
In deposit accounts (due to mature within 12 months from the reporting date)	15,833.46	271.08	579.72
	15,833.46	271.08	579.72

15 Current loans

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Unsecured, considered good</i>			
Security deposits	815.48	917.42	584.79
Loans to employees	644.14	670.86	421.09
Loans to related parties (refer note 45)	842.70	150.59	-
	2,302.32	1,738.87	1,005.88

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16 Other current financial assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Interest accrued but not due	259.86	23.77	16.73
	259.86	23.77	16.73

17 Unbilled revenue

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unbilled revenue*	38,682.58	28,732.80	15,019.97
	38,682.58	28,732.80	15,019.97

* includes unbilled revenue billable to related parties (refer note 45)

18 Other current assets

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Prepaid expenses	1,592.58	1,651.42	465.29
Advances to suppliers	477.09	436.18	92.08
Travel advances to employees	27.36	108.10	28.61
Balances with government authorities	458.92	135.72	37.69
Other advances	63.06	22.00	73.31
	2,619.01	2,353.42	696.98

19 Equity share capital

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
200,000,000 (31 March 2016: 200,000,000) equity shares of par value of ₹ 10 each*	20,000.00	20,000.00	11,310.46
	20,000.00	20,000.00	11,310.46
Issued, subscribed and paid-up			
126,790,961 (31 March 2016: 113,335,056) equity shares of par value of ₹ 10 each, fully paid up	12,679.10	11,333.51	2,577.38
	12,679.10	11,333.51	2,577.38

* During the previous year ended 31 March 2016, the Company vide its Extraordinary General Meeting dated 10 August 2015 has increased its authorised share capital from ₹ 11,310.46 lakhs divided into 113,104,631 equity shares of ₹ 10 each to ₹ 20,000.00 lakhs divided into 200,000,000 equity shares of ₹ 10 each.

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19.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount in ₹ lakhs	Number of shares	Amount in ₹ lakhs
Equity shares				
At the commencement of the year	113,335,056	11,333.51	25,773,764	2,577.38
Shares issued on exercise of employee stock options (refer note 48)	837,608	83.76	-	-
Shares issued during the year (i)	12,618,297	1,261.83	-	-
Right issue (ii)	-	-	2,560,000	256.00
Bonus issue (iii)	-	-	85,001,292	8,500.13
At the end of the year	126,790,961	12,679.10	113,335,056	11,333.51

- (i) During the year ended 31 March 2017, the Company has completed the Initial Public Offering (IPO) and raised a total capital of ₹40,000 lakhs by issuing 12,618,297 equity shares of ₹ 10 each at a premium of ₹ 307 per equity share. The equity shares of the Company got listed on NSE and BSE effective from 12 July 2016. The proceeds from IPO is ₹ 37,038.47 lakhs (net of estimated issue expenses).

Details of utilisation of IPO proceeds are as follows:

Particulars	Objects of the issue as per the prospectus	(Amount in ₹ lakhs)	
		Utilised upto 31 March 2017	Unutilised amount as on 31 March 2017
Repayment of debt availed by the Company	5,000.00	5,000.00	-
Meeting capital expenditure requirement of the Company and Subsidiary MFX US	7,171.70	1,636.01	5,535.69
Funding incremental working capital requirements of the Company	15,790.10	9,500.00	6,290.10
Acquisitions and strategic initiatives	8,000.00	8,000.00	-
General corporate purpose	1,076.67	1,076.67	-
Total	37,038.47	25,212.68	11,825.79

Unutilised amounts of the issue as at 31 March 2017 have been temporarily deployed in fixed deposit with banks which is in accordance with objects of the issue. The same needs to be utilised by 2018.

Expenses incurred by the Company estimated at ₹ 2,961.53 lakhs, in connection with IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013. Till 31 March 2017, the Company has incurred ₹ 2,746.04 lakhs of IPO expenses and the remaining amount of ₹ 215.49 lakhs is accrued and expected to be utilized by June 2017.

(ii) Right Issue

During the previous year ended 31 March 2016, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 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 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

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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 Investment Private Limited	1,294,100	2,547,356	3,841,456
Ms. Amrita Nathani	38,525	3,827	42,352
Mr. Guruprasad 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. Pratibha J	13,400	1,331	14,731
Mr. Jaison Jose	6,700	665	7,365
Total	25,773,764	2,560,000	28,333,764

(iii) Bonus issue

During the year ended 31 March 2016, 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 Extraordinary General Meeting held on 23 December 2015 and vide its Board meeting held on 5 January 2016 had passed a resolution to issue 3 fully paid up equity shares of ₹ 10 each for every 1 fully paid up equity share of ₹ 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 had 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	59,117,622	78,823,496
Mr. Ajit Isaac	4,646,490	13,939,470	18,585,960
Net Resources Investments Private Limited	3,841,456	11,524,368	15,365,824
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. Pratibha J	14,731	44,193	58,924
Mr. Jaison Jose	7,365	22,095	29,460
Total	28,333,764	85,001,292	113,335,056

19.2 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.

19.3 Shares held by Holding Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount in ₹ lakhs	Number of shares	Amount in ₹ lakhs
Equity shares				
Equity shares of par value ₹ 10 each				
Thomas Cook (India) Limited	78,823,496	7,882.35	78,823,496	7,882.35
	78,823,496	7,882.35	78,823,496	7,882.35

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19.4 Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	% held	Number of shares	% held
Equity shares				
Equity shares of par value of ₹ 10 each				
Thomas Cook (India) Limited	78,823,496	62.17%	78,823,496	69.55%
Ajit Isaac	18,585,960	14.66%	18,585,960	16.40%
Net Resource Investments Private Limited	15,365,824	12.12%	15,365,824	13.56%
	112,775,280		112,775,280	

19.5 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 previous financial year and equity shares have been issued under Employee Stock Option Plan for which only exercise price has been received in cash (refer note 48).

(Values in numbers)

Particulars	31 March 2017	31 March 2016	31 March 2015	31 December 2013	31 March 2013
Bonus shares issued	-	85,001,292	-	-	-
Shares issued on exercise of employee stock options	837,608	-	-	429,000	-

20 Other equity*

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Securities premium account (refer note 20.1)	40,205.60	4,083.16	12,583.29
Stock options outstanding account (refer note 20.2)	89.02	434.81	561.37
Foreign currency translation reserve	(345.44)	(11.53)	13.87
Debenture redemption reserve (refer note 20.3)	187.50	-	-
General reserve	126.56	126.56	-
Remeasurement of defined benefit liability/asset	227.50	406.81	-
Retained earnings	30,447.55	19,288.95	11,170.94
	70,938.29	24,328.77	24,329.47

* For detailed movement of reserves refer Statement of changes in equity.

20.1 Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013. During the year, the Company has made an Initial Public Offer (IPO) and issued 12,618,297 equity shares at a premium of ₹ 307 per share. As per the requirement of Section 52 of the Companies Act 2013, the Company has utilized the securities premium for the expenses incurred in connection with the Initial Public Offer (IPO) amounting to ₹ 2,961.53 lakhs.

20.2 Stock options outstanding account

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

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20.3 Debenture redemption reserve

During the year, the Company has issued redeemable non-convertible debentures and has created a debenture redemption reserve as per the requirement of Companies Act, 2013.

21 Non-controlling interests

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non-controlling interests (refer note 21.1 and 21.2)	88.20	-	-
	88.20	-	-

21.1 The following table summarizes the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

(Amount in ₹ lakhs)

Particulars	Inticore VJP Advance Systems Private Limited	Intra-group eliminations	Total
Percentage of non-controlling interest	26.05%		
Non-current assets	218.83	-	218.83
Current assets	230.52	-	230.52
Non-current liabilities	(32.78)	-	(32.78)
Current liabilities	(71.74)	-	(71.74)
Net assets	344.83	-	344.83
Net assets attributable to non-controlling interest	89.83	-	89.83

21.2 The following table summarizes the information relating to Inticore VJP Advance Systems Private Limited, one of the Group's subsidiaries that has material NCI, before any intra-group eliminations

(i) Summarized information of net assets

(Amount in ₹ lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Percentage of non-controlling interest	26.05%	-	-
Non-current assets	346.32	-	-
Current assets	272.92	-	-
Non-current liabilities	(71.10)	-	-
Current liabilities	(209.57)	-	-
Net assets	338.57	-	-
Net assets attributable to non-controlling interest	88.20	-	-

(ii) Summarized information of total comprehensive income

(Amount in ₹ lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Revenue	233.78	-	-
Profit	(6.26)	-	-
Other comprehensive income	-	-	-
Total comprehensive income	(6.26)	-	-
Profit allocated to non-controlling interest	(1.63)	-	-
Other comprehensive income allocated to non-controlling interest	-	-	-
Total comprehensive income allocated to non-controlling interest	(1.63)	-	-

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22 Non-current borrowings*

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<i>Secured</i>			
Non-convertible debentures (refer note 22.2)	14,833.13	-	-
NSDC loan	-	-	300.00
Term loans from banks (refer note 22.1 and 22.3)	12,459.42	2,049.20	-
Finance lease obligations (refer note 46)	3,305.17	2,969.90	-
<i>Unsecured</i>			
Vehicle loans	73.19	24.88	15.94
Total borrowings	30,670.91	5,043.98	315.94
Less: Current maturities of long-term borrowings (refer note 27)	1,914.45	350.77	315.94
Less: Current maturities of finance lease obligations (refer note 27)	1,311.59	1,145.07	-
	27,444.87	3,548.14	-

*Information about the Company's exposure to interest rate and liquidity risk is included in note 38.

22.1 Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

(Amount in ₹ lakhs)

Particulars	Currency	Coupon/ Interest rate	Year of maturity	Carrying amount as at 31 March 2017	Carrying amount as at 31 March 2016	Carrying amount as at 1 April 2015
Secured non-convertible debentures	INR	8.25%	2022	14,833.13	-	-
Secured term loan (refer note 22.3)	USD	LIBOR + Margin	2021	10,724.94	-	-
Secured loan (i)	CAD	CDOR + 2.5%	2019	1,620.08	2,049.20	-
Secured loan (ii)	INR	MCLR + 0.6%	2019	114.40	-	-
Finance lease obligations (iii)	USD	5% to 6.30%	2021	3,305.17	2,969.90	-
Vehicle loan	INR	14.28%	2018	15.65	24.88	-
Vehicle loan	INR	11.98%	2019	57.54	-	-
Secured NSDC loan	INR	6.00%	2016	-	-	300.00
Vehicle loan	INR	9.03%	2016	-	-	15.94
Total borrowings				30,670.91	5,043.98	315.94

- (i) Secured by way of pledge of 7,300,000 shares of Brainhunter Systems Limited held by Quess Corp (USA) Inc. and corporate guarantee given by Quess Corp Limited and is repayable in 12 quarterly installments, first installment starting from 1 December 2016.
- (ii) Secured by way of pari passu first charge on the current assets and movable fixed assets of Inticore VJP Advance Solutions Private Limited and is repayable in 33 monthly installments, first installment starting from 23 February 2017.
- (iii) Secured by way of hypothecation of assets taken on lease and is repayable as per the repayment schedule over the period of lease.

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22.2 Non-convertible debentures

Quess Corp Limited in its Board of Director Meeting held on 28 November 2016 pass a resolution issue 1,500 redeemable non-convertible debentures at a face value of ₹ 10 lakh aggregating to ₹ 15,000 lakhs. The issue was effected on 23 January 2017. The proceeds from debentures shall be utilised for Group's long-term working capital, payment of transaction related expenses related to capital issue and general corporate purpose but shall not be used for any real estate business, equity trading/speculative business.

The debentures carry a coupon rate of 8.25% p.a. payable annually and is to be redeemed after 5 years from the date of allotment without any redemption premium. These debentures are secured by way of exclusive charge on all the movable and immovable assets of the Company.

(Amount in ₹ lakhs)

Particulars	Amount
Proceeds from issue of non-convertible debentures (1,500 debentures of ₹ 10 lakhs face value each)	15,000.00
Less: Transaction costs	172.28
Net proceeds	14,827.72
Add: Accrued transaction costs	5.41
Carrying amount of liability at 31 March 2017	14,833.13

22.3 Term loan

During the year ended 31 March 2017, the Group has taken term loan from Axis Bank Limited, Hong Kong amounting to USD 16,580,000. The loan carries interest rate of LIBOR + Margin payable half yearly. The repayment shall be half yearly starting after 12 months from the first utilisation date. The proceeds from the loan have been utilised for acquisition of Comtel Solutions Pte Ltd.

(Amount in ₹ lakhs)

Particulars	Amount
Proceeds from term loan	10,985.40
Less: Transaction costs	154.74
Net proceeds	10,830.66
Add: Accrued transaction costs	8.68
Carrying amount of liability as at 31 March 2017	10,839.34

23 Other non-current financial liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Contingent consideration (payable for acquisition of business) (refer note 45)	2,184.63	2,918.31	-
Non-controlling interests Put option [refer note 4(e)]	6,923.98	-	-
Financial liability [refer note 4(e)]	4,170.42	-	-
Payable to erstwhile minority shareholders*	-	-	66.67
	13,279.03	2,918.31	66.67

*The Company vide its agreement dated 14 May 2013 acquired 100% shareholding of Avon Facility Management Services Limited at a total consideration of ₹ 1,426.28 lakhs. Out of the total consideration, in accordance with Share Purchase Agreement, the Company has paid ₹ 1,200.94 lakhs in May 2013 and has agreed to pay ₹ 292.00 lakhs to certain shareholders over a period of 3 years.

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24 Non-current provisions

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity (refer note 47)	1,482.52	625.39	613.95
Other provisions			
Provision for disputed claims (refer note 24.1)	711.81	758.41	226.27
Provision for rent escalation	60.29	34.03	10.92
	2,254.62	1,417.83	851.14

24.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

Provision for disputed claims

(Amount in ₹ lakhs)

Particulars	Amount
Balance as at 1 April 2015	226.27
Additions through business combination	532.14
Provision recognised/(reversed)	-
Provision utilized	-
Balance at the end of 31 March 2016	758.41
Provision recognised/(reversed)	(46.60)
Provision utilized	-
Balance at the end of 31 March 2017	711.81

Disputed claims

The Company has received a demand notice dated 12 June 2012 from Employee's Provident Fund ("EPF") Organization raising a demand of ₹ 428.9 lakhs for the period from April 2008 to February 2012 for not contributing Provident Fund, Pension Fund, Deposit Linked Insurance Fund and administration charges in accordance with the definition of basic wages as contained in section 2(b) of Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Group, based on an expert's opinion, is of the view that a part of the claim of the department is without foundation, while some part is still under debate and accordingly, provision is created based on the management estimate. The Group has appealed against the ruling which is pending in Employees' Provident Fund Appellate Tribunal, New Delhi.

Service tax demands (including penalty and interest) pending with the Commissioner of Service Tax amounts to ₹ 1,504.49 lakhs for the period October 2007 to March 2014. Against these disputed cases Aravon Services Private Limited had created provision of ₹ 532.14 lakhs. While doing the purchase price allocation of Aravon Services Private Limited, the Group has fair valued the remaining liability of ₹ 972.35 lakhs at ₹ 425.25 lakhs and included as provision for expenses. The balance ₹ 547.10 lakhs has been recognised as contingent liability.

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25 Current borrowings

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loans from banks repayable on demand			
<i>Secured</i>			
Working capital loan (refer note 25.1)	24,500.00	8,400.00	5,300.00
Cash credit and overdraft facilities (refer note 25.2)	15,434.47	18,645.23	14,107.27
Bill discounting facility from bank (refer note 25.3)	2,540.15	3,692.38	2,288.76
<i>Loan from related parties, unsecured</i>			
From Fairfax (US), Inc. (refer note 25.4 and 45)	2,594.00	2,650.20	-
From Fairfax Financial Holdings Limited (refer note 25.5 and 45)	496.90	512.30	346.64
	45,565.52	33,900.11	22,042.67

- 25.1 The Group has taken working capital loan from banks having interest rate ranging from 6% to 9.95%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the current assets of the Group with a carrying amount of ₹ 106,433.09 lakhs (31 March 2016: ₹ 73,006.81 lakhs) and additionally by way of pari passu first charge on the movable assets of the Group with a carrying amount of ₹ 61,650.18 lakhs (31 March 2016: ₹ 23,113.52 lakhs).
- 25.2 Cash credit from banks are secured primarily by way of exclusive charge on the current assets of the Group with a carrying amount of ₹ 111,390.32 lakhs (31 March 2016: ₹ 79,630.43 lakhs) and on the movable assets of the Group with a carrying amount of ₹ 61,514.28 lakhs (31 March 2016: ₹ 28,013.50 lakhs).
- 25.3 Credit availed on bills discounted from banks are secured primarily by way of pari passu first charge on the current assets of the Group with a carrying amount of ₹ 105,482.42 lakhs (31 March 2016: ₹ 71,730.86 lakhs) and additionally by way of pari passu first charge on the movable assets of the Group with a carrying amount of ₹ 58,153.65 lakhs (31 March 2016: ₹ 24,472.10 lakhs).
- 25.4 MFXchange US, Inc. had entered into an arrangement with Fairfax (US) Inc. to obtain a revolving credit facility upto ₹ 3,312.75 lakhs (USD 5,000,000) which carries an interest rate of 3% - 5% per annum on incremental basis each year upto 3 November 2018.
- 25.5 This represents interest free unsecured loan taken by Brainhunter Systems Limited from Fairfax Financial Holdings Limited {₹ 496.90 lakhs (CAD 1,022,590) [31 March 2016: ₹ 512.30 lakhs (CAD 1,000,000)]}. The loan is repayable on demand.

26 Trade payables

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Dues to micro, small and medium enterprises (refer note 51)	-	-	-
Trade payables to related parties (refer note 45)	1.30	15.24	21.94
Other trade payables	6,313.15	6,722.21	4,150.81
	6,314.45	6,737.45	4,172.75

All trade payables are current.

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 38.

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27 Other current financial liabilities

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long-term borrowings (refer note 22)	1,914.45	350.77	315.94
Current maturities of finance lease obligations (refer note 22)	1,311.59	1,145.07	-
Payable for acquisition of business			
Consideration payable (refer note 45)	1,507.92	-	-
Contingent consideration payable (refer note 45)	431.29	-	-
Interest accrued and not due	405.08	52.00	15.79
Financial guarantee liability	8.25	-	-
Capital creditors	50.60	17.73	-
Other payables			
Payable to erstwhile minority shareholders	-	66.67	66.67
Accrued salaries and benefits	21,703.51	18,547.12	8,772.30
Provision for bonus and incentive*	1,285.06	6,088.63	784.31
Uniform deposits	20.86	27.06	18.38
	28,638.61	26,295.05	9,973.39

*Balance as at 31 March 2016 includes provision for bonus for the financial year 2015-16 aggregating to ₹ 4,536.37 lakhs 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. The same has been paid during the year (refer note 41).

The Company's exposure to currency and liquidity risk related to other current financial liabilities is disclosed in note 38.

28 Current provisions

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity (refer note 47)	1,860.51	1,521.83	8.79
Provision for compensated absences	411.72	447.26	480.93
Other provisions			
Provision for warranty (refer note 28.1)	-	-	120.00
Provision for onerous contracts (refer note 28.1)	-	-	10.78
	2,272.23	1,969.09	620.50

28.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

(Amount in ₹ lakhs)

Particulars	Warranty	Onerous contracts
Balance as at 1 April 2015	120.00	10.78
Provisions recognised /(reversed)	(120.00)	(10.78)
Provisions utilized	-	-
Balance as at 31 March 2016	-	-

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Warranty

Warranty provision of ₹ 120 lakhs was created for the projects to make good for any defects identified. During the previous year, the project on which warranty was provided was completed, hence reversed.

Onerous contract

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. During the previous year, provision was reversed on completion of project.

29 Other current liabilities

(Amount in ₹ lakhs)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Balances payable to government authorities	9,439.31	7,396.04	3,365.52
Advance received from customers	3,128.23	1,458.90	1,179.81
Provision for expenses	4,049.39	2,243.23	775.14
Income received in advance	1,027.00	1,056.93	3,051.38
Book overdraft	-	-	608.50
Provision for rent escalation	57.26	15.64	8.92
	17,701.19	12,170.74	8,989.27

The Group's exposure to currency and liquidity risk related to other current liabilities is disclosed in note 38.

30 Revenue from operations

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Staffing and recruitment services	326,343.01	280,224.54
Facility management and food services	41,881.68	37,187.13
Training services	9,101.76	7,009.68
Operation and maintenance	13,182.64	11,378.30
Software sales and maintenance	25,226.86	7,701.77
	415,735.95	343,501.42

31 Other income

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Interest income under the effective interest method on:		
Deposits with banks	1,128.36	70.46
Interest income on present valuation of financial instruments	77.73	62.55
Interest on tax refunds	26.50	567.04
Profit on sale of property, plant and equipment and intangible assets, net	-	0.95
Dividend income on mutual fund units	166.26	-
Interest on loans given to related parties (refer note 45)	11.80	-
Liabilities no longer required written back	32.40	161.31
Bad debts recovered	0.57	14.18
Change in fair value of contingent consideration	44.69	-
Miscellaneous income	36.89	28.67
	1,525.20	905.16

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32 Cost of material and stores and spare parts consumed

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Inventory at the beginning of the year	182.77	52.82
Add: Purchases during the year	5,077.74	4,943.99
Less: Inventory at the end of the year	572.74	182.77
Cost of materials and stores and spare parts consumed	4,687.77	4,814.04

33 Employee benefit expenses

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Salaries and wages	327,939.93	279,253.21
Contribution to provident and other funds	23,454.24	17,766.78
Expenses related to defined benefit plans	1,028.05	2,386.47
Expenses related to compensated absences	138.81	143.33
Staff welfare expenses	1,789.82	1,142.27
	354,350.85	300,692.06

34 Finance costs

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Interest expense	4,349.49	2,834.65
Other borrowing costs	303.79	269.62
	4,653.28	3,104.27

35 Depreciation and amortisation expenses

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (refer note 3)	2,163.91	1,227.72
Amortisation of intangible assets (refer note 5)	480.29	211.29
	2,644.20	1,439.01

36 Other expenses

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Sub-contractor charges	7,149.44	3,237.68
Recruitment and training expenses	3,408.86	2,716.51
Rent (refer note 46)	3,689.59	2,858.22
Power and fuel	772.93	483.16
Repairs & maintenance		

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(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
- buildings	453.73	351.78
- plant and machinery	152.55	78.91
- others	5,076.85	1,577.86
Legal and professional fees (refer note 36.1)	1,723.51	1,393.40
Rates and taxes	230.77	250.52
Printing and stationery	543.67	559.16
Consumables	1,352.74	1,745.51
Travelling and conveyance	4,631.22	3,885.00
Communication expenses	1,774.64	1,023.23
Impairment loss allowance on financial assets, net [refer note 38(i)]	(85.25)	788.85
Deposits/advances written-off	-	136.98
Equipment hire charges	1,018.22	793.99
Insurance	291.01	194.02
Database access charges	318.61	183.54
Bank charges	88.49	39.46
Bad debts written-off	710.59	-
Business promotion and advertisement expenses	596.81	226.48
Loss on sale of property, plant and equipment and intangible assets, net	15.16	-
Foreign exchange loss, net	143.13	8.64
Expenditure on corporate social responsibility (refer note 36.2)	152.42	75.65
Miscellaneous expenses	207.53	278.52
	34,417.22	22,887.07

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

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Statutory audit fees	83.50	71.00
Tax audit fees	6.50	7.00
Others	58.00	16.50
Reimbursement of expenses	5.69	5.75
	153.69	100.25

36.2 Details of CSR expenditure

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility ("CSR") activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been

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formed by the company as per the Act. The funds required to be spent and funds spent during the year with respect to the Group are explained below:

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
a) Gross amount required to be spent by the Company during the year	152.31	74.60
b) Amount spent during the year		
i) Construction or acquisition of any asset	10.30	-
ii) On purpose other than i) above	142.12	75.65

37 Financial instruments-fair value and risk management

Accounting classification and fair values

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Fair value hierarchy

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

(Amount in ₹ lakhs)

Particulars	Carrying amount 31 March 2017	Fair value		
		Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	3,735.73	-	-	-
Trade receivables	44,684.60	-	-	-
Cash and cash equivalents including other bank balances	45,960.65	-	-	-
Other financial assets	390.99	-	-	-
Unbilled revenue	38,682.58	-	-	-
Financial assets measured at fair value				
Investment in preference shares	22,000.00	-	-	22,000.00
Other non-current investments	365.50	-	-	365.50
Total financial assets	155,820.05	-	-	22,365.50
Financial liabilities measured at amortised cost				
Non-convertible debentures	14,833.13	-	-	14,833.13
Finance lease obligations	3,305.17	-	3,179.90	-
Borrowings other than above	58,132.34	-	-	-
Trade payables	6,314.45	-	-	-
Other financial liabilities	24,981.27	-	-	-
Financial liabilities measured at fair value				
Contingent consideration	2,615.92	-	-	2,615.92
Financial liability towards put option	6,923.98	-	-	6,923.98
Financial liability	4,170.42	-	-	4,170.42
Total financial liabilities	121,276.68	-	3,179.90	28,543.45

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(Amount in ₹ lakhs)

Particulars	Carrying amount	Fair value		
	31 March 2016	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	2,147.77	-	-	-
Trade receivables	40,527.69	-	-	-
Cash and cash equivalents including other bank balances	10,935.30	-	-	-
Other financial assets	241.17	-	-	-
Unbilled revenue	28,732.80	-	-	-
Financial assets measured at fair value				
Other non-current investments	365.50	-	-	365.50
Total financial assets	82,950.23	-	-	365.50
Financial liabilities measured at amortised cost				
Finance lease obligations	2,969.90	-	2,825.27	-
Borrowings other than above	34,864.00	-	-	-
Trade payables	6,737.45	-	-	-
Other financial liabilities	26,295.05	-	-	-
Financial liabilities measured at fair value				
Contingent consideration	2,918.31	-	-	2,918.31
Total financial liabilities	73,784.71	-	2,825.27	2,918.31

(Amount in ₹ lakhs)

Particulars	Carrying amount	Fair value		
	1 April 2015	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	1,400.46	-	-	-
Trade receivables	23,801.61	-	-	-
Cash and cash equivalents including other bank balances	8,182.49	-	-	-
Other financial assets	60.03	-	-	-
Unbilled revenue	15,019.97	-	-	-
Total financial assets	48,464.56	-	-	-
Financial liabilities measured at amortised cost				
NSDC Loan	300.00	-	-	300.00
Borrowings	21,742.67	-	-	-
Trade payables	4,172.75	-	-	-
Other financial liabilities	10,040.06	-	-	-
Total financial liabilities	36,255.48	-	-	300.00

Equity accounted investments are not appearing as financial assets in the table above being investment in associates and joint venture accounted under Ind AS 28, Investments in Associates and Joint Ventures under the equity method.

Fair value hierarchy

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference shares, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in unquoted preference shares included in level 3.

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Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values

A Financial Assets:

- 1) Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.
- 2) **Investment in preference shares and other non-current investments (unquoted):** The fair values of the unquoted investment have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions with respect to inputs used, including revenue, EBITDA and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these investments.

B Financial Liabilities:

- 1) **Non-convertible debentures (quoted):** The fair values of the Company's interest-bearing debentures are determined by using DCF method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The debentures are issued during the year, therefore fair value of the debentures is almost equal to balance sheet date value.
- 2) **Borrowings:** It also includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.
- 3) **National Skill Development Centre Loan:** This includes term loan from National Skill Development Centre of ₹ 300 lakhs taken by the Company which is secured against hypothecation of project assets. The loan is taken at 6% p.a. simple interest. As the specific project for which the loan was sanctioned could not be implemented and the entire loan became due for repayment in 2015 and this has been classified under other current financial liabilities. Therefore, the fair value of the loan is equal to the balance sheet date value.
- 4) **Finance lease obligations:** The fair value of obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- 5) **Trade payables and other liabilities:** Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.
- 6) **Contingent consideration:** The fair value of contingent consideration is determined by using a discount rate that reflects the likely amount to be paid out over the years as earn out which has been calculated using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.
- 7) **Financial liability towards put option:** The fair value of financial liability towards put option has been determined by discounting estimated consideration payable on put option being exercised by the non-controlling interest shareholder. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimates of fair value of this put option.
- 8) **Financial liability:** The fair value of financial liability has been determined by discounting consideration payable on commitment to sell. The probability of the estimate within the range can be reasonably assessed and are used in the management's estimates of fair value of this put option.

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Valuation inputs and relationships to fair value

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used (refer above notes for valuation technique adopted):

Financial instruments measured at fair value

(Amount in ₹ lakhs)

Particulars	Fair Value as at 31 March 2017	Significant unobservable inputs	Fair value as at 31 March 2017		Sensitivity
			Increase by 1%	Decrease by 1%	
Investment in preference shares (unquoted)	22,000.00	Risk adjusted discount rate	21,772.80	22,213.16	Increase in discount rate by 1% would decrease the fair value by ₹ 227.20 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 213.16 lakhs.
		EBITDA projection	22,244.25	21,737.88	Increase in EBITDA projection by 1% would increase the fair value by ₹ 244.25 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 262.12 lakhs.
		Revenue projection	22,116.39	21,863.21	Increase in revenue projection by 1% would increase the fair value by ₹ 116.39 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 136.79 lakhs.
Other non-current investments (unquoted)	365.50	Risk adjusted discount rate	317.36	424.52	Increase in discount rate by 1% would decrease the fair value by ₹ 48.14 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 59.02 lakhs.
		EBITDA projection	371.13	359.87	Increase in EBITDA projection by 1% would increase the fair value by ₹ 5.63 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 5.63 lakhs.
		Revenue projection	371.78	358.55	Increase in revenue projection by 1% would increase the fair value by ₹ 6.28 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 6.94 lakhs.
Contingent consideration	2,615.92	Risk adjusted discount rate	2,557.07	2,676.86	Increase in discount rate by 1% would decrease the fair value by ₹ 58.50 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 60.94 lakhs.
		EBITDA projection	2,653.85	2,577.99	Increase in EBITDA projection by 1% would increase the fair value by ₹ 37.93 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 37.93 lakhs.
		Revenue projection	2,653.85	2,577.99	Increase in revenue projection by 1% would increase the fair value by ₹ 37.93 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 37.93 lakhs.

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Particulars	Fair Value as at 31 March 2017	Significant unobservable inputs	Fair value as at 31 March 2017		Sensitivity
			Increase by 1%	Decrease by 1%	
Financial liability towards put option	6,923.98	Risk adjusted discount rate	6,791.76	7,060.50	Increase in discount rate by 1% would decrease the fair value by ₹ 132.22 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 136.52 lakhs.
		Probability of payment of maximum consideration	6,971.57	6,876.39	Increase in probability of payment of maximum consideration by 1% would increase the fair value by ₹ 47.59 lakhs and decrease in probability of payment of maximum consideration by 1% would decrease the fair value by ₹ 47.59 lakhs.
Financial liability	4,170.42	Risk adjusted discount rate	4,110.16	4,232.25	Increase in discount rate by 1% would decrease the fair value by ₹ 60.26 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 61.83 lakhs.

Financial instruments measured at fair value

(Amount in ₹ lakhs)

Particulars	Fair Value as at 31 March 2016	Significant unobservable inputs	Fair value as at 31 March 2016		Sensitivity
			Increase by 1%	Decrease by 1%	
Other non- current investments (unquoted)	365.50	Risk adjusted discount rate	316.30	425.82	Increase in discount rate by 1% would decrease the fair value by ₹ 49.20 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 60.32 lakhs.
		EBITDA projection	371.25	359.75	Increase in EBITDA projection by 1% would increase the fair value by ₹ 5.75 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 5.75 lakhs.
		Revenue projection	371.75	359.25	Increase in revenue projection by 1% would increase the fair value by ₹ 6.25 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 6.25 lakhs.
Contingent consideration	2,918.31	Risk adjusted discount rate	2,832.70	3,007.91	Increase in discount rate by 1% would decrease the fair value by ₹ 85.61 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 89.60 lakhs.
		EBITDA projection	2,963.04	2,873.58	Increase in EBITDA projection by 1% would increase the fair value by ₹ 44.73 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 44.73 lakhs.
		Revenue projection	2,963.04	2,873.58	Increase in revenue projection by 1% would increase the fair value by ₹ 44.73 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 44.73 lakhs.

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Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

(Amount in ₹ lakhs)

Particulars	Fair value through other comprehensive income		Fair value through profit and loss		
	Preference shares	Other non-current investments (unquoted)	Contingent consideration	Financial liability towards put option	Financial liability
Balance as at 1 April 2015	-	-	-	-	-
Assumed in a business combination	-	165.50	(2,918.31)	-	-
Purchases	-	200.00	-	-	-
Net change in fair value (unrealised)	-	-	-	-	-
Balance as at 31 March 2016	-	365.50	(2,918.31)	-	-
Assumed in a business combination	-	-	-	(6,923.98)	(4,170.42)
Purchases	22,000.00	-	-	-	-
Net change in fair value (unrealised)	-	-	302.39	-	-
Balance as at 31 March 2017	22,000.00	365.50	(2,615.92)	(6,923.98)	(4,170.42)

38 Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Board of Directors of Qness Corp Limited has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and current asset. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade receivables

The Group's exposure to credit risk is influenced mainly by its customer. However, the management also considers the factors that may influence the credit risk of its customer base.

The Group has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

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The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for corporate customers as at 1 April 2015, 31 March 2016 and 31 March 2017 are as follows:

The Group uses an allowance matrix to measure the expected credit loss of trade receivable from customers. Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default (credit impaired) if the payments are more than 360 days past due. Loss rates are based on actual credit loss experience over the last six quarters.

These rates have been adjusted to reflect the management's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from customers:

As at 31 March 2017

(Amount in ₹ lakhs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	19,454.18	0.00% - 16.01%	78.54	No	19,375.64
Past due 1-90 days	21,605.51	0.00% - 46.54%	189.36	No	21,416.15
Past due 91-180 days	3,080.07	0.00% - 73.53%	188.00	No	2,892.07
Past due 181-270 days	1,057.65	0.00% - 88.61%	169.90	No	887.75
Past due 271-360 days	734.36	0.00% - 100%	621.37	No	112.99
Above 360 days	2,438.98	100.00%	2,438.98	Yes	-
	48,370.75		3,686.15		44,684.60

As at 31 March 2016

(Amount in ₹ lakhs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	20,093.37	0.00% - 16.01%	58.38	No	20,034.99
Past due 1-90 days	16,626.39	0.00% - 46.54%	209.59	No	16,416.80
Past due 91-180 days	2,919.62	0.00% - 73.53%	166.33	No	2,753.29
Past due 181-270 days	1,577.56	0.00% - 88.61%	271.17	No	1,306.39
Past due 271-360 days	470.43	0.00% - 100%	454.21	No	16.22
Above 360 days	2,480.13	100.00%	2,480.13	Yes	-
	44,167.50		3,639.81		40,527.69

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As at 1 April 2015

(Amount in ₹ lakhs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	12,168.09	0.00% - 16.01%	28.54	No	12,139.55
Past due 1-90 days	9,751.25	0.00% - 46.54%	132.76	No	9,618.49
Past due 91-180 days	1,710.89	0.00% - 73.53%	97.71	No	1,613.18
Past due 181-270 days	505.93	0.00% - 88.61%	76.53	No	429.40
Past due 271-360 days	781.85	0.00% - 100%	780.86	No	0.99
Above 360 days	1,384.60	100.00%	1,384.60	Yes	-
	26,302.61		2,501.00		23,801.61

Movement in allowance for impairment in respect of trade receivables:

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(Amount in ₹ lakhs)

Particulars	As at	
	31 March 2017	31 March 2016
Balance as at the beginning of the year	3,639.81	2,501.00
Additions through business combination	131.59	349.96
Impairment loss allowances recognised/ (reversed)	(85.25)	788.85
Balance as at the end of the year	3,686.15	3,639.81

There is no significant movement in the impairment loss allowance during the year 2016-17.

ii) Liquidity risk

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

Management monitors rolling forecast of the Group's liquidity position and cash and cash equivalent on the basis of expected cash flows. The Group's objective is to maintain a balance between cash outflow and inflow. Usually the excess of funds is invested in fixed deposit. This is generally carried out in accordance with practice and limits set by the Group. The limits vary to take into account the liquidity of the market in which the Group operates.

i) Financing arrangement

The Group maintains the following line of credit:

- (i) The Group has taken working capital loan from banks having interest rate ranging from 6% to 9.95%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Group on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Group (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Group.
- (ii) The Group has taken cash credit and overdraft facilities having interest rate ranging from MCLR+0.35% to MCLR+2.10%, CDOR+2.25%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the current assets of the Group on both present and future and collateral by way of pari passu first charge on the movable assets of the Group (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Group.

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- (iii) The Group has taken bills discounting facilities from banks having interest rate of MCLR+1.30%, Base rate+1.75%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current and movable assets of the Group on both past and future excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreement and assets created out of NSDC facility.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015. The amounts are gross undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2017

(Amount in ₹ lakhs)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	76,270.65	50,679.38	6,071.82	27,002.88	-
Trade payables	6,314.45	6,314.45	-	-	-
Other financial liabilities	38,691.59	25,412.57	4,936.37	8,342.65	-

As at 31 March 2016

(Amount in ₹ lakhs)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	39,329.75	35,944.29	1,918.41	2,020.30	-
Trade payables	6,737.45	6,737.45	-	-	-
Other financial liabilities	27,717.52	24,799.21	733.69	2,184.63	-

As at 1 April 2015

(Amount in ₹ lakhs)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	22,358.60	22,358.60	-	-	-
Trade payables	4,172.75	4,172.75	-	-	-
Other financial liabilities	9,724.12	9,657.46	66.67	-	-

As disclosed in note 22 and note 25, the Group has a secured bank loan that contains a loan covenant. A future breach of covenant may require Group to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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i) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

(Amount in ₹ lakhs)

Particulars	Currency	As at					
		31 March 2017		31 March 2017		1 April 2015	
		Foreign currency*	Amount	Foreign currency*	Amount	Foreign currency*	Amount
Trade receivables	USD	4,018,722	2,606.14	3,542,645	2,347.18	553,201	336.51
	EURO	16,798	11.64	22,819	17.20	-	-
	CAD	6,248	3.04	2,284	1.17	-	-
	SAR	96,695	16.72	-	-	-	-
Other liabilities	CAD	99,866	48.53	77,736	39.82	-	-
	USD	403,361	261.58	144,227	95.56	-	-

*Foreign currency values are in actuals and not recorded in lakhs.

The following significant exchange rates have been applied:

Currency	Year end spot rate		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
USD / INR	64.85	66.26	60.83
EUR / INR	69.29	75.40	67.51
CAD / INR	48.59	51.23	49.31
SAR / INR	17.29	17.63	16.67

Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the USD, EURO, SAR and CAD against INR at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in ₹ lakhs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2017				
USD (2% movement)	46.89	(46.89)	32.20	(32.20)
EURO (8% movement)	0.93	(0.93)	0.64	(0.64)
CAD (5% movement)	(2.27)	2.27	(1.56)	1.56
SAR (2% movement)	0.33	(0.33)	0.23	(0.23)
31 March 2016				
USD (9% movement)	202.65	(202.65)	139.16	(139.16)
EURO (12% movement)	2.06	(2.06)	1.42	(1.42)
CAD (4% movement)	(1.55)	1.55	(1.06)	1.06
SAR (6% movement)	-	-	-	-

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ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowing comprises of vehicle loans, working capital loans, finance lease obligations, loan from related parties and debentures which carries fixed rate of interest, which do not expose it to interest rate risk. However, non-convertible debenture has a fixed coupon rate but there is a condition of call/put option associated with change in interest rate exposing it to interest rate risk. The borrowings also includes cash credit, bills discounting and term loan facilities and loans from related parties which carries variable rate of interest.

(a) Interest rate risk exposure

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

(Amount in ₹ lakhs)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Variable rate borrowings	57,562.26	35,822.67	21,696.02
Fixed rate borrowings	18,708.39	3,507.08	662.58
Total borrowings	76,270.65	39,329.75	22,358.60

(b) Sensitivity

(Amount in ₹ lakhs)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2017				
Variable rate borrowings	(37.71)	37.71	(25.90)	25.90
31 March 2016				
Variable rate borrowings	(13.47)	13.47	(9.25)	9.25
1 April 2015				
Variable rate borrowings	(14.87)	14.87	(10.21)	10.21

39 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as aggregate of Non-current borrowing and current borrowing, less cash and cash equivalents.

The Group's policy is to keep the ratio below 2.50. The Group's adjusted net debt to equity ratio are as follows:

(Amount in ₹ lakhs)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Gross Debt	73,010.39	37,448.25	22,042.67
Less: Cash and cash equivalents	30,127.19	10,664.22	7,602.77
Adjusted net debt	42,883.20	26,784.03	14,439.90
Total equity	83,705.59	35,662.28	26,906.87
Net debt to equity ratio	0.51	0.75	0.54

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40 Capital commitments

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	590.67	32.59
	590.67	32.59

41 Contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
Corporate guarantee given as security for loan availed by related party [refer note (i)]	2,200.00	-
Bonus [refer note (ii)]	3,258.77	3,258.77
Provident fund [see note (iii) and (iv) below]	257.33	257.33
Direct and Indirect tax matters [see note (iii) and (iv) below]	1,230.86	733.37
	6,946.96	4,249.47

- (i) The Group has given guarantee to banks for the loans given to related party to make good any default made by the related party in payment to banks.

Movement of Corporate Guarantee given to related party during the year is as follows:

(Amount in ₹ lakhs)

Related party	As at 1 April 2016	Provided during the financial year	Settled /expired during the financial year	As at 31 March 2017
Terrier Security Services (India) Private Ltd	-	2,200.00	-	2,200.00
Total	-	2,200.00	-	2,200.00

- (ii) The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015 according to which the eligibility criteria of salary or wages has been increased from ₹ 10,000 per month to ₹ 21,000 per month [Section 2(13)] and the ceiling for computation of such salary or wages has been increased from ₹ 3,500 per month to ₹ 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 2016 and 31 March 2017 aggregating to ₹ 4,536.37 lakhs and ₹ Nil respectively.

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.

- (iii) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

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- (iv) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect outcome of these proceedings to have a material adverse effect on its financial position.

42 Earnings per share

(Amount in ₹ lakhs except number of shares and per share data)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Nominal value of equity shares (₹ per share)	10	10
Net profit after tax for the purpose of earnings per share (₹)	11,346.07	8,118.00
Weighted average number of shares used in computing basic earnings per share	122,829,474	113,215,610
Basic earnings per share (₹)	9.24	7.17
Weighted average number of shares used in computing diluted earnings per share	124,693,775	115,421,839
Diluted earnings per share (₹)	9.10	7.03

Computation of weighted average number of shares

(Amount in numbers)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Number of equity shares outstanding at beginning of the year	113,335,056	25,773,764
Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue:		
- 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		
- 12,618,297 number of equity shares issued on Initial Public Offer on 12 July 2016 for 263 days	9,092,088	-
- 795,398 number of equity shares issued under ESOP scheme on 4 October 2016 for 179 days	390,072	-
- 42,210 number of equity shares issued under ESOP scheme on 16 December 2016 for 106 days	12,258	-
- 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
Weighted average number of shares outstanding at the end of year for computing basic earnings per share	122,829,474	113,215,610
Add: Impact of potentially dilutive equity shares		
- 1,891,920 number of ESOP at fair value	1,864,301	-
- 2,729,428 number of ESOP including bonus at fair value	-	2,206,229
Weighted average number of shares outstanding at the end of year for computing diluted earnings per share	124,693,775	115,421,839

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43 Earnings in foreign currency

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Staffing and recruitment services	3,694.55	1,518.43
Operation and maintenance	557.78	1,270.75
Software and solution business	3,871.38	1,500.88
	8,123.71	4,290.06

44 Segment reporting

The Chief Executive Officer and Managing Director of the company has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by service offerings. Accordingly, segment information has been presented for service offerings.

Operating 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:

Reportable segment

People and services	It provides comprehensive staffing services and solutions including general staffing, recruitment and executive search, recruitment process outsourcing, as well as payroll, compliance and background verification services.
Global technology solutions	It provides IT staffing and technology solutions and products.
Integrated facility management	It provides services including janitorial services, electro-mechanical services, pest control as well as food and hospitality services.
Industrials	It provides industrial operations and maintenance services and related asset record maintenance services.

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 functions. 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 expenses, 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'.

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A Operating segment information for the period from 1 April 2016 to 31 March 2017 is as follows:

(Amount in ₹ lakhs)

Particulars	People and services	Global technology solutions	Integrated facility management	Industrials	Unallocated	Total
Segment revenue	234,541.08	118,296.65	40,461.18	22,437.04	-	415,735.95
Segment cost	(223,650.70)	(109,959.87)	(38,430.55)	(20,727.63)	-	(392,768.75)
Segment result	10,890.38	8,336.78	2,030.63	1,709.41	-	22,967.20
Other income	-	-	-	-	1,525.20	1,525.20
Finance charges	-	-	-	-	(4,653.28)	(4,653.28)
Unallocated corporate expenses	-	-	-	-	(3,331.29)	(3,331.29)
Share of profit/(loss) of equity accounted investees (net of income tax)	-	-	-	-	12.46	12.46
Profit before taxations	10,890.38	8,336.78	2,030.63	1,709.41	(6,446.91)	16,520.29
Taxation	-	-	-	-	(5,175.85)	(5,175.85)
Profit after taxation	10,890.38	8,336.78	2,030.63	1,709.41	(11,622.76)	11,344.44
Segment assets	35,202.16	71,687.50	13,866.23	10,570.10	96,708.06	228,034.05
Segment liabilities	23,241.85	16,252.91	7,085.10	3,792.01	93,956.59	144,328.46
Capital expenditure	801.55	1,921.05	235.20	386.98	577.83	3,922.61

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

(Amount in ₹ lakhs)

Particulars	People and services	Global technology solutions	Integrated facility management	Industrials	Unallocated	Total
Segment revenue	194,984.66	92,112.45	37,187.13	19,217.18	-	343,501.42
Segment cost	(187,741.54)	(86,066.31)	(35,469.17)	(17,511.78)	-	(326,788.80)
Segment result	7,243.12	6,046.14	1,717.96	1,705.40	-	16,712.62
Other income	-	-	-	-	905.16	905.16
Finance charges	-	-	-	-	(3,104.27)	(3,104.27)
Unallocated corporate expenses	-	-	-	-	(3,043.38)	(3,043.38)
Profit before taxation	7,243.12	6,046.14	1,717.96	1,705.40	(5,242.49)	11,470.13
Taxation	-	-	-	-	(3,352.13)	(3,352.13)
Profit after taxation	7,243.12	6,046.14	1,717.96	1,705.40	(8,594.62)	8,118.00
Segment assets	32,439.69	46,648.10	13,641.78	6,649.15	25,625.94	125,004.66
Segment liabilities	21,767.96	12,446.53	4,231.16	1,443.46	49,453.27	89,342.38
Capital expenditure	986.09	868.26	244.45	90.40	85.55	2,274.75

B Geographic information

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets which have been based on the geographical location of the assets.

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(Amount in ₹ lakhs)

Geographic information	Revenue		Non-current assets	
	For the year ended		As at	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
India	341,514.65	295,910.94	31,755.98	18,470.74
Other countries				
- Singapore	5,792.69	-	17,826.56	-
- Canada	35,053.30	37,269.18	3,031.23	2,985.22
- Phillipines	1,203.90	1,054.19	6.54	8.40
- United States of America	26,193.43	7,673.64	11,487.82	11,912.98
- Germany	60.15	39.01	-	-
- Qatar	557.78	1,270.75	-	-
- Malaysia	1,953.61	283.71	18.52	2.17
- Ireland	-	-	-	-
- Srilanka	3,406.44	-	95.95	-
Total	415,735.95	343,501.42	64,222.60	33,379.51

*Non-current assets exclude financial instruments and deferred tax assets.

The Group has disclosed the equity accounted investees as the geographic information of non-current assets because they are regularly provided to the CODM.

C Major customer

None of the customers of the Company has revenue which is more than 10 % of the Company's total revenue.

45 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, associates and joint venture	Refer note (ii) below
- Fellow subsidiaries	National Collateral Management Services Limited Fairfax (US) Inc.
- Entity having common directors	Net Resources Investments Private Limited
- Entities in which key managerial personnel have significant influence	Styracorp Management Services IME Consultancy
Key executive management personnel	
Ajit Isaac	Chairman & Managing Director & CEO
Subrata Kumar Nag	Whole time Director & Chief Financial Officer (till 23 January 2017 and from 4 April 2017) Whole time Director (24 January 2017 to 4 April 2017)
Balasubramanian S	Chief Financial Officer (from 24 January 2017 to 4 April 2017)
N.V.S.Pavan Kumar	Company Secretary (till 28 November 2016)
Sudershan Pallap	Company Secretary (from 28 November 2016)

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(ii) List of subsidiaries (including step subsidiaries), associates and joint venture

Name of the entity	Note	Nature of relation	Country of domicile	Holdings as at	
				31 March 2017	31 March 2016
Coachieve Solutions Private Limited		Subsidiary	India	100.00%	100.00%
MFx Infotech Private Limited		Subsidiary	India	100.00%	100.00%
Aravon Services Private Limited		Subsidiary	India	100.00%	100.00%
Brainhunter Systems Ltd.		Subsidiary	Canada	100.00%	100.00%
Mindwire Systems Ltd.	1	Subsidiary	Canada	100.00%	100.00%
Brainhunter Companies Canada Inc.	1	Subsidiary	Canada	100.00%	100.00%
Brainhunter Companies LLC	1	Subsidiary	USA	100.00%	100.00%
Quess (Philippines) Corp.		Subsidiary	Philippines	100.00%	100.00%
Quess Corp (USA) Inc.		Subsidiary	USA	100.00%	100.00%
Quesscorp Holdings Pte Ltd		Subsidiary	Singapore	100.00%	100.00%
Quessglobal (Malaysia) SDN. BHD.	2	Subsidiary	Malaysia	100.00%	100.00%
Quess Corp Lanka (Private) Limited	2	Subsidiary	Sri Lanka	100.00%	-
Comtel Solutions Pte Ltd	2	Subsidiary	Singapore	100.00%	-
Iky Business Services (Private) Limited	3	Subsidiary	Sri Lanka	-	-
MFxchange Holdings Inc.		Subsidiary	Canada	100.00%	100.00%
MFxchange US, Inc.	4	Subsidiary	USA	100.00%	100.00%
MFxchange (Ireland) Limited	4	Subsidiary	Ireland	100.00%	100.00%
MFx Roanoke Inc.	4 & 5	Subsidiary	USA	-	-
Dependo Logistics Solutions Private Limited		Subsidiary	India	100.00%	-
CenterQ Business Solutions Private Limited		Subsidiary	India	100.00%	-
Excelus Learning Solutions Private Limited		Subsidiary	India	100.00%	-
Inticore VJP Advanced Solutions Private Limited	6	Subsidiary	India	73.95%	-
Terrier Security Services (India) Private Limited		Associate	India	49.00%	-
Simpliance Technologies Private Limited		Associate	India	27.00%	-
Himmer Industrial Services (M) SDN BHD		Joint venture	Malaysia	49.00%	-

1. Wholly owned subsidiaries of Brainhunter Systems Ltd.

2. Wholly owned subsidiaries of Quesscorp Holdings Pte Ltd.

3. No investments have been made in this subsidiary till date and the subsidiary does not have any operations. This Company was incorporated by Quess Corp Limited on 17 June 2014.

4. Wholly owned subsidiaries of MFxchange Holdings Inc.

5. Merged with MFxchange US, Inc. effective 31 December 2015.

6. On 1 December 2016, Quess Corp Limited acquired 73.95% equity shares in Inticore VJP Advanced Solutions Private Limited.

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to the Consolidated financial statements for the year ended 31 March 2017

(iii) Related party transactions during the year

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Revenue from operations		
Thomas Cook (India) Limited	1,411.24	1,732.48
National Collateral Management Services Limited	1,978.05	1,016.74
Terrier Security Services (India) Private Limited	366.45	-
Other expenses		
Thomas Cook (India) Limited	403.63	282.16
Net Resources Investments Private Limited	300.14	314.21
Terrier Security Services (India) Private Limited	14.21	-
Finance costs		
- Interest expense		
Fairfax (US) Inc.	86.75	20.29
Fairfax Financial Holdings Limited	15.25	-
- Interest income		
IME Consultancy	1.11	-
Styracorp Management Services	10.69	-
Purchase consideration		
- Purchase consideration paid		
Fairfax Financial Holdings Limited	-	0.03
- Additional consideration		
Fairfax Financial Holdings Limited	-	2,890.27
Loans given to related parties		
Styracorp Management Services	617.14	150.59
IME Consultancy	74.98	-
Repayment/ adjustment of loans taken from related parties		
From Fairfax (US), Inc.	(56.20)	2,650.20
From Fairfax Financial Holdings Limited	(15.40)	165.66
Guarantees provided to banks on behalf of associates		
Terrier Security Services (India) Private Limited	2,200.00	-
Purchase of intangible asset		
Simpliance Technologies Private Limited	1.71	-
Right renunciation		
Thomas Cook (India) Limited	**	**
Ajit Isaac	**	**

**Renunciation of right issues

During the previous year ended 31 March 2016, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 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 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.

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to the Consolidated financial statements for the year ended 31 March 2017

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

(Amount in ₹ lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables (gross of loss allowance)			
Thomas Cook (India) Limited	235.14	291.44	141.40
Terrier Security Services (India) Private Limited	18.40	-	-
Net Resources Investments Private Limited	-	-	2.15
Trade payables			
Thomas Cook (India) Limited	-	15.24	21.94
Terrier Security Services (India) Private Limited	0.31	-	-
Simpliance Technologies Private Limited	0.99	-	-
Unbilled revenue			
Thomas Cook (India) Limited	92.68	-	-
Consideration payable			
Fairfax Financial Holdings Limited	356.89	-	-
Contingent consideration payable			
Fairfax Financial Holdings Limited	2,615.92	2,918.31	-
Current borrowings			
Fairfax (US) Inc.*	2,594.00	2,650.20	-
Fairfax Financial Holdings Limited	496.90	512.30	346.64
Current loans			
Styracorp Management Services	767.73	150.59	-
IME Consultancy	74.97	-	-
Guarantee outstanding			
Terrier Security Services (India) Private Limited	2,200.00	-	-

*includes interest

(v) Compensation of key managerial personnel*

(Amount in ₹ lakhs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Ajit Isaac	167.12	145.20
Subrata Kumar Nag	104.38	90.75
N.V.S.Pavan Kumar (from 26 March 2015 till 28 November 2016)	20.09	27.40
Balasubramanian S (from 24 January 2017 to 31 March 2017)	25.00	-
Sudershan Pallap (from 28 November 2016)	15.00	-
	331.59	263.35

*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.

Terms and conditions

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date except for "Contingent consideration payable" where the payments will be settled as per the terms of the SPA. None of the balances are secured.

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to the Consolidated financial statements for the year ended 31 March 2017

46 Leases

Operating Leases

The Group has taken on lease offices and residential premises under operating leases. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are renegotiated at the time of renewal. Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in ₹ lakhs)

Particulars	As at	
	31 March 2017	31 March 2016
Payable within 1 year	1,667.54	2,403.25
Payable between 1-5 years	2,863.53	3,849.00
Payable later than 5 years	500.51	643.51

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Total rental expense relating to operating lease	3,689.59	2,858.22
- Non-cancellable	2,308.95	1,731.77
- Cancellable	1,380.64	1,126.45

The Group has purchased assets under finance lease. The lease agreement is for a period of 36 months. The minimum lease payments and their present values for the finance lease, for the following periods are as follows:

(Amount in ₹ lakhs)

Particulars	As at	
	31 March 2017	31 March 2016
Payable within 1 year	1,469.76	1,258.21
Payable between 1-5 years	1,993.58	1,933.58
Total	3,463.34	3,191.79
Less: Finance charges	(158.17)	(221.89)
Present value of minimum lease payments	3,305.17	2,969.90

47 Assets and liabilities relating to employee benefits

(Amount in ₹ lakhs)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Net defined benefit liability, gratuity plan	3,343.03	2,147.22	622.74
Liability for compensated absences	411.72	447.26	480.93
Total employee benefit liability	3,754.75	2,594.48	1,103.67
Current	2,272.23	1,969.09	489.72
Non-current	1,482.52	625.39	613.95
	3,754.75	2,594.48	1,103.67

For details about employee benefit expenses, see note 33.

The Group operates the following post-employment defined benefit plans.

The Group has a defined benefit gratuity plan in India (Plan A), governed by the Payment of Gratuity Act, 1972. Plan A entitles an employee, who has rendered at least five years of continuous services, to gratuity at the rate of 15 days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The Group also provides certain post-employment medical cost benefits to employees of some of the Group entities outside India (Plan B). Plan B reimburses certain medical costs for retired employees.

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to the Consolidated financial statements for the year ended 31 March 2017

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A Funding

Plan A is administered through Life Insurance Corporation of India. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of Plan A is based on valuation for funding purposes for which the assumptions may differ from the assumptions set out in note (E) below. Employees do not contribute to the plan. Plan B is unfunded.

The Group has determined that, in accordance with the terms and conditions of Plan A, and in accordance with statutory requirements (including minimum funding requirements) of the plan of the relevant jurisdiction, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at 31 March 2017 or 31 March 2016.

The Group expects to pay ₹ 476.53 Lakhs in contributions to its defined benefit plans in 2017-18.

B Reconciliation of net defined benefit liability/asset

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

Particulars	For the year ended	
	31 March 2017	31 March 2016
(Amount in ₹ lakhs)		
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	2,758.50	1,062.81
Additions through business combination	-	115.92
Current service cost	871.14	732.02
Interest cost	202.54	90.58
Past service cost	-	1,603.71
Benefit settled	(180.05)	(177.54)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	267.01	(505.78)
- Changes in demographic assumptions	64.97	(117.56)
- Changes in financial assumptions	10.58	(45.66)
Obligation at the end of the year	3,994.69	2,758.50
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	611.28	440.07
Additions through business combination	-	84.66
Interest income on plan assets	45.63	39.84
Return on plan assets recognised in other comprehensive income	2.09	(36.82)
Contributions	170.80	260.59
Benefits settled	(178.14)	(177.06)
Plan assets as at the end of the year	651.66	611.28
Net defined benefit liability	3,343.03	2,147.22

C (i) Expense recognised in profit or loss

Particulars	For the year ended	
	31 March 2017	31 March 2016
(Amount in ₹ lakhs)		
Current service cost	871.14	732.02
Interest cost	202.54	90.58
Past service cost	-	1,603.71
Interest income	(45.63)	(39.84)
Net gratuity cost	1,028.05	2,386.47

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(ii) Remeasurement recognised in other comprehensive income

(Amount in ₹ lakhs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Remeasurement of the net defined benefit liability	342.56	(669.01)
Remeasurement of the net defined benefit asset	(2.09)	36.82
	340.47	(632.19)

D Plan assets

(Amount in ₹ lakhs)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Funds managed by insurer	651.66	611.28	440.07
	651.66	611.28	440.07

E Defined benefit obligation - Actuarial Assumptions

(Amount in ₹ lakhs)

Particulars	For the year ended		
	31 March 2017	31 March 2016	31 March 2015
Discount rate	6.36% - 6.68%	7.30% - 7.50%	7.80% - 9.25%
Future salary growth	6.00% - 12.00%	6.00% - 12.00%	6.00% - 12.00%
Attrition rate	12.50% - 70.00%	12.50% - 70.00%	8.00% - 15.00%
Rate of return on planned asset	6% - 7%	6% - 7%	6% - 7%
Average duration of defined benefit obligation (in years)	3 - 10	3 - 10	3 - 10

F Sensitivity analysis

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

Core employees

(Amount in ₹ lakhs)

	As at					
	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	700.52	760.44	531.26	573.23	199.07	212.70
Future salary growth (1% movement)	757.99	702.00	571.98	531.90	211.82	199.33
Attrition rate (1% movement)	593.08	676.75	466.67	542.34	192.34	223.53

Associate employees

(Amount in ₹ lakhs)

	As at					
	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	3,210.00	3,322.61	2,169.38	2,247.17	842.56	871.49
Future salary growth (1% movement)	3,321.98	3,209.56	2,245.76	2,170.80	871.47	842.64
Attrition rate (1% movement)	2,955.62	3,726.02	1,999.85	2,516.08	780.62	963.34

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to the Consolidated financial statements for the year ended 31 March 2017

48 Employee stock options

A Description of share based payment arrangement

The Company has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options of 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 ₹ 10 each in the hands of the employees. The options have 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 ₹ 10. All outstanding options were vested at 31 March 2015. As at 31 March 2017, the Company had 1,891,920 exercisable options outstanding [31 March 2016: 2,729,528 (bonus adjusted)].

The Company, pursuant to resolutions passed by the Board and its Shareholders resolutions dated 22 December 2015 and 23 December 2015, respectively, adopted Quess 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 2017 under ESOP 2015 scheme.

B Measurement of fair values

The Company does not have any unvested option as at 1 April 2015 under Employee Stock Option Scheme 2009. The Company has elected for the exemption of Employee Share Based Payment under Ind AS 101 and accordingly fair valuation of vested options prior to 1 April 2015 was not required.

C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans are as follows:

Particulars	For the year ended			
	31 March 2017		31 March 2016	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding options, at the beginning of the year	2,729,528	10	871,000	10
Less: Exercised during the year	(837,608)	10	-	-
Less: Lapsed/forfeited during the year	-	-	(188,618)	10
Options exercisable at the end of the year	1,891,920	10	682,382	10
Add: Bonus impact on ESOP outstanding	-	-	2,047,146	10
Options vested and exercisable at the end of the year (including bonus impact)	1,891,920	10	2,729,528	10

During the previous year, 188,618 options were forfeited and resultantly an amount of ₹ 126.56 lakhs was transferred from Share option outstanding account to General Reserve. Further, as detailed in note 19.1(iii), 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 options.

The options outstanding as at 31 March 2017 have an exercise price of ₹ 10 (31 March 2016: ₹ 10) and a weighted average remaining contractual life of 4.17 years (31 March 2016: 5.16 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 is ₹ 10 (2015-16: no options exercised)

Details of non-current investments purchased and sold during the year: Investment in associates

Entity	No. of shares acquired	Value per share including premium	As at 1 April 2016	Purchased during the year	Sold during the year	Adjustment on account of corporate guarantee	Share in total comprehensive income for the year	As at 31 March 2017
Terrier Security Services (India) Private Ltd	245,000	2,939	-	7,200.00	-	11.00	80.33	7,291.33
Simpliance Technologies Private Limited	4,068	2,778	-	113.00	-	-	(7.44)	105.56

Investment in joint venture

Entity	No. of shares acquired	Value per share including premium	As at 1 April 2016	Purchased during the year	Sold during the year	Adjustment on account of corporate guarantee	Share in total comprehensive income for the year	As at 31 March 2017
Himmer Industrial Services (M) SDN BHD	49,000	1 RM	-	7.42	-	-	(5.99)	1.43

Investment in preference shares

Entity	No. of shares acquired	Value per share including premium	As at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
Manipal Integrated Services Private Limited	4,036,697	545.00	-	22,000.00	-	22,000.00

Investment in equity instruments

Entity	No. of shares acquired	Value per share including premium	As at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
KMG Infotech Limited	200,000	82.75	165.50	-	-	165.50

Other non-current investments

Entity	No. of shares acquired	Value per share including premium	As at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
Investment in StyraCorp Management Services	NA	NA	132.24	-	-	132.24
Investment in IME Consultancy	NA	NA	67.76	-	-	67.76

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50 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

(Amount in ₹ lakhs)

Name of entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	as percentage of consolidated net assets	Amount	as percentage of consolidated profit or loss	Amount	as percentage of consolidated other comprehensive income	Amount	as percentage of consolidated total comprehensive income	Amount
Parent								
Quest Corp Limited	91.32%	79,243.57	81.70%	9,021.02	86.46%	(202.09)	81.60%	8,818.93
Subsidiaries - Indian								
Aravon Services Private Limited	1.28%	1,110.83	6.28%	693.58	11.25%	(26.30)	6.17%	667.28
Coachive Solutions Private Limited	-0.50%	(435.20)	-0.31%	(34.12)	0.31%	(0.71)	-0.32%	(34.83)
MFx Infotech Private Limited	0.60%	518.27	3.24%	358.24	1.99%	(4.65)	3.27%	353.59
Dependo Logistics Solutions Private Limited	0.00%	0.24	-0.01%	(0.76)	0.00%	-	-0.01%	(0.76)
CenterQ Business Solutions Private Limited	0.00%	1.07	0.00%	0.07	0.00%	-	0.00%	0.07
Excelus Learning Solutions Private Limited	-0.02%	(15.61)	-0.30%	(33.04)	0.00%	-	-0.31%	(33.04)
Inticore VJP Advanced Solutions Private Limited	0.40%	344.83	-0.04%	(4.63)	0.00%	-	-0.04%	(4.63)
Subsidiaries - Foreign								
Quest (Philippines) Corp	0.33%	286.98	0.89%	98.27	0.00%	-	0.91%	98.27
Brainhunter Systems Limited	-4.50%	(3,902.45)	-2.54%	(280.21)	0.00%	-	-2.59%	(280.21)
Quest Corp (USA) Inc.	-0.02%	(20.32)	-1.08%	(118.81)	0.00%	-	-1.10%	(118.81)
Questcorp Holdings Pte Ltd	7.29%	6,324.85	-0.87%	(95.92)	0.00%	-	-0.89%	(95.92)
Questglobal (Malaysia) SDN.BHD	0.26%	228.79	1.50%	166.16	0.00%	-	1.54%	166.16
MFxchange Holdings Inc, Canada	-5.55%	(4,819.86)	4.49%	495.80	0.00%	-	4.59%	495.80
Ikya Business Services (Private) Limited	-	-	-	-	-	-	-	-
Comtel Solutions Pte Ltd	8.48%	7,357.70	4.35%	480.54	0.00%	-	4.45%	480.54
Quest Corp Lanka (Private) Limited	0.63%	548.37	2.67%	294.98	0.00%	-	2.73%	294.98
Sub total	100.00%	86,772.06	100.00%	11,041.17	100.00%	(233.75)	100.00%	10,807.42
Adjustment arising out of consolidation		(3,221.57)		292.44		(333.91)		(41.47)
Non-controlling interests in subsidiaries		88.20		(1.63)		-		(1.63)
Associates - Indian								
Terrier Security Services (India) Private Limited		80.33		25.89		54.44		80.33
Simpliance Technologies Private Limited		(7.44)		(7.44)		-		(7.44)
Joint venture - Foreign								
Himmer Industrial Services (M) SDN BHD		(5.99)		(5.99)		-		(5.99)
Total		83,705.59		11,344.44		(513.22)		10,831.22

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51 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 2017 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.

52 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹ lakhs)

Particulars	SBN*	Other	Total
		denomination notes	
Closing cash in hand as on 8 November 2016	9.21	2.86	12.07
Add: Permitted receipts	1.32	71.33	72.65
Less: Permitted payments	(0.06)	(19.67)	(19.73)
Less: Amount exchanged over the counter	(0.16)	-	(0.16)
Less: Amount deposited in Banks	(10.31)	(37.00)	(47.32)
Closing cash in hand as on 30 December 2016	-	17.51	17.51

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

53 During the year ended 31 March 2015, the Group acquired 100% interest in Brainhunter Systems (Canada) Limited ("BSL") from ICICI Bank India. Prior to acquisition of BSL by the Group, 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 Group.

During the year ended 31 March 2015, the Group has received a notice from the official liquidator of Zylog, alleging that the acquisition of the equity shares of BSL by the Group 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 Group 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 BSL is not prejudicial to the parties and that the same has been undertaken in accordance with the provisions of the law. The Group 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.

54 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions (if applicable) entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions (if any) are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Notes

to the Consolidated financial statements for the year ended 31 March 2017

55. First time adoption

As stated in note 2, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Group has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2015 ("transition date"). For the year ended 31 March 2016, the Group had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP' or the 'Indian GAAP').

The accounting policies set out in note 2 have been applied in preparing these consolidated financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its consolidated Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

A Optional exemptions availed:

In preparing these Consolidated Financial Statements, the Group has applied the below mentioned optional exemptions.

(i) Business combination

As per Ind AS, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements from that same date.

The Group has elected to apply Ind AS 103, Business combinations prospectively to business combinations occurred after 1 April 2015 i.e. the transition date. Business combinations occurred prior to the transition date have not been restated.

(ii) Share-based payments

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows a first-time adopter to elect not to apply Ind AS 102, Share-based payments to equity instruments that were vested before the transition date. Accordingly, the Group has elected the optional exemption.

(iii) Property, plant and equipment and Intangible assets

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or, cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).
- (iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP).

Notes

to the Consolidated financial statements for the year ended 31 March 2017

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. The Company has disclosed the net carrying amount of property, plant and equipment and intangible assets as its deemed cost as at the date of transition.

(iv) Investments in subsidiaries, associates and joint ventures

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries, associates and joint ventures at:

- a) cost determined in accordance with Ind AS 27, Separate Financial Statements; or
- b) deemed cost, which shall be its:
 - i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
 - ii) previous GAAP carrying value at that date.

The Group has chosen to avail the exemption provided by Ind AS 101 and value all its investments in subsidiaries at deemed cost being the previous GAAP carrying value at the transition date.

B. Mandatory exceptions availed:

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments carried at Fair value through profit and loss or Fair value through other comprehensive income;
- Impairment of financial assets based on expected credit loss model and
- Determination of the discounted value for financial instruments carried at amortised cost.

Upon the assessment of the estimate made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, other than those which are required due to application of Ind AS.

(ii) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initially accounting for those transactions.

The Group has chosen to avail the exception to apply the derecognition provision of Ind AS 109 prospectively from the date of transition.

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to the Consolidated financial statements for the year ended 31 March 2017

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

(C) Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101.

- Equity as at 1 April 2015 and 31 March 2016.
- Net profit for the year ended 31 March 2016.

Reconciliation of equity as previously reported under IGAAP to Ind AS

(Amount in ₹ lakhs)

Particulars	Note	Balance Sheet as at 31 March 2016			Balance sheet as at 1 April 2015		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		4,443.92	-	4,443.92	1,458.55	-	1,458.55
Goodwill	a	20,455.48	(257.92)	20,197.56	11,042.19	-	11,042.19
Other intangible assets	a	608.63	(32.79)	575.84	429.36	(145.69)	283.67
Intangible assets under development		239.07	-	239.07	-	-	-
Financial assets							
(i) Investments		365.50	-	365.50	-	-	-
(ii) Non-current loans	b	844.46	(435.56)	408.90	610.01	(215.43)	394.58
(iii) Other non-current financial assets		217.40	-	217.40	43.30	-	43.30
Deferred tax assets (net)	c	2,331.49	3,807.23	6,138.72	296.10	3,668.79	3,964.89
Income tax assets (net)		7,309.47	-	7,309.47	7,231.43	-	7,231.43
Other non-current assets	b	369.57	244.09	613.66	280.31	147.86	428.17
Total non-current assets		37,184.99	3,325.05	40,510.04	21,391.25	3,455.53	24,846.78
Current Assets							
Inventories		182.77	-	182.77	52.82	-	52.82
Financial assets							
(i) Trade receivables	d	42,820.00	(2,292.31)	40,527.69	25,483.64	(1,682.03)	23,801.61
(ii) Cash and cash equivalents		10,664.22	-	10,664.22	7,602.77	-	7,602.77
(iii) Bank balances other than (ii) above		271.08	-	271.08	579.72	-	579.72
(iv) Current loans	b	1,557.91	180.96	1,738.87	988.68	17.20	1,005.88
(v) Other current financial assets		23.77	-	23.77	16.73	-	16.73
(vi) Unbilled revenue		28,732.80	-	28,732.80	15,019.97	-	15,019.97
Other current assets	b	2,349.25	4.17	2,353.42	654.17	42.81	696.98
Total current assets		86,601.80	(2,107.18)	84,494.62	50,398.50	(1,622.02)	48,776.48
Total Assets		123,786.79	1,217.87	125,004.66	71,789.75	1,833.51	73,623.26
EQUITY AND LIABILITIES							
Equity							
Equity share capital		11,333.51	-	11,333.51	2,577.38	-	2,577.38
Other equity	f	23,224.83	1,103.94	24,328.77	22,495.97	1,833.52	24,329.49
Total equity		34,558.34	1,103.94	35,662.28	25,073.35	1,833.52	26,906.87
Liabilities							
Non-current liabilities							
Financial liabilities							
(i) Non-current borrowings		3,548.14	-	3,548.14	-	-	-
(ii) Other non-current financial liabilities		3,223.91	(305.60)	2,918.31	66.67	-	66.67
Non-current provisions	e	1,423.55	(5.72)	1,417.83	851.14	-	851.14
Total non-current liabilities		8,195.60	(311.32)	7,884.28	917.81	-	917.81

Notes

to the Consolidated financial statements for the year ended 31 March 2017

(Amount in ₹ lakhs)

Particulars	Note	Balance Sheet as at 31 March 2016			Balance sheet as at 1 April 2015		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
Current liabilities							
Financial liabilities							
(i) Bank overdraft		385.66	-	385.66	-	-	-
(ii) Current borrowings		33,900.11	-	33,900.11	22,042.67	-	22,042.67
(iii) Trade and other payables		6,737.45	-	6,737.45	4,172.75	-	4,172.75
(iv) Other current financial liabilities		26,295.05	-	26,295.05	9,973.39	-	9,973.39
Current provisions	e	1,969.09	-	1,969.09	620.50	-	620.50
Other current liabilities		11,745.49	425.25	12,170.74	8,989.27	-	8,989.27
Total current liabilities		81,032.85	425.25	81,458.10	45,798.58	-	45,798.58
Total Liabilities		89,228.45	113.93	89,342.38	46,716.39	-	46,716.39
Total Equity and Liabilities		123,786.79	1,217.88	125,004.66	71,789.75	1,833.52	73,623.26

Explanations for Reconciliation of Consolidated Balance Sheet as previously reported under IGAAP to IND AS:

(a) Impairment of goodwill and reversal of amortisation:

The Group has availed the exemption under Ind AS 101 and accordingly business combination prior to 1 April 2015 was not restated and goodwill is carried at cost. The Group has carried the impairment testing of goodwill as at 1 April 2015 and as the recoverable amount was less than the carrying value, this goodwill is impaired leading to decrease in equity. As the goodwill is impaired on 1 April 2015, the amortisation on such goodwill amortised as per previous GAAP is reversed leading to an increase in income.

(b) Loans and other current assets - Security deposits:

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS.

Difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 254.61 lakhs as at 31 March 2016 (1 April 2015: ₹ 198.23 lakhs). The prepaid rent increased by ₹ 248.27 lakhs as at 31 March 2016 (1 April 2015: ₹ 190.69 lakhs). Total equity decreased by ₹ 7.54 lakhs as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 decreased by ₹ 63.40 lakhs due to amortisation of the prepaid rent and is partially off-set by the notional interest income of ₹ 62.54 lakhs recognised on security deposits.

(c) Deferred taxes:

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12, Income taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for deferred tax on such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax asset is of ₹ 3,807.23 lakhs as at 31 March 2016 (1 April 2015: ₹ 3,668.78 lakhs).

(d) Trade receivables:

Under previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection. The Group uses an allowance matrix to measure the expected credit loss over the last six quarters under which the Group impaired its trade receivables by ₹ 1,682.03 lakhs on 1 April 2015 which has been eliminated against retained earnings. The impact of ₹ 610.28 lakhs for the year ended on 31 March 2016 has been recognised in the statement of profit and loss.

Notes

to the Consolidated financial statements for the year ended 31 March 2017

(e) Provisions for other liabilities and charges:

The Group has reinstated business combination for the year 2015-16 as required under Ind AS 103. Accordingly, contingent liability appearing in balance sheet at Nil has been fair valued at ₹ 425.25 lakhs.

(f) Other equity:

Adjustments to retained earnings has been made in accordance with Ind AS for the above mentioned line items.

In addition, as per Ind AS 19, Employee benefits actuarial gain and losses are recognised in other comprehensive income as compared to being recognised in the statement of profit and loss under IGAAP. Further, the Group has reinstated business combinations for the year 2015-16 as required under Ind AS 103. Accordingly, based on the Purchase Price Allocation, the Group has recognised goodwill of ₹ 72.97 lakhs as opposed to capital reserve aggregating to ₹ 290.56 lakhs recognised under previous GAAP.

Reconciliation of Consolidated Statement of profit and loss as previously reported under IGAAP to Ind AS

(Amount in ₹ lakhs)

Particulars	Note	Year ended 31 March 2016		
		IGAAP	Adjustments	Ind AS
Income				
Revenue from operations		343,501.42	-	343,501.42
Other income	g	842.62	62.54	905.16
Total income		344,344.04	62.54	344,406.58
Expenses				
Cost of material and stores and spare parts consumed		4,814.04	-	4,814.04
Employee benefit expenses	h	300,059.87	632.19	300,692.06
Finance costs	i	3,078.99	25.29	3,104.27
Depreciation and amortisation expenses	j	1,571.32	(132.32)	1,439.01
Other expenses	k	22,283.44	603.63	22,887.07
Total expenses		331,807.66	1,128.79	332,936.45
Profit before tax		12,536.38	(1,066.25)	11,470.13
Tax expense				
Current tax		(6,245.80)	-	(6,245.80)
Excess provision of tax relating to earlier years		645.64	-	645.64
Deferred tax	l	2,035.38	212.65	2,248.03
Total tax expenses		(3,564.78)	212.65	(3352.13)
Profit for the year		8,971.60	(853.60)	8,118.00
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of the net defined benefit liability/asset	m	-	632.19	632.19
Income tax relating to items that will not be reclassified to profit or loss		-	(225.38)	(225.38)
Items that will be reclassified to profit or loss				
Exchange differences in translating financial statements of foreign operations			(25.41)	(25.41)
Income tax relating to items that will be reclassified to profit or loss			-	-
Total other comprehensive income, net of tax		-	381.40	381.40
Total comprehensive income for the year		8,971.60	(472.20)	8,499.40

Notes

to the Consolidated financial statements for the year ended 31 March 2017

Explanations for reconciliation of Consolidated Statement of profit or loss as previously reported under IGAAP to Ind AS:

(g) Other income:

Adjustments in other income pertains to effective interest income on present valuation of financial instruments i.e. on security deposits.

(h) Employee benefit expenses - Remeasurement of post employment defined benefit obligations:

Under Ind AS, remeasurement i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability/asset are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2016 decreased by ₹ 632.19 lakhs. There is no impact on the total equity as at 31 March 2016.

(i) Finance costs:

Under Ind AS, contingent consideration has been present valued and accordingly, the adjustments in relation to finance costs pertains to unwinding of contingent consideration.

(j) Depreciation and amortisation expenses:

Under Ind AS, acquired goodwill is not amortised as it has indefinite useful life and tested for impairment annually and when there is an indication of impairment the same is impaired whereas in Indian GAAP, purchased goodwill was amortised over 3 years. Therefore, on Ind AS transition the amortisation on goodwill as per IGAAP has been written back.

(k) Other expenses:

Ind AS adjustments in relation to other expenses pertains to amortisation of prepaid rent recognised against security deposits during the period and impairment loss allowance recognised against trade receivables as per expected credit loss model.

(l) Deferred tax:

Deferred tax adjustments has been made in accordance with Ind AS under balance sheet approach for all the items which have differential book base from that of tax base and which gets reversed due to timing difference.

(m) Other comprehensive income:

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurement of the net defined benefit liability /asset etc. The concept of other comprehensive income did not exist under previous GAAP.

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

Sd/-
Vineet Dhawan
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

for and on behalf of the Board of Directors of
Quesq Corp Limited

Sd/-
Ajit Isaac
Chairman & Managing Director & CEO
DIN: 00087168

Place: Bengaluru
Date: 16 May 2017

Sd/-
Subrata Kumar Nag
Executive, Whole-time Director & CFO
DIN: 02234000
Sd/-
Sudershan Pallap
Company Secretary
Membership No.: A14076

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 - AOC-1)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part A: Subsidiaries

Sl No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting currency	Closing exchange rate	Financial period ended	Issued & subscribed share capital	Reserves	Total assets	Total liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	% of holding
1	Coachieve Solutions Private Limited	14.12.2009	INR	NA	31.03.2017	311.00	(746.20)	246.50	681.70	-	220.62	(34.12)	-	(34.12)	100.00
2	MFX Infotech Private Limited	20.08.2014	INR	NA	31.03.2017	100.00	418.27	2,833.06	2,314.78	-	134.17	517.02	158.78	358.24	100.00
3	Aravon Services Private Limited	01.04.2015	INR	NA	31.03.2017	3,941.16	(2,830.32)	2,700.52	1,589.69	-	6,599.97	488.45	(205.13)	693.58	100.00
4	Brainhunter Systems Limited	23.10.2014	CAD	48.5925	31.03.2017	2,457.12	(3,908.55)	3,617.02	5,068.46	1,280.75	14,616.55	(1,201.17)	-	(1,201.17)	100.00
5	Mindwire Systems Limited, Ottawa1	23.10.2014	CAD	48.5925	31.03.2017	1,280.75	(1,441.32)	3,032.99	3,193.56	-	19,313.33	1,218.26	-	1,218.26	100.00
6	Brainhunter Companies LLC1	23.10.2014	CAD	48.5925	31.03.2017	-	(1,009.70)	324.07	1,333.77	-	1,123.42	(297.30)	-	(297.30)	100.00
7	Brainhunter Companies (Canada) Limited1&2	23.10.2014	CAD	48.5925	31.03.2017	-	-	-	-	-	-	-	-	-	100.00
8	Quesscorp Inc, USA (formerly known as Magna Infotech Inc., USA)	19.11.2013	USD	64.8500	31.03.2017	62.54	(82.86)	4,611.40	4,631.72	3,279.27	-	(118.81)	-	(118.81)	100.00
9	Quess (Philippines) Corp (formerly known as Magna Ilya Infotech Inc, Philippines)	14.05.2013	PESO	1.2907	31.03.2017	122.74	164.24	730.83	443.85	-	1,203.90	141.46	43.19	98.27	100.00
10	Quesscorp Holdings PTE. LTD, Singapore	16.06.2015	SGD	46.4125	31.03.2017	5,900.00	424.85	29,341.48	23,016.63	25,772.41	-	(95.92)	-	(95.92)	100.00
11	Quessglobal (Malaysia) SDN. BHD (formerly known as Brainhunter SDN. BHD., Malaysia)3	12.08.2015	MYR	14.6525	31.03.2017	83.30	145.49	891.81	663.02	-	1,953.61	166.16	-	166.16	100.00
12	MFXchange Holdings Inc, Canada	01.01.2016	USD	64.8500	31.03.2017	24,662.36	(15,203.42)	9,273.94	(185.00)	165.50	793.69	(97.69)	-	(97.69)	100.00
13	MFXchange (Ireland) Limited4&5	01.01.2016	USD	64.8500	31.03.2017	-	-	-	-	-	-	-	-	-	100.00
14	MFXchange Inc, USA4	01.01.2016	USD	64.8500	31.03.2017	-	(14,278.80)	7,198.41	21,477.21	-	24,277.85	614.52	21.03	593.49	100.00
15	Dependo Logistics Solutions Private Limited	25.10.2016	INR	NA	31.03.2017	1.00	(0.76)	34.00	33.76	-	-	(0.76)	-	(0.76)	100.00
16	CenterQ Business Solutions Private Limited	25.01.2017	INR	NA	31.03.2017	1.00	0.07	2.04	0.97	-	0.90	0.10	0.03	0.07	100.00
17	Excelus Learning Solutions Private Limited	09.01.2017	INR	NA	31.03.2017	1.00	(16.61)	203.71	219.32	-	-	(30.66)	2.38	(33.04)	100.00
18	Inticore VJP Advanced Solutions Private Limited6	01.12.2016	INR	NA	31.03.2017	3.84	341.38	619.24	274.02	-	233.78	(4.23)	2.03	(6.26)	73.95
19	Comitel Solutions Pte Ltd3	14.02.2017	SGD	46.4125	31.03.2017	235.70	7,122.00	11,826.64	4,468.93	-	5,792.69	532.01	51.47	480.54	100.00
20	Quess Corp Lanka Private Limited3	26.04.2016	LKR	0.4251	31.03.2017	55.30	493.07	2,336.81	1,788.44	-	3,406.44	351.11	56.14	294.98	100.00

1. Wholly owned subsidiaries of Brainhunter Systems Limited.
2. Dissolved with effect from 7 February 2017.
3. Wholly owned subsidiaries of Quesscorp Holdings Pte. Limited.
4. Wholly owned subsidiaries of MFExchange Holdings Inc.
5. Merged with MFExchange Holdings Inc, Canada.
6. On 1 December 2016, Quess Corp Limited acquired 73.95% equity shares in Inticore VJP Advanced Solutions Private Limited.

Notes:

- a. Total assets include investments.
- b. Proposed dividend from any of the subsidiaries is nil.

Part B: Associate/ joint venture

Sl. No.	Name of the associate/ joint venture	Latest audited Balance Sheet Date	Date on which the Associate or Joint Venture was associated or acquired	Shares of Associate or Joint Ventures held by the company on the year end		Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to shareholding as per latest audited Balance Sheet	Profit or Loss for the year Considered in Consolidation	Not Considered in Consolidation
				Number	Amount of Investment in Associates or Joint Venture					
1	Terrier Security Services (India) Private Limited	31.03.2017	09.12.2016	245,000	7,200.00	49.00 More than 20% holding	NA	1,229.68	25.89	26.95
2	Simpliance Technologies Limited	31.03.2017	02.01.2017	4,068	113.00	27.00 More than 20% holding	NA	13.54	(7.43)	(20.10)
3	Himmer Industrial Services (M) SDN BHD	31.03.2017	28.03.2017	49,000	7.43	49.00 More than 20% holding	NA	1.39	(5.99)	(6.24)

for and on behalf of the Board of **Quess Corp Limited**

Ajit Isaac

Subrata Kumar Nag

Sudershan Pallap

Date: 16.05.2017

Place: Bengaluru

Chairman, Managing Director & CEO

Executive, Whole-time Director & CFO

Company Secretary

Behind Every Business

quesscorp.com