

Quess Corp Limited  
Annual Report 2018-19

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12th Annual General Meeting Wednesday, July 24, 2019 at 11:00 A.M. at Spring Hall, Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka - 560 008

# Quess Corp Limited

## Corporate Information

### Board of Directors

#### Ajit Isaac

Chairman & Managing Director

#### Pratip Chaudhuri

Non-Executive, Independent Director

#### Pravir Kumar Vohra

Non-Executive, Independent Director

#### Revathy Ashok

Non-Executive, Independent Director

#### Sanjay Anandaram

Non-Executive, Independent Director

#### Chandran Ratnaswami

Non-Executive Director

#### Madhavan Menon

Non-Executive Director

#### Subrata Kumar Nag

Group CEO & Executive Director

#### Registered Office:

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

#### Investor Cell:

Kundan K Lal  
Vice President- Legal & Company Secretary  
investor@quesscorp.com

#### Registrar:

##### Link Intime India Private Limited

C-101, 247 Park, L B S Marg,  
Mumbai – 400083  
Maharashtra, India  
www.linkintime.co.in

#### Auditors:

##### Deloitte Haskins & Sells LLP

Prestige Trade Tower, Level 19 46, Palace Road,  
High Grounds, Bangalore – 560001  
Karnataka, India

#### Bankers:

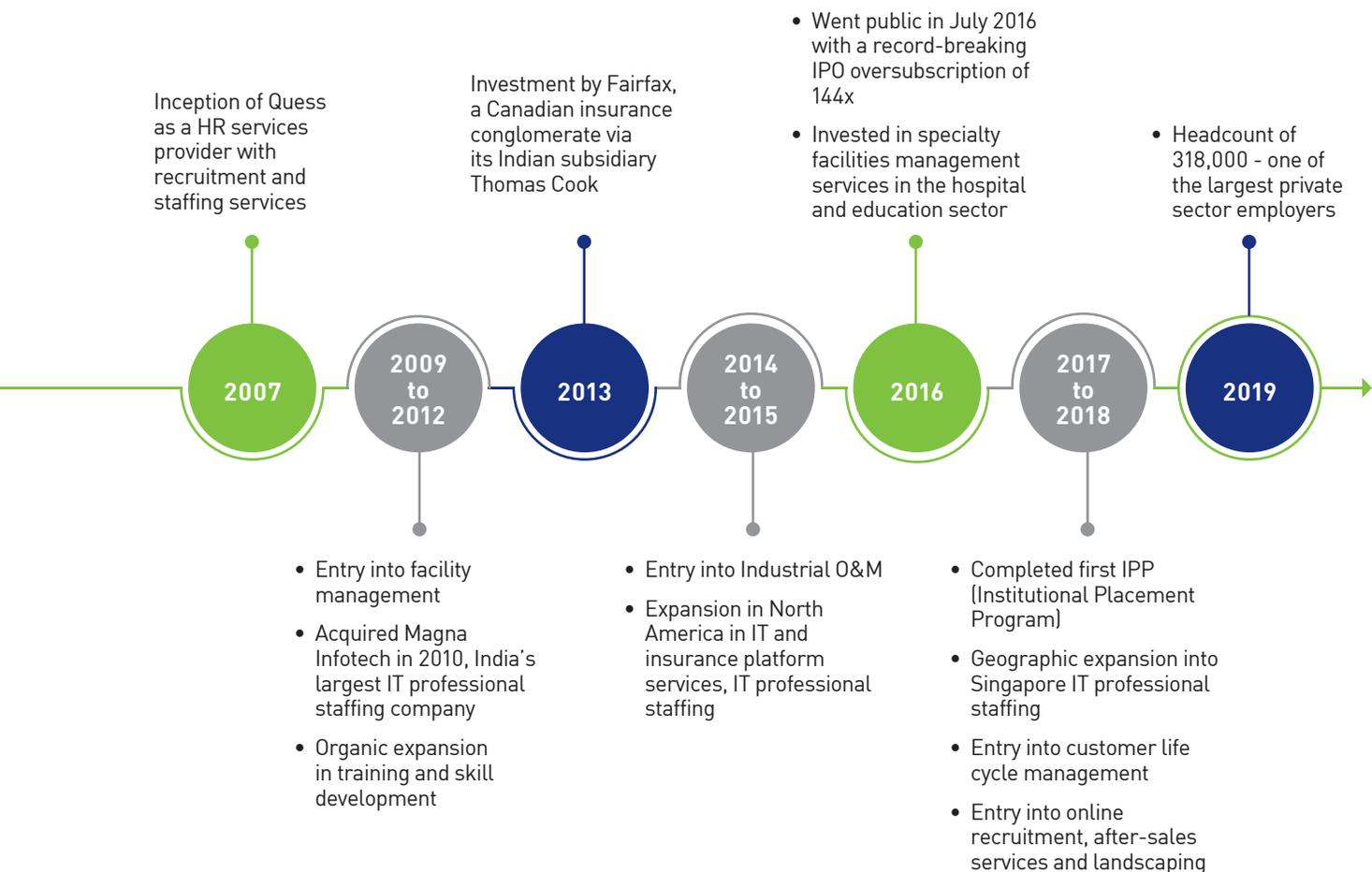
Axis Bank Ltd  
Citibank N.A  
Kotak Mahindra Bank Ltd  
RBL Bank Limited  
Standard Chartered Bank  
State Bank of India  
The Bank Of Nova Scotia  
Yes Bank Ltd

# The World of Ques

Established in 2007, Ques Corp Limited is India's leading business services provider. At Ques, we excel in helping large and emerging companies manage their non-core activities by leveraging our integrated service offerings across industries and geographies providing significant operational efficiencies to our clients.

Ques is headquartered in Bengaluru, India and has a market cap of approx. ₹10,909 crore as on 31 March 2019.

Ques has a team of over 318,000 employees with presence in India, North America, South East Asia and the Middle East across segments such as People Services, Technology Solutions, Facility Management, Industrials and Internet Business. Ques serves over 2,000 clients worldwide.





Quess has a team of over 318,000 employees with presence in India, North America, South East Asia and the Middle East across segments such as People Services, Technology Solutions, Facility Management, Industrials and Internet Business.



\* As on 31 March 2019

## Our Guiding Principles

- We expect to compound our EBITDA 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

## Our Structure



### Autonomy

Our Business will be decentralized and run by the Presidents



### Guidance

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



### Connectedness

Complete and open communication, co-operation between corporate office and all businesses is an essential requirement at Qess

## Our Values & Culture



### Passion

At Qess we are passionate about people- our employees, associates and clients

We create a fair and positive environment that nurtures our employees to grow and succeed

We focus on customers and are committed to listen and respond proactively to them

We value loyalty that leads to shared sense of Vision and purpose that builds stable high performance teams



### Entrepreneurial Spirit

Deeply entrenched in us is our entrepreneurial spirit

We act quickly on lucrative opportunities

We learn fast from success and failure

We constantly seek innovative solutions in all aspects of our businesses



### Integrity

We are committed to the highest standards of ethics and integrity in all our interactions

We strive to do what is right and do what we say we will do

We are result oriented and apolitical



### Speed & Agility

Operational agility is our competitive advantage

We respond quickly to change and focus on getting things done

We challenge ourselves to execute flawlessly and to consistently deliver

# Board of Directors



**Ajit Isaac**

Chairman & Managing Director

Ajit Isaac is credited with building Qess Corp into India's largest business services provider within a span of 10 years. Under his leadership, Qess has accelerated the transition of informal jobs to formal platforms thereby helping bring predictable incomes, social security, healthcare and other benefits to many across India. He is a gold medalist in his PG programme in HR and a British Chevening Scholar from the Leeds University. Ajit's expertise in identifying value-accretive and transformative deals combined with his focus on operational efficiency and business development has helped Qess scale itself rapidly. He is passionate about giving back to society and was instrumental in setting up Careworks Foundation which today supports over 10,955 students across 54 schools. He was nominated for the 'India Forbes Leadership Award' in 2011 and was voted as a finalist in the 2016 Ernst & Young Entrepreneur of the Year (EOY).



**Subrata Kumar Nag**

Group CEO & Executive Director

Subrata Kumar Nag is the Group CEO & Executive Director of the Company. A seasoned finance professional with over three decades of experience, he is responsible for implementing the Company's overall long and short term strategies across all geographies. He has been associated with Qess since 2008. Prior to joining Qess, he was the Vice President – Finance and Company Secretary of Ilantus Technologies Private Limited. He holds a Masters Degree in Business Management from University of Calcutta along with ICWA and CPA (USA) qualifications. He is also a qualified member of the Institute of Company Secretaries of India (ICSI).



**Madhavan Menon**

Non-Executive Director

Madhavan Menon is a Non-Executive Director of the Company. He holds a Bachelors and a Masters degree in Business Administration from George Washington University, USA. He is the Chairman and Managing Director of TCIL. He has over 36 years of experience in the fields of banking, finance and foreign exchange management. He has been a Director at Qess since May 2013.



**Chandran Ratnaswami**

Non-Executive Director

Chandran Ratnaswami is a Non-Executive Director of the Company. Mr. Ratnaswami is a Director and 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 the Indian Institute of Technology, Madras and a Masters degree in Business Administration from Rotman School of Management, University of Toronto, Canada. He has 27 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 of a number of insurance and non-insurance companies in India and abroad. He has been a Director at Qess since January 2016.



### Pravir Kumar Vohra

Non-Executive,  
Independent Director

Pravir Kumar Vohra is an Independent Director of the Company. He holds a Masters degree in Economics from University of Delhi and is a Certified Associate of the Indian Institute of Bankers. He has over 40 years of experience in the fields of banking and information technology. He was previously the President and Group Chief Technology 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.



### Pratip Chaudhuri

Non-Executive,  
Independent Director

Pratip Chaudhuri is an Independent Director of the Company. He holds a Bachelors Degree in Science from University of Delhi, a Masters Degree in Business Administration from 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.



### Revathy Ashok

Non-Executive,  
Independent Director

Revathy Ashok is an Independent Director of the Company. She holds a Bachelors degree in Science from Bangalore University and a Post Graduate Diploma in Management from 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.

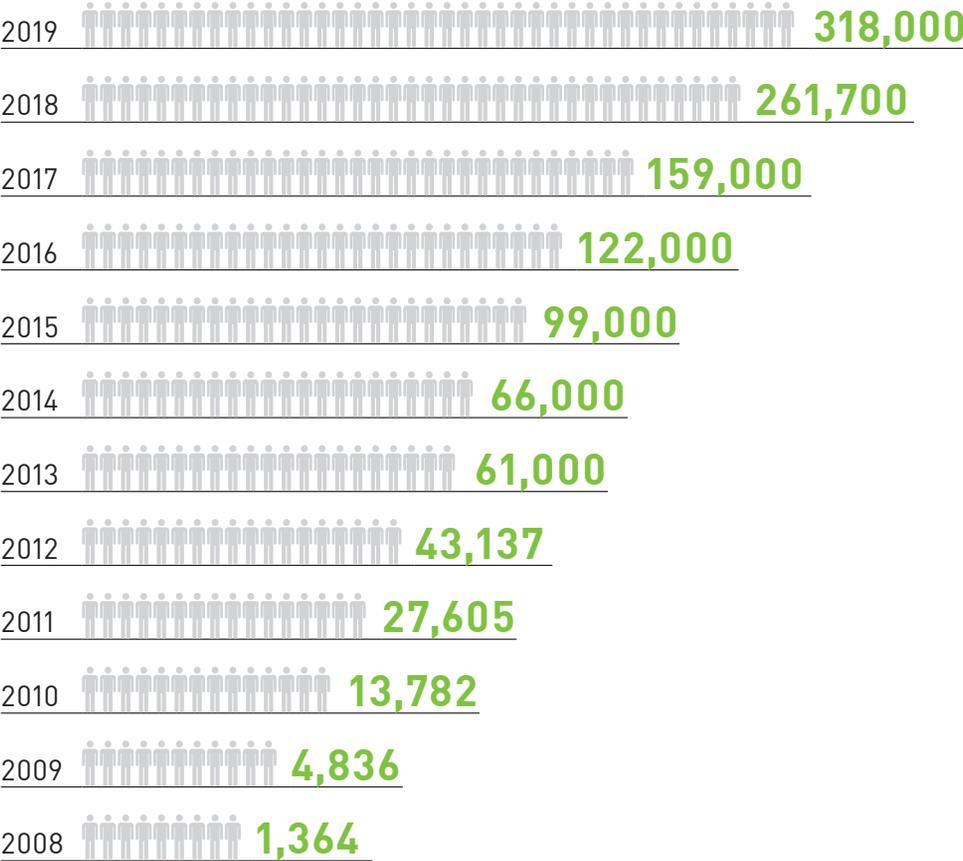
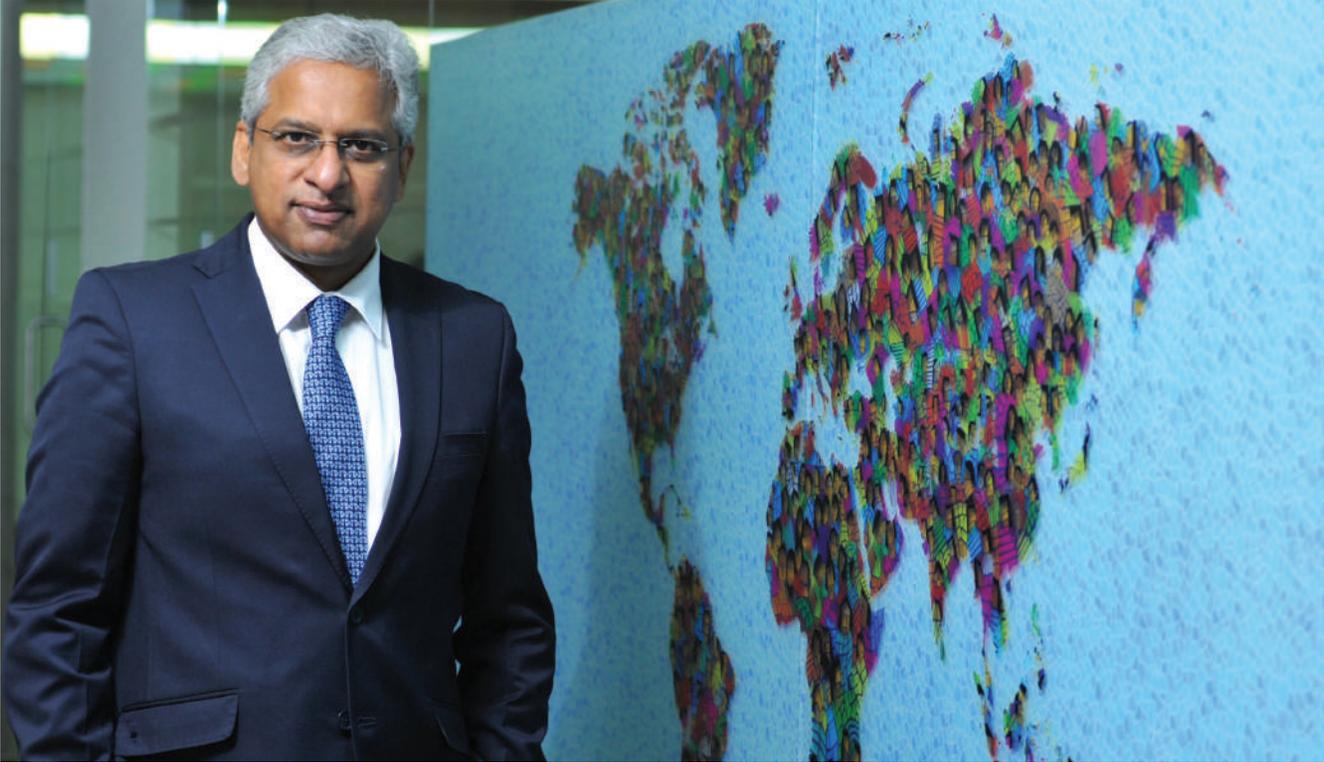


### Sanjay Anandaram

Non-Executive,  
Independent Director

Sanjay Anandaram is an Independent Director of the Company. He holds a Bachelors degree in Electrical Engineering from Jadavpur University in Kolkata and a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore. He has over 30 years of Indian and international experience as a corporate executive, entrepreneur, investor, teacher and advisor to funds and entrepreneurs. He has been a Director at Qess since December 2015.

# From the Chairman's Desk



**Dear Shareholder,**  
 Something remarkable has happened since the inception of Qess.

The chart represents the number of employees with Quess each year. We have grown at a CAGR of 64% since we founded our institution and have been one of the prime drivers in creating employment in a new and emerging India. Today, we are among the largest private sector employers in India with a headcount of 318,000 employees and have achieved this scale in a short span of 12 years!

The previous year has been a year of significant strategic progress with its own set of challenges. We have delivered a strong performance in majority of our businesses. Our staffing and facility management business continues to deliver industry leading performance and we have strengthened our customer lifecycle management business through the acquisition of Allsec Technologies, a pioneer in the Human Resource Operations space and the second largest payroll services provider in India. All this while our internet business is undergoing metamorphosis both in terms of the revamping platform and offering targeted solutions for our clients.

## India – A Growth Story

We live in exciting times where India is one the fastest growing economies. India is projected to grow at about 7.5% in the future which we expect to result in more people joining the workforce. Last year, India moved 23 places to be ranked 77th in the World Bank's report "Ease of Doing Business" owing to the robust economic reforms. This provides us an opportunity, both in terms of skilling and placing the workforce to create value for ourselves and the nation at large.

## Business Services

Business services as a percentage of GDP today stands at 2.0% in India which is significantly lower than BRIC nations where it stands at 6.0% or in developed economies where it stands at above 11.0%. As economies mature and grow, the share of business services grows at a faster pace than the rate of growth of the economy itself and should become between 5% & 7% over the next few years.

## Formalization of the Economy

The introduction of GST has set in motion the process of formalization and consolidation in the sector. Apart from the incentive for organisations to choose the services of tax-compliant staffing firms, which allow them to claim input tax credit, customers are also driven by the need for superior services and a need to associate themselves with brands that are ethical and compliant with all regulatory requirements. There is therefore, potential to grow in the underpenetrated market for organized players who offer predictability and standardization to their customers.

## Solving New Age Problems

Business disruptions in terms of innovative ways of working are emerging each day and we are transitioning from a "traditional jobs" to a "gig economy" where workforce and services are availed just-in-time. This makes it imperative that we keep identifying and providing critical talent in an efficient manner enabling staffing companies to evolve and become strategic workforce solutions partners.

## Digital Transformation

In a disruptive tech world, businesses are evolving to remain ahead of the curve by leveraging technology effectively to improve employee outcomes, enhance customer experience and improve profitability. Last year, we embarked on a journey of enterprise wide digitization to improve productivity and efficiency. We have been transforming our core business by optimising, digitising and automating processes. We have deployed newer technologies like robotic process automation, cloud telephony, digital attendance monitoring, chatbot etc. to improve our efficiency while providing enhanced user experience to our major stakeholders – employees and customers.

## Our Structure

We operate in a decentralized manner supported by strong centralized shared services. Each of our businesses is run by Presidents, with minimal

intervention from our corporate office. Our corporate office is involved primarily in three areas-Capital allocation, Performance goal setting and Leadership planning. Leading this effort has been my colleague **Subrata Nag**, our Group CEO, who over the last decade at Quess has been instrumental in developing & implementing the decentralized structure.

In the past year, we have strengthened our senior leadership by hiring several new leaders. We hired **Rajesh Kharidehal** as our Chief Business Officer who is responsible for driving our overall strategy and business metrics for the group that would enable us to have better visibility into our businesses. We have hired **Ramakrishnan Subramanian** as Deputy CFO to further strengthen our Finance function and **Ritesh Aggarwal** as the Head of Human Resources function. We believe we have a strong senior leadership team who will act as a key catalyst for Quess' next phase of growth.

## Highlights for the Year

The financial highlights of the year are as follows:

- **Revenue** grew 38% YoY to ₹8,527 crore and **EBITDA** grew 31% YoY to ₹465 crore
- **EBITDA Margin** stood at 5.45%
- **PAT** stood at ₹257 crore
- **PAT Margin** stood at 3.01%
- **Diluted EPS** stood at ₹17.5
- **Cash flow from operations** stood at ₹202 crore in FY19 (up from ₹109 crore in the previous year)
- **EBITDA to OCF conversion** was at 43% in FY19 (up from 31% in the previous year)

Our **People Services** business grew by 35% to ₹3,880 crore and our EBIT margin stood at 4.73%. This segment contributed 46% and 44% to our overall Group Revenue and EBIT respectively. Our general staffing business within the People Services segment continues to deliver impressive performance. We have added about 35,000 associates during the year thereby further strengthening our leadership position in the market with an overall staffing headcount of over ~192,000 associates. Our core to associate ratio, an important measure of efficiency improved significantly

to 1:330 during the year. My colleagues **Guruprasad Srinivasan** and **Lohit Bhatia** have had another incredible year and the market leadership achieved is a testament to their focus and ability to lead large teams successfully.

We have scaled up our Training and Skill Development business in the past year by becoming one of the largest training and skill development partners of Ministry of Rural Development and National Skill Development Corporation with 96 Training centers, 750 trainers with an annual training capacity of over 50,000. **Ravi Tenny**, the Head of our Training & Skill Development vertical has done an excellent job in scaling the business and I am sure Ravi would take our training business to greater heights and make it a core engine for supplying skilled manpower to meet both internal as well as external demand.

Our **Technology Solutions** business saw a Revenue growth of 50% to ₹2,796 crore while EBIT margins stood at 5.87%. The segment contributed 33% and 39% to our overall group revenue and EBIT respectively. The growth in the segment was primarily driven by our Business Process Management (BPM) business, Conneqt and our after-sales services business, DigiCare. Conneqt has been witnessing steady growth in the last year delivering solid financial performance. Post-acquisition of Allsec, our BPM business would become the second largest entity in the domestic space. **Pinaki Kar** continues to lead this business from the front as our new acquisitions add more depth and geography to our operations.

Our **Facility Management** business grew by 20% to ₹1,230 crore while EBIT margins stood at 6.88%. The segment contributed 14% and 20% to our overall Group Revenue and EBIT respectively. Facilities Management business has proved to be a promising business for us, delivering impressive growth and offering a wide range of services - soft services, hard services, food services, landscaping services, security services. We manage ~220 million square feet of infrastructure spanning corporate parks, airports, metro stations, universities, hospitals, exhibition centers and factories. **Anand Sundar Raj C** has been leading the transformation in this business and has done an excellent job in scaling

the business as an integrated service provider. Our **Security** business combines the best of manned guarding and electronic security services. We have over 19,100 guards managing over 1,800 sites across the country. I am happy to mention that **Amit Satpathy** has been steering the business towards making us one of the preferred service providers in this space.

Our **Industrials** business witnessed a Revenue growth of 27% to ₹472 crore and the EBIT margin stood at 3.46%. The segment contributed 6% and 4% to our overall Group Revenue and EBIT respectively. In FY18 we forayed into smart city projects seeing potential in the business. While we continue to successfully execute the project, we faced certain issues on the working capital front due to longer cash collection cycles. Keeping this in mind, we have decided not to take up any more projects in smart city going forward as they increase our cash collection cycle. Apart from this, we will focus on growing our mobile telecom tower business, industrial asset management business alongside the new renewable energy business in the upcoming year. I am confident that **Neil Elijah**, a veteran in the Steel and Telecom industry would leverage his rich experience to drive profitable growth in this segment in the coming year as we focus on our core areas of expertise – operations & maintenance contracts in metal, power and oil & gas sectors. I would also like to thank **Ashish Kapoor** for his contribution towards leading our active infra business in a period when the industry has been experiencing significant turbulence.

In our **Internet business**, Revenue stood at ₹149 crore and the EBIT margin stood at (21%). The segment contributed 2% and (7%) to our overall Group. There are a number of initiatives currently underway to turnaround this business and recapture the market share and mind share of the customers. We are working on reducing costs by identifying possible synergies with Ques. We had a soft launch of our new and improved Monster platform across APAC and Gulf region in Mar'19. This was followed by a new Monster brand campaign 'Work Life Balance' which was well received by the job seekers garnering about 600 million impressions, 7 million clicks and 4 million visits during

the campaign period. With initial heavy lifting done by **Abhijeet Mukherjee** and team, we expect Monster to deliver targeted results in the coming year.

### Creating Value for the Stakeholders

As the centre of our business are our customers, we look to explore opportunities to deliver more value to them each day and are in a constant pursuit of customer delight.

Adding 3 employees every 5 minutes, we have been instrumental in putting individuals to work in our country. Apart from providing them with employment opportunities, we are bringing them into the fold of a formalized economy which promises predictable income, social security benefits, and health benefits among others.

Our Shareholders have been pivotal to our business and we are on a constant endeavour to create long-term shareholder value through prudent capital allocation that would deliver superior financial outcomes.

### Journey Ahead

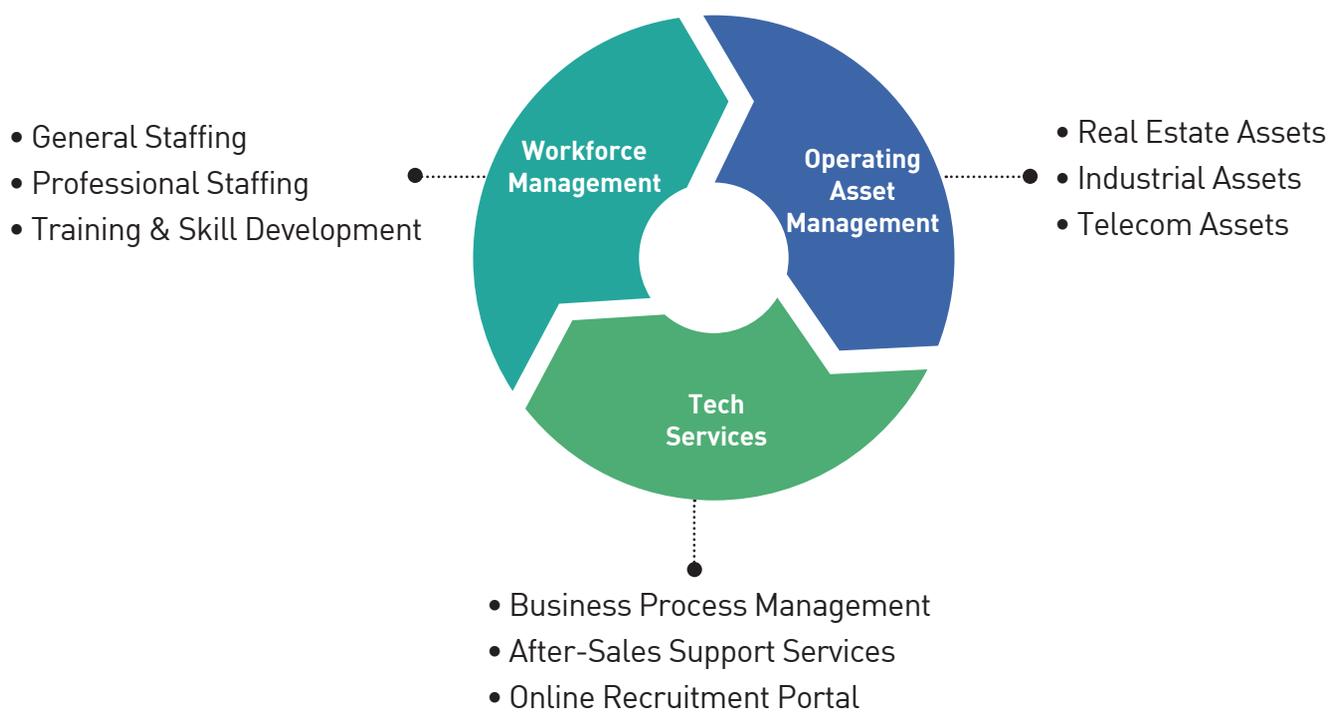
Since inception, we have built a diverse portfolio of service offerings that have gone a long way to shape Ques in its current form. The economic, business and technological disruptions are compelling organizations to evolve continuously. Going forward, we envision Ques as multiple platforms enabling us to provide end-to-end integrated services to our customers and to be present across the value chain. In the forthcoming year we will align ourselves into three main platforms: Workforce Management, Operating Asset Management and Tech Services. Workforce Management would comprise of a diverse suite of offerings in the employee lifecycle management space ranging from – training and recruitment to on-boarding and off-boarding employees both in the general staffing and professional staffing businesses. Operating Asset Management would provide a one stop shop for all assets – real estate, industrials and telecom. Tech Services would comprise of business process management, after-sales services and online-recruitment portal.

Capital allocation continues to be a key focus area

for us. We have an established inorganic playbook of successfully identifying and integrating value accretive acquisitions. We are entering into a phase of consolidation and will allocate capital strategically to derive superior financial outcomes for our company.

Our focus on Balance Sheet Management has yielded tangible results during the year. Our EBITDA to OCF

conversion has improved significantly during the year. We started the year with a conversion of 31% and are exiting at a rate of 43% on a full year basis, an improvement of around 40% and will continue to improve our cash flows further. We believe in the short to medium term, we should be able to generate higher amounts of operating cash from our business.



### Creating a Better Tomorrow

We at Quess believe in creating a better world where everyone has access to opportunities and has a right to have a better life. We strive to make this possible through intervention at the formative stage of children’s lives. This has been the premise of our community outreach program Careworks Foundation (CWF) that focuses on education and healthcare initiatives for primary school children. We currently

work with 54 schools benefiting 10,955 children who would go on to be responsible for shaping the future of our country. We have extended infrastructure support to 195 schools to make it safe and comfortable for children. We regularly organize medical camps and also extend counselling sessions to ensure the well-being of children. Education is clearly the way to create a responsible, responsive tomorrow. I would like to thank **Smitha Srinivas** for her valuable contribution.

This note will be incomplete without thanking our 2,000+ clients for the belief entrusted in us, which has enabled the company to grow thus far. I am also thankful to the dedication of our 318,000 employees who drive the outcomes for our clients and have created a solid foundation for our institution.

As we navigate into a new year, we at Qess feel a unified sense of purpose and pride in seeing the institution that we have built over the last 12 years. I am thankful to all our shareholders who have steadfastly stood by us and helped us scale this company. I look forward to interacting and meeting you at our annual meet for shareholders.

Best Regards,



**Ajit Isaac**

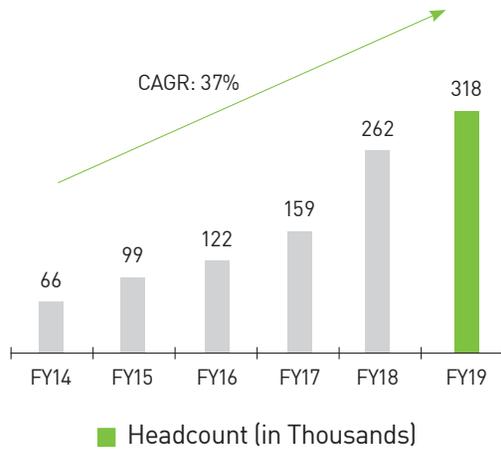
Chairman & Managing Director

**Qess Corp Limited**

# Long Term Growth and Profitability

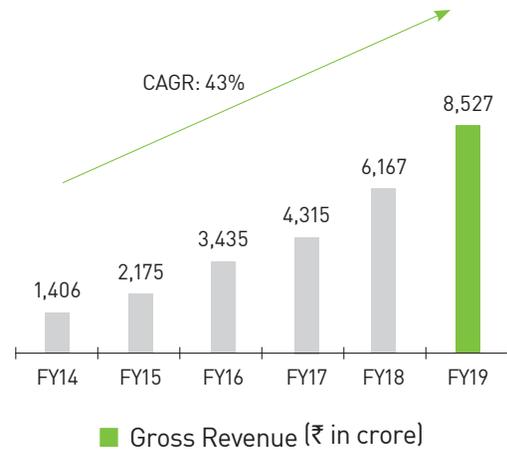
## Headcount

Absolute Headcount increase of ~ 252K in 5 years



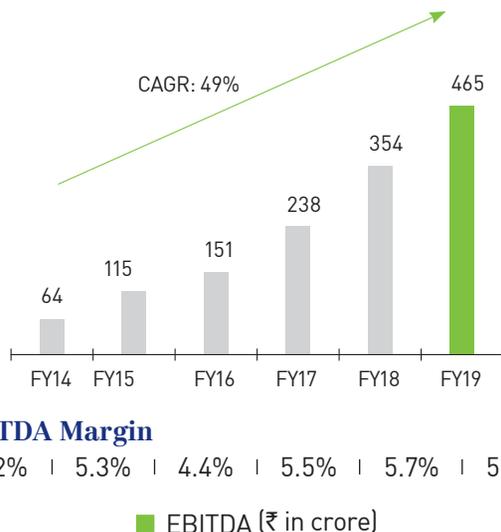
## Gross Revenue

Revenue CAGR of 43% over last 5 years



## EBITDA

Improvement of 130 bps in EBITDA margin in 5 years

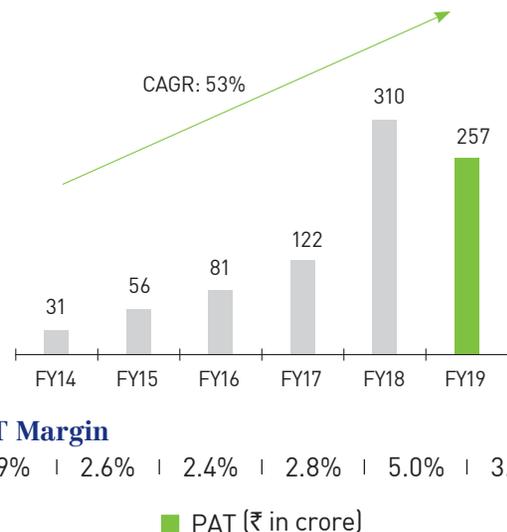


### EBITDA Margin

| 4.2% | 5.3% | 4.4% | 5.5% | 5.7% | 5.5% |

## PAT

Increase in PAT margin by 110 bps in 5 years



### PAT Margin

| 1.9% | 2.6% | 2.4% | 2.8% | 5.0% | 3.0% |

# Financial Highlights FY2019

**₹8,527** crore **+38%**  
CONSOLIDATED REVENUE

**₹465** crore **+31%**  
CONSOLIDATED EBITDA

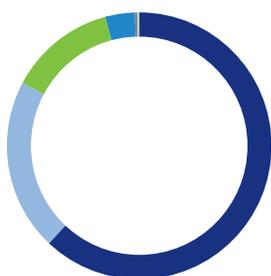
**₹257** crore  
CONSOLIDATED PAT

**₹202** crore  
CASH FLOW FROM OPERATIONS

**0.29 X**  
DEBT TO EQUITY RATIO

**₹17.5**  
DILUTED EPS

## Headcount



- People Services  
**1,97,421**
- Technology Solutions  
**41,784**
- Internet  
**546**
- Facilities Management  
**66,029**
- Industrials  
**11,868**
- Others  
**393**

## Revenue Mix by Sector



- Retail  
**17%**
- Telecom  
**14%**
- Manufacturing  
**9%**
- BFSI  
**16%**
- IT/ITES  
**12%**
- Others\*  
**32%**

\*FMCG, Logistics, Agriculture, Healthcare/Hospitality etc.

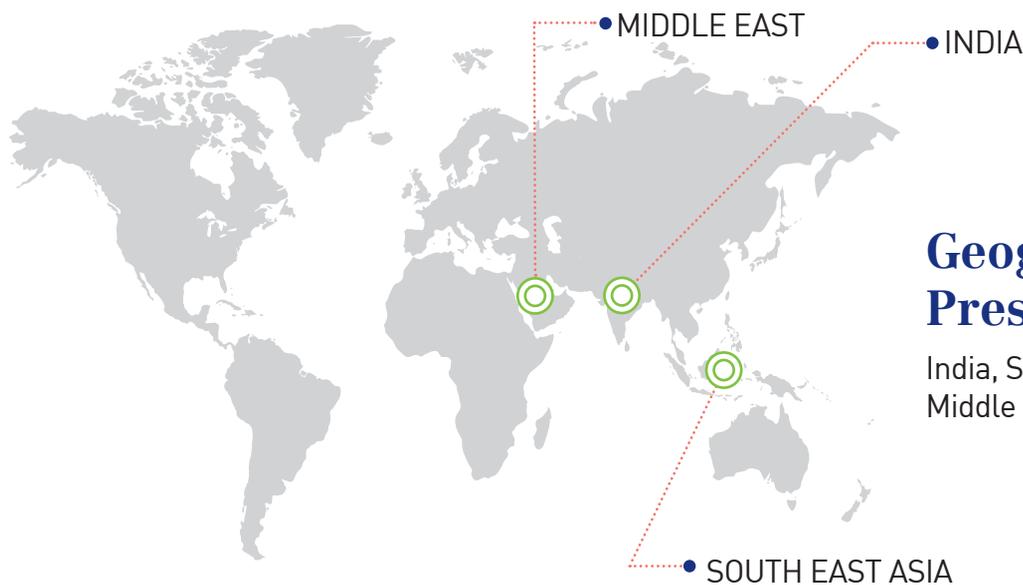
# Segment Overview

## People Services

Our People Services segment provides comprehensive Human Resource services and solutions across the workforce landscape including staffing solutions, recruitment services, executive search, recruitment process outsourcing and compliance.

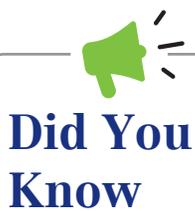
Additionally, we provide training and skill development services through 96 centers

spread across 17 states in partnership with the Government of India. We are authorized to provide training and skill development programs covering 17 trades/sectors, including retail, ITES sector for technical support, logistics sector for warehouse assistance, travel and tourism sector for domestic tour operators.



## Geographic Presence

India, South East Asia and the Middle East



**Did You Know**

We are India's largest staffing company with **192,000+** associates in general staffing, provide skill development of over **50,000+** students across **96** training centers, achieved a milestone of **100,000** delivery of shipments per day across **51** cities.

## Sectors Served

Retail, BFSI, Telecom, eCommerce & Logistics, Agro, Consumer Services, Pharmaceutical & Healthcare, Industrial & Engineering Services & Manufacturing.

## Service Offerings



### Staffing Solutions

We are the youngest leading provider of frontline workforce services, with a technology led platform.



### Recruitment Services

We work on exclusive assignments to provide talent acquisition for our clients ranging from sourcing senior management personnel to recruiting middle and entry-level employees.



### Skill Development

We work towards building a skilled workforce for the nation by partnering with the government, corporates and other institutions to train young Indians to be employable in the industry.

**excelus**  
Learning Solutions



### Compliance Solutions

With a pan-India network, we give our clients statutory compliance management solutions with a strong technology platform.



### Logistics

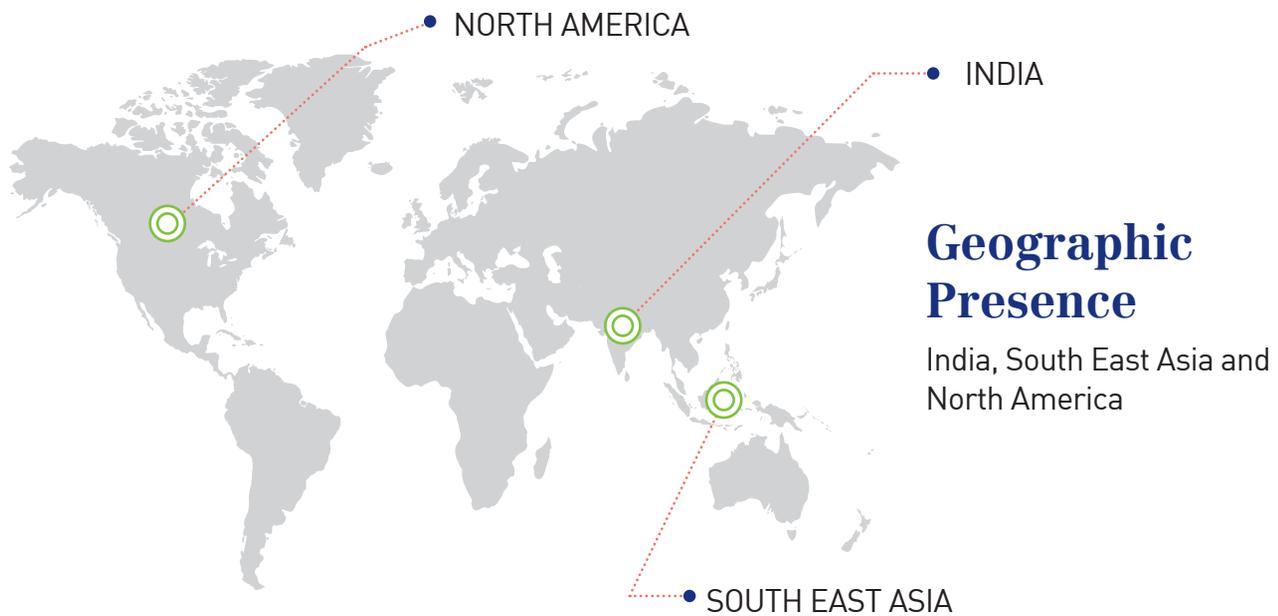
Our logistics arm has emerged as a preferred service partner for intra-city logistics riding on excellent service quality and tech capabilities.

**DEPENDO**  
DEPENDO LOGISTICS PARTNER

## Technology Solutions

Our Technology Solutions segment provides a host of IT/ITeS support services viz. customer lifecycle management, business process

management, IT professional staffing, IT infrastructure managed services, digital solutions and after-sales support services.



  
**Did You Know**

We are #1 in Indian IT professional staffing, #1 in Singapore IT professional staffing and are one of the Top 3 BPO services provider in India. Our DigiCare network repairs over 1.5 million units every year.

## Sectors Served

IT/ITeS, BFSI, Retail, E-commerce, Manufacturing & Engineering, Aerospace, Healthcare, Automotive, Government, Communications and Telecom, Media, FMCG and Service & Consulting.

## Service Offerings



### Customer Lifecycle Management

We are amongst India's leading Customer Experience (CX) companies with over 30,000 employees handling ~ 500 million customer transactions every year through 26 delivery centres.



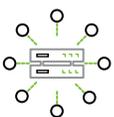
### IT Professional Staffing

We offer comprehensive IT professional staffing solutions to clients across BFSI, Aerospace, Healthcare, Automotive, Communications, Hi-Tech, Manufacturing & Engineering. We are the market leader in Indian IT staffing. We have market leading presence in Singapore and also operate in Malaysia.



### After-Sales Services

We provide after-sales services for smartphones, consumer electronics and consumer durables with a pan-India presence of over 250 centers.



### System Integration and Platform Services

We deliver solutions for commercial insurance clients and our full suite of technology and business process capabilities enhances the speed of our customers' operations.



### IT Infrastructure Managed Services

We provide Infrastructure Managed Services, Information Security Services and Cloud Services.



# Facility Management

We are one of the largest Integrated Facility Management players, providing an entire range of facility management services including janitorial services, electro-mechanical services, pest control services, landscaping services, corporate catering and hospitality services. We have carved a niche

for ourselves with the ability to deliver cost savings to our clients, supporting multiple facility maintenance service requirements. Our Facility Management segment has received global process quality certifications (ISO 9001:2008 and ISO 22000:2005) and is also a member of ISSA, the global cleaning industry association.



**Did You Know**

We manage **14,000+** hospital beds, **40,000** student beds & **220 mn+** sq.ft. for our clients. We serve **150,000** meals per day.

## Sectors Served

Manufacturing, Education, Healthcare, IT/ITES, Retail, Airports, Financial Institutions amongst others.

## Service Offerings



### Soft and Hard Services

We are one of the largest facilities management companies, offering hard and soft services to clients with a combined employee strength of over 47,000.



### Catering Services

We provide food and catering services to multiple sectors, managing over 35 kitchens across India.



### Integrated Security Solutions

We are amongst the leading manned guarding companies with capability to offer integrated security (both physical & electronic surveillance). We have a pan-India footprint with presence in over 185 cities across 19 states.



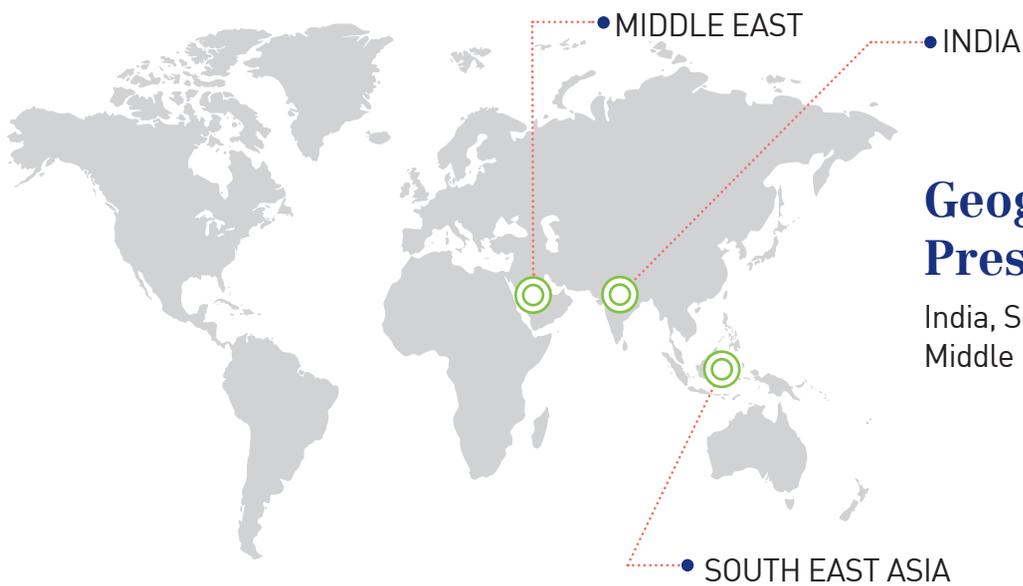
### Design and Landscaping Services

We are a leading provider of end-to-end design and landscaping services to marquee corporates, industrial houses and leading real estate firms in India and abroad.

## Industrials

Our Industrials segment provides industrial operations & maintenance services and related asset record maintenance services across various industries, including energy, oil & gas, chemicals and ferrous and non-ferrous metals industries. We also plan, design and optimize telecom cell sites and install active components on cellular towers and their O&M. Additionally, we provide managed services and passive infrastructure solutions

for telecom companies. We also provide range of services across value chain in power sector including O&M of power plants and managed services for utilities, spot billing and collections. In our digital infrastructure solutions business we focus on infrastructure EPC projects in domains like urban infra and transportation. Our Industrials segment is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified.



### Geographic Presence

India, South East Asia and the Middle East



**Did You Know**

We are the force behind **1920 MW** of power, **40 MTPA** of metal, **75,000** telecom towers in India and carry out **2.1** million household meter readings per month.

## Sectors Served

Energy, Oil & Gas, Chemicals, Ferrous & Non-Ferrous Metals and Telecom.

## Service Offerings



### Industrial O&M

We maintain plants of our industrial clients. We also provide O&M and managed services in power sector.

**Q**  
*Hofincons*



### Telecom Infra and Managed Services

We focus on installation and commissioning of passive infra and rendering resources for managed services to clients in the telecom spaces, taking responsibility for functional deliverables.



### Digital Infrastructure Solutions

We provide technological solutions to install and commission smart infrastructure including surveillance system, command and control centres, intelligent transit management and wi-fi installation.



### Telecom Network and Operations Maintenance

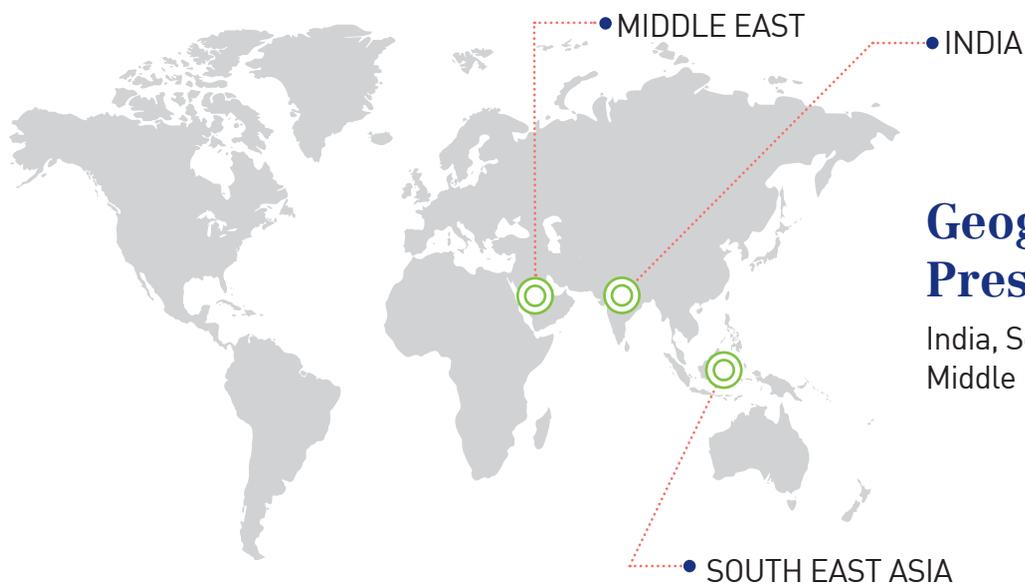
We plan, design and optimize telecom cell sites and undertake the installation of active components on cellular towers, as well as their operations and maintenance.

**Q**  
**VEDANG**  
CELLULAR SERVICES

## Internet Business

The Internet Business comprises of online career and recruitment resource business

and our Governance, Risk and Compliance platform, specializing in Labour Laws.



### Geographic Presence

India, South East Asia and the Middle East



**Did You Know**

Our online career and recruitment resource has **~59 million** active registered users & around **600,000** monthly new registrations.

Simpliance has catalogued all Labour laws in India by curating close to **60,000** pages and we have more than **62,000+** subscribers to this library.

## Sectors Served

This segment caters to the recruitment services and solutions across all industries through its web-based portal and mobile app.

## Service Offerings



### Online Recruitment Portal

Our online career and recruitment resource with its cutting-edge technology provides relevant profiles to employers and relevant jobs to jobseekers across industry verticals, experience levels and geographies. We provide the widest and most sophisticated job seeking, career management, recruitment and talent management capabilities.

**monster**<sup>®</sup>  
Find Better.™



### Digital Labour Law Compliance Management Tool

We provide technology-led Governance, Risk and Compliance solutions like Risk Management, Regulatory Compliance and Audit Software. We also host India's largest digital platform for automated Statutory Compliance Management enabling businesses to comply with Indian Labour laws.

**Simpliance**<sup>®</sup>  
Simple, Beautiful, Effective Compliance

# Community Outreach

## Careworks Foundation

Today's children are tomorrow's future and as responsible citizens of the country, it is our prime duty to ensure we secure the education of tomorrow's future, especially children belonging to rural societies. It is our responsibility to act as catalysts of change for these children, and this is what Careworks Foundation has been invested in from day one, to reach as many schools as possible and to impact as many children as possible.

Careworks Foundation (CWF) is the CSR division of Qess, formed in 2014. CWF is driven by the belief that education and health are the two major pillars to accelerate growth in a society. Through its implementation of healthcare and education initiatives, CWF has been building a healthy & educated workforce whilst providing sustainable livelihood for the marginalised sections of society.

## Our Structure



### School Enhancement Programme

This is the flagship education initiative of Careworks Foundation, aimed at holistic development of government schools. The objective of this programme is to support quality education for underprivileged children, laying special emphasis on education for girls and children from marginalised sections of society.

#### OBJECTIVE

- 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 54 schools, 10,955 children and 328 teachers
- In FY 2019, we adopted 24 schools



### School Environment Programme

This programme focuses on creating a positive physical school infrastructure, enhancing the attractiveness of schools among children, encouraging them to attend classes regularly and strengthen their learning outcomes. Hence, it strives to build schools that are safe, comfortable, attractive, child friendly and accessible to all.

#### WHAT WE DO

- Renovate and upgrade existing school infrastructure
- Ensure barrier-free access
- Incorporate appropriate safety measures
- Set up child-friendly school infrastructure
- Build school spaces as pedagogic resources
- Provide essential amenities (drinking water, hand wash areas, restrooms) in schools
- Facilitate the maintenance of school infrastructure



## Health Programmes

CWF regularly organises dental camps, eye camps and awareness sessions on hand wash practices, to ensure the general well-being of students. Over the past 4 years, 10,841 children have been screened through dental camps conducted in our partnered schools.

CWF has also been involved in a project for developing a CSR model of school mental health to help children develop holistically. This programme has counsellors from CWF working together with school teachers, to help students with psycho social difficulties resolve their issues.

### WHAT WE DO

- Improve sanitation facilities
- Maintain clean and sanitised washrooms for boys and girls
- Improve awareness of cleanliness and sanitation via training programs for school teachers and children alike
- Ensure access to pure drinking water by installing purifiers at school campuses



## Stakeholder Engagement

CWF strongly believes that effective stakeholder participation at the school level brings more transparency and efficiency in every level of the school management system. To achieve this, CWF employs School Mapping to understand the efficacy of existing facilities, and undertakes suitable improvement measures to bring in positive change involving all stakeholders.



## Our Other Initiatives

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



# Management Discussion and Analysis

The table below gives an overview of the consolidated and standalone financial results for FY2019 and FY2018

## 1. Financial Results

| Particulars (in ₹ crore)                                    | Consolidated    |                 | Standalone      |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | FY2019          | FY2018          | FY2019          | FY2018          |
| <b>Revenue</b>  | <b>8,526.99</b> | <b>6,167.26</b> | <b>5,613.08</b> | <b>4,410.81</b> |
| Less: Cost of Materials and Stores and Spare Parts Consumed | 262.41          | 142.22          | 129.67          | 123.06          |
| Less: Employee Expenses                                     | 6,713.21        | 5,079.32        | 4,560.07        | 3,643.02        |
| Less: Other Expenses  | 1,086.80        | 591.36          | 615.05          | 405.49          |
| <b>EBITDA</b>   | <b>464.58</b>   | <b>354.36</b>   | <b>308.28</b>   | <b>239.24</b>   |
| <i>EBITDA Margin</i>  | 5.45%           | 5.75%           | 5.49%           | 5.42%           |
| Add: Other Income   | 71.23           | 56.92           | 47.23           | 46.30           |
| Less: Finance Costs   | 114.40          | 75.45           | 63.60           | 46.21           |
| Less: Depreciation & Amortisation Expense                   | 123.15          | 74.74           | 44.57           | 35.31           |
| Add: Share of Profits in Associates                         | (8.81)          | 0.36            | -               | -               |
| <b>Profit Before Tax</b>                                    | <b>289.45</b>   | <b>261.46</b>   | <b>247.34</b>   | <b>204.02</b>   |
| <i>Profit Before Tax Margin</i>                             | 3.39%           | 4.24%           | 4.41%           | 4.63%           |
| Less: Tax Expense   | 32.90           | (48.31)         | 16.06           | (55.24)         |
| <b>Profit After Tax</b>                                     | <b>256.55</b>   | <b>309.76</b>   | <b>231.28</b>   | <b>259.26</b>   |
| <i>Profit After Tax Margin</i>                              | 3.01%           | 5.02%           | 4.12%           | 5.88%           |
| Add: Other Comprehensive Income/ (Losses)                   | 6.35            | (3.86)          | (3.03)          | (3.54)          |
| <b>Total Comprehensive income for the year</b>              | <b>262.90</b>   | <b>305.90</b>   | <b>228.25</b>   | <b>255.72</b>   |
| <b>Diluted EPS (in ₹)</b>                                   | <b>17.51</b>    | <b>21.82</b>    | <b>15.77</b>    | <b>18.19</b>    |

## 2. Update on Indian Economy

### Indian Economy

The Indian economy is expected to grow at 7.5% in FY20 supported by the continued recovery in investment and robust consumption. India will remain one of the fastest growing major economies in the world given strong household spending and corporate fundamentals. The country's young work force, an improving business climate and a renewed focus on export expansion will support this growth.

Income support to farmers, hikes in procurement prices for food grains and tax relief to lower income strata will boost household income and consumption. An increase in utilization of production capacity by firms, along with falling levels of stressed assets held by banks and easing of credit restrictions on certain

banks, is expected to help investment grow at a healthy rate. Moderation in global demand and potential escalations of trade tensions could however undermine the economic expansion.

In July 2017, India's complex indirect tax code was replaced by a single GST, with an intention to eliminate the cascading of taxes and to simplify compliance procedures to unify India into a single market for the sale of goods and services. The benefits of GST include increased productivity, easier inter-state trade and higher tax revenues for the government due to improved compliance. The number of taxpayers registered on the GST network has increased from 6.7 million earlier to 9.8 million in November 2018.

India will remain one of the fastest growing major economies at 7.5% in FY20

### 3. Industry Overview

Business services is a diverse industry broadly serving companies in sectors such as facilities management, HR services, business process outsourcing, IT and digital services, and outsourced public services. The services offered under the business services industry are expanding each day based on the evolving needs of customers to outsource their non-core operations. Client demand for quality and speed of services both in public and private sector companies has led to robust growth in the industry. It has allowed other organisations to focus resources on their core competencies and is thus helping to bring about efficiencies in the broader economy.

The global business services market is estimated to be between \$5-6 trillion. The business services industry accounts for over 11% of GDP in the United States and the European Union. However, the penetration of business services is low in most developing countries, offering high growth potential in these economies. Penetration of business services in India is only 2%, far lower than other BRIC nations such as Russia, Brazil, and China where it is ~6%.

There is now sustained demand for business services but companies are increasingly facing pressure on their resources and margins which impacts their ability to meet that demand. For instance, skill shortages are starting to affect their ability to grow while higher costs continue to tighten margins. In the upcoming year some of the key focus areas in business services market would be efficient operations, managing talent and leveraging technology to create a niche. From a market size stand point, the business services industry in India is expected to be ~\$59 billion in FY20.

The business services industry is expected to be ~\$59 billion in FY20.

#### A. People Services

##### i. HR Solutions

One of the direct impacts of a changing business ecosystem on companies has been on their talent demands. Rapid shifts brought about by technology and evolving market conditions have meant that companies often chart their talent demands beforehand and work proactively to stay ahead of the curve. This has meant that staffing firms have a larger role to play and are slowly becoming a partner in helping organizations meet their talent demands.

The creation of jobs has been a point of contention with the expectation that the formal sector would provide opportunities to absorb the growing numbers of the working population. The aim of the current government to spur job creation by bringing in investments and providing monetary boosts has led to the government incentivizing staffing companies with tax benefits under section 80JJAA of Income Tax Act, 1961.

The Indian HR solutions market is highly fragmented with 70% of the market being dominated by unorganized players. With formalization, about half the market is expected to be driven by organized players by 2025. Currently, ~3.3 million associates are handled by organized players which is expected to increase to ~6.1 million associates by the year 2021.

The HR solutions market is expected to reach ₹1,08,749 crore by 2021 growing at a CAGR of 16.8%. The growth in staffing will be driven by retail, banking, software, automotive, e-commerce, manufacturing, pharma and healthcare in the upcoming year. The surge in overall employment in India will be based on increased focus on job creation backed by strong economic fundamentals.

The HR solutions market is expected to reach ₹1,08,749 crore by 2021 growing at a CAGR of 16.8%.

##### ii. Education Sector

The average age of India's population is projected to be around 29 years by 2020, one of the lowest in the world. India's demographic transition makes it imperative to ensure employment opportunities for millions of youth each year. Based on the skill gap study conducted by the National Skill Development Cooperation, there will be an additional net requirement of 103.4 million skilled manpower by 2022 across 24 key sectors.

The Government of India has been successfully running several skill development initiatives to address this challenge. Some of the key initiatives are Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGK), Pradhan Mantri Kaushal Kendra (PMKK), National Employability Enhancement Mission (NEEM), Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and several other State Government led programs as well.

The overall size of the Indian education sector was at ₹8,40,000 crore in FY18 and is expected to grow at 14% over the next 3 years. The vocational training market is

sized to be 5% of the education market and was pegged at about ₹54,583 crore in FY18.

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## B. Technology Solutions

### i. Business Process Management

The global Business Process Management (BPM) market stood at about \$198 billion and grew at 4.5% in 2018. Global BPM growth remains positive driven by digital and transformational projects, creating business impact for customers. 'Bots Plus Humans' has become a standard delivery model, as automation has become an industry norm.

The BPM market in India is valued at \$34 billion and is expected to reach \$50-55 billion by 2025, growing at a CAGR of 8-10% with Indian domestic BPM market valued at \$4.0 billion. The Indian BPM industry is shifting from pure services to platform solutions, with new revenue streams from areas like digital services, plug and play platforms, omni-channel, analytics and AI. Strategic acquisitions among the large players has changed the service provider landscape over the last one year. Key objectives in the past year were building digital, RPA and analytics capabilities, expansion into different geographies and reduction of client concentration.

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The BPM market in India is valued at \$34 billion in 2018 and is expected to reach \$50-55 billion by 2025, growing at a CAGR of 8-10%.

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### ii. Professional IT Staffing

The information technology sector is undergoing a sea change and the need of the hour is to keep margin pressures at bay and to keep up with transient skill changes in the sector. Companies are facing margin pressures leading to the inevitable need to have lower bench strength to reduce costs. The skill landscape

in IT sector is also ever evolving as skill requirements change with technology and organisations are no longer able to accurately predict skills required for the future.

According to Indian Staffing Federation (ISF), the Indian IT flexi staffing industry is expected to become \$5.3 billion by 2021.

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### iii. Mobile and Consumer Durables Break-Fix and Repairs Market

Consumer electronics' break-fix services market in India is pegged at around ₹7,500-10,000 crore capturing 59% of the total break-fix market. Mobile break-fix service is the second biggest segment, constituting 26% of the total break fix market. A large part of the break-fix services market is currently dominated by unorganised players, presenting a huge growth opportunity for the organised players led by GST implementation.

Mobile break-fix services segment in the sector is the most lucrative owing to high growth opportunity of over 20%, while the consumer durables segment, the largest segment in the industry, is expected to grow at over 15%. There is a huge potential to grow both in-warranty (IW) & out-of-warranty (OOW) market given increasing complexity and growing number of OEMs. There is a constant need for OEMs to differentiate themselves which gives them a strong impetus to provide break-fix services to customers. These factors will pave the way for the break-fix market to grow in the coming years.

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Consumer electronics' break-fix market in India is pegged at around ₹7,500-10,000 crore capturing 59% of the total break fix market.

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## C. Integrated Facilities Management

### i. Facility Management

The facilities management market has huge growth potential in India and is in a very nascent stage. Organized Indian facilities management is pegged at ₹50,000 crore in 2018 and is expected to grow at

a CAGR of 20% till 2022. In the upcoming year the market would be driven by increased construction activities across commercial and residential segments. It will also be aided by government initiatives like providing housing for all citizens, development of smart cities in India and cleanliness initiatives. With rapid urbanization, corporatization and conducive government initiatives, facilities management is set to see another year of healthy growth.

Organized Indian facilities management is pegged at ₹50,000 crore in 2018 and is expected to grow at a CAGR of 20% till 2022.

## ii. Private Security

The demand for security services is increasing due to a number of factors such as rising urbanisation, the real and perceived risks of crime and a belief that public safety measures are insufficient. The security service market is also supported by an improved economic environment and building construction activity. The low police to people ratio of about 150:10,000 is also a contributing factor.

The Indian private security market is expected to be at ₹99,000 crore in 2020 and India's security services market will grow at a rate of 18-20% per annum for the next 5 years. Globally and in India, manned guarding forms a major part of the private security service industry, constituting almost 75% of the private security services industry. In India, the private security industry is one of the largest employment generating industries and currently employs nearly 8.9 million people and has the potential to employ 3.1 million more by 2022. With the increasing reliance on technological solutions in every sector, there has been a shift towards use of the latest technology in the private security industry as well to improve service delivery and improve margins.

The Indian private security market is expected to reach ₹99,000 crore in 2020 and will grow at a rate of 18-20% per annum for the next 5 years.

## D. Industrials

### i. Operation and Maintenance of Metals and Oil & Gas

Industrial operation and maintenance (O&M) services ensure efficiency, effectiveness and sustainability of industrial assets across end-user segments.

The Indian market for O&M services was pegged at ~₹5,500 crore in 2018 and is growing at 8.4% CAGR. The growth is likely to continue due to the increase in steel consumption with the estimated crude steel capacity pegged to grow to 2x of current levels requiring an additional capacity of 100 mtpa by 2030.

Similarly, India's power demand is likely to grow from 1,100 TWh in 2016 to approximately 1,692 TWh by 2022. Furthermore, thermal power capacity of 35 GW is expected to be added by 2023 in addition to the present capacity of over 220 GW. These capacity enhancements are expected to increase the market for outsourced O&M services in power sector to ₹4,500 crore by 2020.

The Indian market for O&M services was pegged at ₹5,500 crore in 2018 and is growing at 8.4% CAGR.

### ii. Telecom Services Management

Telecom services management offerings include network design, planning, deployment and network operations to enable the mobile operators to deliver voice, video and data services. India has approximately 700,000 cellular BTS on 500,000 telecom towers and likely to add 110,000 BTS by FY22. Increased penetration of 4G and roll-out of 5G services will continue to drive the demand for active telecom infra services. The addressable market in telecom services business is expected to reach ~₹3,000 crore by 2025.

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## E. Internet

Recent disruptions in the telecom space have given a strong impetus to digital adoption in India. The total number of mobile internet users is expected to grow to almost 650 million by 2020, and users with high-speed internet access is expected to be around 550 million. In India, data consumption is estimated to be ~10 GB per month per user in 2019.

The overall growth in digital landscape together with a large working age population presents a significant growth opportunity for the overall recruitment market, especially the online market. Given the demographic of the working population combined with proliferation of digital infrastructure, Indian online

recruitment is expected to see growth. Sectors such as manufacturing, IT/ITES, BPM and BFSI continue to be the major contributors of organized private jobs which rely heavily on online recruitment.

The online recruitment market in India, South East Asia and the Middle East is expected to reach \$362 million in 2019, and expected to grow at a CAGR of 7.3%.

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#### 4. Financial Performance at a Glance

##### Consolidated Performance Highlights

Quesq completed its 11th consecutive year of growth in FY19. Highlights of the year include:-

##### Revenue

- Our **Revenue** grew by 38% to ₹8,527 crore in FY19 from ₹6,167 crore in FY18. This was achieved on account of the following:
  - Employee headcount** as on March 31, 2019 was 318,000 compared to 261,700 employees in the corresponding quarter of last year, registering a growth of 22%, net addition of over 56,300 associates
  - Organic revenue growth** contribution during the year stood at 24%

##### EBITDA

- Consolidated **EBITDA** grew by 31% to ₹465 crore in FY19 from ₹354 crore in FY 18 driven by a strong organic growth during the year and full year consolidation of acquired entities such as Conneqt and Vedang
- EBITDA Margin** stood at 5.45% in FY19 as against 5.75% in FY18. The drop in margin is primarily on account of operating losses at Monster.

##### Finance Cost

- The finance cost increased by 52% to ₹114 crore in FY19 from ₹75 crore in FY18. The finance cost includes impact of Non-Controlling Put Option (NCI Put Option) to the tune of ₹26 crore in FY19 and ₹10 crore in FY18.
- Finance cost adjusted for the impact of NCI Put Option, increased by ₹22 crore from FY19. NCI Put Option is a non-operating and non-cash charge to the P&L to take into effect Quesq'

obligation to acquire balance equity shares in certain subsidiaries such as Conneqt, Vedang and Goldenstar for an exercise price specified in the share purchase agreement between the parties.

##### Depreciation & Amortization Expenses

- The Depreciation & Amortization (D&A) Expenses increased by 65% to ₹123 crore in FY19 from ₹75 crore in FY18 and is largely driven by the full year consolidation of acquired entities such as Conneqt, Monster, Digicare, Greenpiece and Vedang
- Additionally, the D&A expense includes impact of amortization of certain intangibles such as a) Customer Relationships and b) Brands etc. to the tune of ₹41 crore in FY19 and ₹31 crore in FY18.

##### Income Taxes

- During the year, the Company continued to avail the benefit of 80JJAA of the Income Tax Act, 1961 pursuant to which the Effective Tax Rate (ETR) stood at 11% in FY19. There was a one-time cumulative tax benefit pertaining to prior years availed for ₹56.51 crore in FY18.

##### Balance Sheet Analysis:

|                                | FY 2019              | FY 2018                 |
|--------------------------------|----------------------|-------------------------|
| <b>Leverage Metrics</b>        |                      |                         |
| Debt: Equity                   | 0.29x                | 0.41x                   |
| <b>Working Capital Metrics</b> |                      |                         |
| Billed Receivables DSO         | 39 days              | 54 days                 |
| <b>Return Metrics</b>          |                      |                         |
| RoCE (pre-tax)                 | 12.85%               | 13.79%<br>(post IPP)    |
| RoE (post tax)                 | 9.89%                | 16.45%<br>(post IPP)    |
| <b>Credit Rating</b>           |                      |                         |
| Long Term                      | [ICRA]AA<br>(Stable) | [ICRA]AA-<br>(Positive) |
| Short Term                     | [ICRA]A1+            | [ICRA]A1+               |

- Billed Receivable DSO:** Billed Receivables DSO improved to 39 days in FY19 compared 54 days in FY18 due to efficient working capital management.
- Cash and Cash Equivalents:** Cash and Cash Equivalents stood at ₹624 crore in FY19 compared to ₹1,034 crore in FY18. The reduction in Cash balance of ₹410 crore in FY19 is primarily on account of purchase of the balance 36% stake in our Subsidiary, Comtel to the tune of ₹127 crore, repayment of borrowings of ₹209 crore and pay-out of ₹37 crore towards acquisition of DigiCare and Greenpiece in FY19.

- **Borrowings:** Our Long term Debt stood at ₹209 crore with a reduction of ₹60 crore from FY18 while our Short term Debt stood at ₹575 crore and reduced by ₹150 crore in FY19.
- **Cash Flow from Operations:** Cash flows from operations for FY19 stood at ₹202 crore compared to ₹109 crore in FY18 on account of better collections
- **EBITDA to OCF Conversion** has increased to 43% from 31% in FY18

#### Financial Ratios:

| Ratios                   | FY 2019 | FY 2018 |
|--------------------------|---------|---------|
| DSO days                 | 39 days | 54 days |
| Interest Coverage Ratio  | 3.0     | 3.7     |
| Current Ratio            | 1.37    | 1.43    |
| Debt Equity Ratio        | 0.29x   | 0.41x   |
| EBITDA Margin            | 5.45%   | 5.75%   |
| Net Profit Margin        | 3.01%   | 5.02%   |
| Return on Net worth      | 9.89%   | 16.45%  |
| Debtor Turnover ratio    | 9.3     | 8.6     |
| Inventory Turnover ratio | 17.2    | 18.3    |

- Debt Equity ratio stood at 0.29x in FY19 compared to 0.41x in FY18 on account of gross debt reduction of ₹209 crore.
- Return on Networth stood at 9.89% in FY19 compared to 16.45% in FY18. There was a one-time cumulative tax benefit of ₹56.51 crore availed in FY18 which was pertaining to a prior period.

## 5. Segment Wise Performance

| Particulars (in ₹ crore)    | FY 2019 | FY 2018 | YoY (%)  |
|-----------------------------|---------|---------|----------|
| <b>People Services</b>      |         |         |          |
| Revenue                     | 3,880   | 2,878   | 35%      |
| EBIT                        | 184     | 136     | 35%      |
| EBIT Margin                 | 4.73%   | 4.73%   | 0 bps    |
| <b>Technology Solutions</b> |         |         |          |
| Revenue                     | 2,796   | 1,868   | 50%      |
| EBIT                        | 164     | 118     | 39%      |
| EBIT Margin                 | 5.87%   | 6.32%   | (45) bps |
| <b>Facility Management</b>  |         |         |          |
| Revenue                     | 1,230   | 1,027   | 20%      |
| EBIT                        | 85      | 67      | 26%      |
| EBIT Margin                 | 6.88%   | 6.54%   | 34 bps   |
| <b>Industrials</b>          |         |         |          |
| Revenue                     | 472     | 370     | 27%      |
| EBIT                        | 16      | 15      | 9%       |
| EBIT Margin                 | 3.46%   | 4.04%   | (58) bps |
| <b>Internet Business</b>    |         |         |          |
| Revenue                     | 149     | 23      |          |
| EBIT                        | (31)    | (4)     |          |
| EBIT Margin                 | -20.54% | -15.47% |          |

### A. People Services

Quess provides valuable, flexible and efficient solutions for every aspect of the people business. People Services is the oldest and the most anchored business at Quess.

Our People Services business grew by 35% to ₹3,880 crore and our EBIT margin stood at 4.73%. This segment contributed 46% and 44% to our overall Group Revenue and EBIT respectively. The People Services business of Quess offers general staffing, permanent recruitment, skill development, payroll, apprentice program, InEdge retail solutions including event management, visual merchandising etc. and compliance management.

We have made significant progress in our general staffing business over the past few years. We are currently the largest general staffing company in the country with over 192,000 associates and have added ~35,000 associates in FY19 which includes an addition of 9,000 associates under the newly launched NEEM program this year. This scale has been achieved through a judicious mix of mining existing clients and adding over 200 new logos in FY19.

The margin in the business is driven by a blend of core to associate, margin per associate and contract mix. We have been in constant pursuit to favourably improve the contribution of these drivers in our operations.

The core to associate mix stands at 1:330 (highest in the industry) in FY19 compared to 1:260 in FY18. The margin per associate has also improved favourably to ₹730 in FY19 from ₹719 in FY18. We have managed to improve the collect & pay to credit contracts to 65%:35% in FY19 from 58%:42% in FY18.

Our tech initiatives have given us an edge and made us the preferred partners in the market with the lowest cost to serve in the industry. We have implemented online paperless on-boarding, robotic process automation and have distributed workforce management solution, InEdge which enables us to track associate attendance on a real time basis and have payroll management tool, Qpay that helps manage the payroll cycle from entry to exit of associates.

Quest is among the largest training and skill development partners of Ministry of Rural Development and National Skill Development Corporation with affiliation to 17 sector skill councils. We have about 96 training centres, 750+ trainers with an annual training capacity of over 50,000. We also have captive placement opportunity that would enable us to absorb the trainees into our workforce and extending our presence further in the employee lifecycle. We run two successful PPP programs in association with National Skill Development Corporation - DDU-GKY and PMKK schemes and have successfully trained 47,190+ students under the DDU-GKY program till date and 26,100+ students under the PMKK scheme.

We are constantly looking to improve our efficiency and optimize utilization of our centers and are working on robotic process automation for automating and streamlining our processes. The focus in the upcoming year would revolve around increasing our training capacity to 100,000 students per year. As we navigate through the year, we will explore opportunities in skilling and education catering not only to our existing offerings in B2G but also to B2B and B2C segments.

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We are currently the largest general staffing company in the country with over 192,000 associates and have added ~35,000 associates in FY19.

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## B. Technology Solutions

**Technology Solutions** business provides services related to business process management, IT professional staffing, after-sales support, system integration, IT infrastructure managed services and digital transformation solutions.

Our **Technology Solutions** business saw a revenue growth of 50% to ₹2,796 crore while EBIT margins stood at 5.87%. The segment contributed 33% and 39% to our overall Group Revenue and EBIT respectively.

Our **Professional Staffing** business is delivered through Magna in India, Comtel in Singapore and Brainhunter in Canada. We are the largest technology professional staffing company in India with about 9,000 IT consultants, 300+ clients and have the ability to source about 500+ high end skills. We have a strong presence across major IT corridors in India and have a robust recruitment team of 400+ employees. On an average we have about 3,000+ technology positions open in any given month. We have an Industry leading fulfilment engine backed by proprietary software and unparalleled associate engagement and support framework. We are amongst the few staffing companies with industry focused verticals: BFSI, healthcare, automotive & engineering, telecom, FMCG & retail and service & consulting.

The professional staffing industry is undergoing vendor consolidation and the operational models of the large IT players are evolving and moving away from the traditional bench model to just-in-time contract hiring. This will enable them to reduce cost by eliminating unutilized resources. Furthermore, there is also an ever transient skill requirement in the industry which incentivizes to hire-on-need and our professional staffing business is the market leader in all the geographies that we operate in. We also have a learning platform aimed at bridging the gap between associate expertise and growing industry expectations delivered through Magna Infotech Career Services.

In the upcoming year, we will look to build digital competence centers to support high value niche skills, expand our geographic presence, set up delivery centers in Tier-2 cities in India and work towards scaling up our newly launched Magna Infotech Career Services.

Our **Customer Lifecycle and Business Process Management** business delivered through Conneqt Business Solutions caters to BFSI, Manufacturing, Auto, Telecom, Media, Retail and E-commerce with a marquee list of 120+ clients. We have 30,000+ associates with multi-linguistic capabilities to service in 36 languages (24 Indian and 12 global) from 26 delivery

centers. We are one of the top 3 domestic BPO service provider and about 50% of our clients have been with us for the past 6 years, which is a testament to our excellent service delivery. Our competitive service mix with expertise to serve multiple industries and our customer stickiness will bolster our position in the BPM market. In the upcoming year, our focus will be on adding new logos through a rigorous focus on key verticals, account mining, margin expansion and geographic expansion into newer markets like the United States, South East Asia and the Middle East.

After-sales services delivered through Digicare Services comprises of service centers for product categories such as mobile phones, consumer electronics and consumer durables. It has strong relationships with leading smart phone makers and consumer durable companies with over 1.5 million repairs annually.

Being a leading player in the after-sales service & support market for consumer electronics products, Digicare dedicates itself to providing personalized solution to its clients across the service value chain – call center support & walk-in service centers. We currently have about 250 service centers and have increased our geographic footprint from 55 towns to 150 towns since acquisition. We will further expand our service portfolio from “in-store heavy services” to “in-home services” like troubleshooting, repairs and installations.

We are the market leaders in professional staffing in both India and Singapore. We are also one of the leading domestic BPO player in the market.

### C. Facility Management

Our **Facility Management** business offers a wide range of services spanning soft services, hard services, food services, landscaping services, security services. Our facility management business grew by 20% to ₹1,230 crore while EBIT margins stood at 6.88%. The segment contributed 14% and 20% to our overall Group Revenue and EBIT respectively.

The facility management business provides integrated facility management solutions to corporates, airports, hospitals and educational institutions amongst many others across India. We believe our ability to deliver cost savings to our clients along with our ability to support multiple facility maintenance service requirements has distinguished us from our competitors.

Our facility management business has received global process quality certifications (ISO 9001:2008 and ISO 22000:2005) and is also a member of ISSA, the global cleaning industry association. We serve over 700 clients managing approximately 220 million square feet of space with an associate headcount of 47,000. Our erstwhile facility management business combined with the specialty facility management offerings (healthcare and educational institutions) of MIS is now an integrated service offering which presents a unique proposition for our clients. Our food services business provides about 150,000 meals a day. Education and healthcare sector contributes to about 46% of our revenue in this segment. Apart from these real estate, manufacturing, IT/ITES and BFSI are other dominant sectors contributing to our growth.

Our security business delivered through Terrier Security Services with its three decades of expertise in security solutions space has a diverse portfolio and is one of India's leading integrated security solutions provider. We have a whole range of services - manned guarding, high-end e-surveillance, command centred business solutions, video analytics, and perimeter intrusion detection systems. We are unparalleled in the total loss prevention domain. With a pan-India presence, Terrier delivers high-end security and loss prevention solutions across diverse sectors. We are an ISO 9001:2008 Certified Company with in-house capabilities to handle everything right from recruitment, training and security to R&D, design and implementation.

We have over 19,100 guards with a presence in 185+ cities managing security of over 1,800 sites with PSARA license in 19 States and are fully compliant as per PSARA act of 2005.

Quest is the leading integrated service provider providing a one-stop shop for all real estate management needs of the customer.

### D. Industrials

Our **Industrials** business provides operations & maintenance services (O&M) primarily to metal, energy and oil & gas industries. We also plan, design and optimize telecom cell sites and install active components on cellular towers apart from providing manpower to telecom sector. Additionally, we provide managed services and passive infrastructure solutions for telecom companies. We are the force behind 1,920 MW of power, 40 MTPA of metal and 75,000 Telecom Towers in India.

Industrials revenue grew by 27% to ₹472 crore in FY2019 and the EBIT margin stood at 3.46%. The segment contributed 6% and 4% to our overall Group Revenue and EBIT respectively.

In FY18 we forayed into smart city projects seeing potential in the business. As a system integrator, Quess won a number accolades including the “best innovative command and control center” in Ahmedabad for its strong execution capabilities. Despite the capability to execute well, we faced issues on the working capital front due to longer cash collection cycles. Going forward, we will be not take up any more projects in smart city as they increase our cash collection cycles.

We provide managed services and passive infrastructure solutions for telecom companies. We are the force behind 1,920 MW of power, 40 MTPA of metal and 75,000 telecom towers in India.

## E. Internet Business

The **Internet Business** comprises of Monster.com which is a premium job board portal business catering to India, South East Asia and the Middle East, and Simpliance, a leading digital labour law compliance management platform. Internet revenue stood at ₹149 crore and the EBIT margin stood at (21%) in FY19. The segment contributed 2% and (7%) to our overall Group Revenue and EBIT respectively.

As of March 2019, Monster has ~59 million active registered users and around 600,000 monthly new registrations. We offer a host of services like database access services, job posting services and job seeker services. We have about 130,000 jobs live on any given day.

We are working on reducing costs by identifying possible synergies with Quess. The core services of the platform are now enhanced and made simpler, powered by Semantic Search 2.0, with a refreshed job posting interface along with some new employer branding solutions. This was accompanied by a set of Better Together recruitment modules that encompasses the automated interview solution called Quinton, Pre-hire Assessment modules, curated profiles and better profile ratio solution called Q Hire along with Monster Social Jobs, Virtual Career Fair and Hackathon. The new and improved Monster platform went live across APAC and Gulf region in March 2019. The new launch was followed by a new Monster brand

campaign “Work Life Balance” which was received very well by the job seekers garnering about 600 million impressions, more than 7 million clicks and more than 4 million visits during the campaign period. The platform witnessed the highest ever monthly traffic during the campaign period in March 2019. We will continue focussing on improving the product offerings and build the brand in the upcoming year.

There will be continued focus on improving the product offerings and brand building in the upcoming year.

## Strengthening of Management Bandwidth and Human Capital

Quess one of the largest private sector employers in the country with over 318,000 employees. Given its scale of operations, Quess has instituted a number of policies for governance like code of business conduct and ethics, whistleblower policies and anti-sexual harassment policies which ensure strong governance and accountability. Apart from this, each business has implemented specific operational policies to meet the specific requirements of the said businesses.

Leadership hiring is one of the key activities carried out by our corporate office and attracting the right talent is of utmost importance to any organization. Our leaders drive our customer outcomes, employee morale and the spirit of the company at large. Last year we strengthened our top leadership by hiring several seasoned professionals.

- **Mr. Rajesh Kharidehal** was appointed the Chief Business Officer of Quess. This appointment is in line with our strategy to have higher visibility into our diverse businesses. Mr. Kharidehal in his role is responsible for driving our overall strategy and business metrics for the group. Mr. Kharidehal has over 22 years of rich experience across functions like corporate strategy, finance and shared services and has largely worked in IT/ITES and Services sectors. Mr. Kharidehal has extensive global experience and exposure in leading cross-cultural teams, stakeholder management and account management.

- **Mr. Ramakrishnan Subramanian** joined us as the Deputy CFO and in his new role he is further strengthening our finance function. Mr. Subramanian comes with over 22 years of rich Industry experience in Manufacturing, IT and Services sectors. Mr. Subramanian has vast Controllershship, Treasury and

Financial Planning & Analysis experience.

Mr. Subramanian was bestowed with the Top 100 CFO Award by CFO Magazine in 2015.

- **Mr. Ritesh Agrawal** joined us as the Head of Human Resources. He is responsible for corporate HR strategy formulation, driving people practices, employee engagement and Talent initiatives across Qness, with a focus on leadership talent acquisition, enablement and development. Mr. Agrawal has over 20 years of experience in the areas of strategic HR partnership and Talent Management and has worked across leading organizations spanning across FMCG, BFSI and IT services.

- **Mr. Neil Elijah** joined us as the President of Industrials. Mr. Elijah comes with more than 30 years of experience with most of it in the segments of Steel and Telecom. In this role, he is responsible for operations & maintenance of our plant and manufacturing facilities essentially in the energy, oil & gas, chemicals, metals, as well as in the telecom business.

## Risk Management

In terms of Regulation 21 of SEBI (LODR), 2015, Risk Committee provision is applicable with effect from April 1, 2019 and the Board has formed the Risk Committee in order to assess, monitor and manage risk throughout the company. The company has put in place an elaborate Enterprise Risk Management process wherein the risks faced by the Company will be identified under four categories namely- Strategic Risks, Operating risks, Reporting risks and Compliance risks. The risks and the actions to mitigate these risks are presented to the Risk Committee of the Board for its review and guidance at least once in a year.

Risk Management mechanism covers strategy to identify, assess, monitor and manage risks as applicable to the Company across each function.

Quarterly Reporting and Certification by all Functional Heads ensure timely compliance of all Statutory and other applicable laws. Independent processes such as internal audits, secretarial audit and quality audits help in identifying and mitigating financial and non-financial risks.

Significant Risks such as economic recovery, aggressive pricing and challenges from competitors are mitigated through focus on the mitigation plan and cost control measures.

The Risk Management policy, as approved by the Board, is available on the website of the Company at: <https://www.quescorp.com/category/corporate-governance/>

## Internal Control Systems and Adequacy of Internal Financial Controls

The Company has laid down policies and processes in respect of internal financial controls and ensures the controls to be adequate and operating efficiently.

These controls cover the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets of the Company, prevention and detection of its frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

The Company has an internal control system, commensurate with the size, scale and complexity of its operation. The scope and authority of the Internal Audit function is clearly defined by the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Auditors monitors and evaluates the efficacy and adequacy of internal control system of the company, its compliance with applicable laws/regulations, accounting procedures and policies. Based on the report of the Internal Auditors, corrective action were undertaken and thereby strengthened the controls. Significant audit observations and action plan were presented to the Audit Committee of the Board on quarterly basis.

Further to the implementation of Internal control framework as per the Companies Act, 2013, an exhaustive testing on internal financial controls system over financial reporting (covering all the process) has been carried out by Management as well as Statutory Auditors. The Statutory Auditors have opined that the Company has, in all material respects has an adequate internal financial controls system over financial reporting and such controls were operating effectively during the year.

# Board's Report

To the Members,

The Board of Directors ("Board") of Qess Corp Limited ("Qess" or "Company") with immense pleasure present their Twelfth (12<sup>th</sup>) Annual Report of the business and operations of your Company together with the audited financial statements (standalone and consolidated basis), for the Financial Year ended March 31, 2019 ("FY19").

## 1. FINANCIAL RESULTS

(in ₹ Crore)

| Particulars  | Consolidated    |                 | Standalone      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | FY19            | FY18            | FY19            | FY18            |
| <b>Revenue</b>   | <b>8,526.99</b> | <b>6,167.26</b> | <b>5,613.08</b> | <b>4,410.81</b> |
| Less: Cost of material and stores and spare parts consumed | 262.41          | 142.22          | 129.67          | 123.06          |
| Less: Employee expenses                                    | 6,713.21        | 5,079.32        | 4,560.07        | 3,643.02        |
| Less: Other expenses                                       | 1,086.80        | 591.36          | 615.05          | 405.49          |
| <b>EBITDA</b>  | <b>464.58</b>   | <b>354.36</b>   | <b>308.28</b>   | <b>239.24</b>   |
| <i>EBITDA Margin</i>                                       | <i>5.45%</i>    | <i>5.75%</i>    | <i>5.49%</i>    | <i>5.42%</i>    |
| Add: Other Income  | 71.23           | 56.92           | 47.23           | 46.30           |
| Less: Finance Costs  | 114.40          | 75.45           | 63.60           | 46.21           |
| Less: Depreciation and Amortisation Expense                | 123.15          | 74.74           | 44.57           | 35.31           |
| Add: Share of Profits in Associates                        | (8.81)          | 0.36            | -               | -               |
| <b>Profit Before Tax</b>                                   | <b>289.45</b>   | <b>261.46</b>   | <b>247.34</b>   | <b>204.02</b>   |
| <i>Profit Before Tax Margin</i>                            | <i>3.39%</i>    | <i>4.24%</i>    | <i>4.41%</i>    | <i>4.63%</i>    |
| Less: Tax Expense  | 32.90           | (48.31)         | 16.06           | (55.24)         |
| <b>Profit After Tax</b>                                    | <b>256.55</b>   | <b>309.76</b>   | <b>231.28</b>   | <b>259.26</b>   |
| <i>Profit After Tax Margin</i>                             | <i>3.01%</i>    | <i>5.02%</i>    | <i>4.12%</i>    | <i>5.88%</i>    |
| Add: Other Comprehensive Income/ (Losses)                  | 6.35            | (3.86)          | (3.03)          | (3.54)          |
| <b>Total Comprehensive income for the year</b>             | <b>262.90</b>   | <b>305.90</b>   | <b>228.25</b>   | <b>255.72</b>   |
| <b>Diluted EPS (in ₹)</b>                                  | <b>17.51</b>    | <b>21.82</b>    | <b>15.77</b>    | <b>18.19</b>    |

## TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserves during the year.

## 2. MATERIAL CHANGES

Material changes or commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report are as follows:

- On April 17, 2019, approved additional investment in Conneqt Business Solutions Limited ("CBSL"):
  - ₹ 193.10 Crore by way of subscription to equity shares to be issued and allotted by CBSL (the "Equity Subscription"); and
  - Not exceeding ₹ 210 Crore by way of subscription to Compulsorily Convertible Debentures ("CCDs") to be issued and allotted by CBSL (together with the Equity Subscription, (the "Proposed Transaction"). Pursuant to the Equity Subscription, the total shareholding of Qess in CBSL will increase from 51 % to 70%. The foregoing shareholding of Qess in CBSL may further increase on conversion of the CCDs.
- On April 17, 2019, approved investment in Allsec Technologies Limited (the "Target Company") by Conneqt Business Solutions Limited ("Acquirer"), subsidiary of the Company upto ₹ 400 Crore.
  - Acquirer had signed definitive agreements to acquire up to 93,49,095 Equity Shares of Target Company, representing 61.35% of the total share capital of Target Company.
  - Qess is Person Acting in Concert ("PAC") along with Acquirer for an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - Public Announcement for open offer for acquisition of up to 39,61,965 fully paid up Equity Shares of ₹ 10/- each from shareholders of Target Company by Acquirer along with PAC was notified on April 18, 2019.
  - Detailed Public Statement was published in the five (5) newspaper editions on April 25, 2019.
- On April 17, 2019, Nomination and Remuneration Committee approved allotment of 19,095 Equity Shares of ₹ 10/- each to 2 employees under Qess Stock Option Plan - 2009 ("ESOP 2009").
- On May 3, 2019, acquired 100% in Greenpiece Landscape India Private Limited, a leading end-to-end design and landscaping services Company.

- On May 22, 2019, approved balance investment of 30% Equity of Golden Star Facilities and Services Private Limited ("GSFS") for ₹ 35 Crore. Post-acquisition, total shareholding will increase from 70% to 100% and GSFS will become a Wholly Owned Subsidiary.

### 3. MANAGEMENT DISCUSSION & ANALYSIS

In terms of the provisions of Regulation 34 of the SEBI LODR Regulations, the Management's discussion and analysis (MD&A) is set out in this Annual Report. The financial performance at glance is covered in MD&A.

### 4. ACQUISITIONS/ DISINVESTMENT/ DEMERGER/MERGER

#### A. Acquisition

##### A.1) Simpliance Technologies Private Limited ("Simpliance")

On October 19, 2016, Qess had entered into an agreement to acquire 45% stake in Simpliance at an investment amount of ₹ 2.50 Crore.

On June 04, 2018, Qess had proposed additional acquisition of 8% stake in Simpliance thereby increasing Company's stake from 45% to 53%. Qess completed the acquisition for a consideration of ₹ 2 Crore on August 10, 2018.

Simpliance is a digital labour law compliance management tool that helps organization to comply, manage and monitor the health and risk status of labour legislation in their Organization. Simpliance provides 1) Automated Compliance Management, 2) End to End Compliance Audit Platform, 3) POSH Management Framework, 4) Risk & Compliance Consulting Services.

Simpliance had generated revenue of ₹ 0.94 Crore in the Financial Year 2018 and deployed in more than 5,000+ offices including MNCs, Indian conglomerates, leading law firms and consultants.

##### A.2) Qess East Bengal FC Private Limited ("QEBFC")

On July 05, 2018, Qess has entered into Share Subscription and Shareholders' Agreement to acquire 70% stake in QEBFC. Qess has completed the acquisition for a consideration of ₹ 10 Crore on November 16, 2018.

QEBFC is established to carry on business in India or elsewhere to promote, operate and organize games of football, formation of clubs, teams, tournaments, selection of players, to conduct training camps and practice all types of activities connected to indoor and outdoor sports.

##### A.3) Qdigi Services Limited ("Qdigi")

On January 31, 2018, Qess proposed to acquire 100% stake in Qdigi Services Limited (formerly known as HCL Computing Products Limited) and further proposed to acquire Care business ("Identified Business") of HCL Services Limited. Qess has completed the acquisition for a consideration of ₹ 30 Crore on April 11, 2018.

Post-acquisition, the acquired business has been rebranded as 'DigiCare' to give it a distinct and unique corporate identity in the Consumer Services space. DigiCare is amongst the leading after sales service provider for product categories such as mobile phones, consumer electronics & consumer durables in the customer lifecycle management space.

The acquisition added a new service line and enabled Qess' entry in high growth break fix market for consumer electronics and consumer durables. We currently have about 250 service centres and have increased our geographic footprint from 55 towns to 150 towns since acquisition. The acquisition gave Qess a strategic entry into the mobile and consumer durable break-fix and repairs market across India and has complemented the company's offering in the Customer Lifecycle Management (CLM) space.

##### A.4) Greenpiece Landscapes India Private Limited ("Greenpiece")

On January 24, 2018, Qess proposed to acquire 90% stake in Greenpiece with an investment of upto ₹ 26.2 Crore. Qess has completed the transaction on May 08, 2018 with final consideration of ₹ 24.4 Crore.

Greenpiece is a leading end-to-end design and landscaping services firm catering to marquee corporates. Landscaping is an adjacency to Qess Integrated Facilities Management business, extending Qess capabilities in this space and further differentiating our offerings.

#### B. Disinvestment

On June 05, 2018, Qess has entered into an agreement for considering sale of 74% equity stake in Inticore VJP Advance Systems Private Limited with a consideration of ₹ 2.31 Crore.

#### C. Scheme of Demerger

The Board of Directors of the Company have adopted and approved the Scheme of Arrangement and Amalgamation amongst Thomas Cook (India) Limited ("TCIL"), Travel Corporation (India) Limited ("TCI"), TC Travel Services Limited (Formerly known as TC Travel and Services Limited) ("TCTSL"), TC Forex Services Limited (Formerly known as Tata Capital Forex Limited) ("TCF") and SOTC Travel Management Private Limited (Formerly known as SITA Travels and Tours Private Limited) ("SOTC") and Qess Corp Limited and their respective shareholders ("Scheme") under Sections 230 to 232 read with Sections 52, 55 and 66 of the Companies Act, 2013 at their meeting held on April 23, 2018. Thereafter, the Scheme was amended by Audit Committee by way of circulation and approved by the Administration and Investment Committee of the Board of Directors at their meeting held on December 19, 2018.

The Company has filed the Scheme along with other documents as per checklist on January 08, 2019 with BSE Limited (“BSE”) and National Stock Exchange of India (“NSE”). The Company has received no objection certificate from BSE and NSE on May 21, 2019 and May 22, 2019 respectively.

The Company has filed the Scheme along with other documents as per checklist on January 08, 2019 with BSE Limited (“BSE”) and National Stock Exchange of India (“NSE”). The Scheme is under process with Securities Exchange and Board of India (“SEBI”).

#### D. Merger of wholly owned Subsidiary

On October 25, 2018 the Board of Directors had accorded its approval for merger of its 4 (Four) Wholly Owned Subsidiaries (i.e. Aravon Services Private Limited, CentreQ Business Services Private Limited, Coachieve Solutions Private Limited and Master Staffing Solutions Private Limited) with Quess.

The Administration and Investment Committee of the Board of Directors of the Company vide its meeting dated March 26, 2019 approved the draft scheme as placed before the Board.

The scheme was duly intimated to the Exchange (NSE and BSE) on March 27, 2019.

The scheme was filed with the Registrar of Companies at Bengaluru on March 28, 2019.

#### Details of Subsidiaries and Associates during FY19.

As on March 31, 2019, the Company had 39 Subsidiaries and associate Companies (Indian & Foreign entities). 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 (referred to, as “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.

#### 5. DIVIDEND

The Board of Directors have decided to reinvest its earning in new business opportunities rather than recommending any dividend to be paid out of the profits for the financial year under review. Pursuant to SEBI notification dated July 08, 2016, the Board of Directors of the Company have formulated a Dividend Distribution Policy (“the Policy”). The dividend, if any, to be declared in future will be paid out 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 Policy is uploaded on the Company’s website at <https://www.quescorp.com/category/corporate-governance/>

#### 6. SHARE CAPITAL

During the financial year under the review, there has been no change in the Authorised Capital of the Company. However, the paid-up Equity Share Capital of the Company as on March 31, 2019 was ₹ 146.08 Crore as compared to ₹145.48 Crore in the previous year. The increase in share capital is due to the issue of 600,655 Equity Shares to employees pursuant to Quess Corp Employees’ Stock Option Scheme 2009 (Amended) at a face value of ₹ 10/- each on September 26, 2018

The Company has neither issued any Equity Shares with Differential rights as to dividend, voting or otherwise nor has issued any Sweat Equity Shares to the employees or Directors of the Company, under any scheme.

As on March 31, 2019, none of the Directors hold equity shares of the Company except Mr. Ajit Isaac, 1,76,54,674 Equity Shares; Mr. Subrata Nag, 68,154 Equity Shares; Mr. Pravir Kumar Vohra, 1000 Equity Shares and Ms. Revathy Ashok, 150 Equity Shares of the Company.

The Company has not issued any debentures, bonds or any non-convertible securities during the financial year under review.

#### 7. FINANCIAL LIQUIDITY

The Company maintains exposure in Cash and cash equivalents, term deposit with Banks, investment in treasury bills, government securities and derivative instrument with financial institution. Cash and cash equivalents as at March 31, 2019 were ₹ 623.96 Crore (Previous year ₹ 1,033.91 Crore).

#### 8. CREDIT RATING

In order to comply with Basel-II guidelines your Company has got the rating done by ICRA Limited for the Company’s long term and short term borrowings.

| Instrument                       | Name of Credit rating Agency | Date on which credit rating was obtained | Revision in the credit rating, if any | Reason for downward revision, if any |
|----------------------------------|------------------------------|--|---------------------------------------|--------------------------------------|
| Long-term fund based limits      | ICRA                         | February 27, 2019                        | Upgraded to [ICRA] AA from [ICRA]AA-  | NA                                   |
| Non-Convertible Debentures       |                              |  | Upgraded to [ICRA] AA from [ICRA]AA-  | NA                                   |
| Short-term fund based limits     |                              |  | [ICRA]A1+; Reaffirmed                 | NA                                   |
| Short-term Non-fund based limits |                              |  | [ICRA]A1+; Reaffirmed                 | NA                                   |
| Commercial Papers                |                              |  | [ICRA]A1+; Reaffirmed                 | NA                                   |

#### 9. DEPOSITS

The Company has not accepted deposits from the public/ members under Section 73 of the CA 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

## 10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Directors Retiring by Rotation

In accordance with the provisions of Section 152 of the CA 2013 and Articles of Association of the Company, Mr. Madhavan Karunakaran Menon, who has been longest in the office, is due to retire by rotation at the forthcoming Annual General Meeting ("AGM") and, being eligible, offers himself for re-appointment. The Board recommends his reappointment in the forthcoming AGM.

### Declaration of Independence

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the CA 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("SEBI LODR Regulations").

### Board Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Sections 134, 178 and Schedule IV of the CA 2013 and Regulation 17 of the SEBI LODR Regulations and the corporate governance requirements as prescribed by SEBI LODR Regulations.

The performances of the Independent Directors were evaluated by the Board after seeking inputs from all the directors on the effectiveness and contribution of the Independent Directors.

The performance of the Committees were evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and individual Directors was also discussed.

### Key Managerial Personnel

During the year under review,

- Mr. Sudershan Pallap resigned from the office of Vice President- Legal & Company Secretary of the Company w.e.f June 23, 2018.
- Mr. Rajesh Kumar Modi was appointed as the Vice President- Legal & Company Secretary of the Company

w.e.f June 23, 2018 and resigned from the office of Vice President – Legal & Company Secretary on November 09, 2018.

- Mr. Kundan K Lal was appointed as the Vice President- Legal & Company Secretary of the Company w.e.f April 17, 2019.

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3) (c) of the CA 2013:

1. in the preparation of the accounts for the year ended March 31, 2019, 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, 2019 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.

## 12. RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the CA 2013 and the Rules framed thereunder are not attracted. Thus, a disclosure in Form AOC-2 in terms of Section 134 of the CA 2013 is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. All related party transactions are mentioned in the Notes to the Financial Statements. The Company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such Related Party Transactions.

All Related Party Transactions are placed before the Audit Committee as also before the Board for approval. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company viz. [www.quessecorp.com](http://www.quessecorp.com).

None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company except remuneration and sitting fees.

### 13. 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, Appointment and 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.

### 14. AUDITORS

#### (a) Auditors report

The Auditors report for FY19 does not contain any qualification, reservation or adverse remark for the year under review. The Auditors report is enclosed with the financial statements in this Annual report.

#### (b) Statutory Auditors

Pursuant to the provisions of Section 139 of the CA 2013 and the rules frame thereunder Messrs Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.117366 W/W 100018) were appointed as Statutory Auditors of the Company at the 11th Annual General Meeting held on July 26, 2018 to hold office from the conclusion of the 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting ("AGM").

However, as per Companies (Amendment) Act, 2017 effective from May 07, 2018, the provisions relating to ratification of the appointment of Statutory Auditors at every AGM is not required.

#### (c) Secretarial Auditors and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the CA 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board has appointed Messrs SNM & Associates, Company Secretaries as its Secretarial Auditors, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure-I** and forms an integral part of this report. There is no secretarial audit qualification, reservation or adverse remark for the year under review.

Pursuant to Regulation 24A of SEBI LODR Regulation, a Secretarial Compliance Report for the year ended March 31, 2019 is annexed as Annexure B and a Certificate regarding status of Directors as required under schedule V, para C, Clause 10(i) of SEBI LODR Regulation is annexed.

### 15. DETAILS OF FRAUDS REPORTED BY THE STATUTORY AUDITORS

During the year under review, neither the Statutory Auditors nor the secretarial auditors have reported to the Audit Committee under Section 143(12) of the CA 2013, any instances of fraud committed against the Company by its officers or employees.

### 16. 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 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technology absorption do not apply to the Company. The Company has, however, used information technology extensively in its operations.

The details of Foreign exchange earnings and outgo are given below:

Expenditure in foreign currency: ₹ 4.87 Crores  
Earnings in Foreign Currency: ₹ 12.98 Crores

### 17. 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. The Audit Committee has additional oversight in the area of financial risks and control. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

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 <https://www.quesscorp.com/category/corporate-governance/>

### 18. 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 & 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 <https://www.quesscorp.com/category/corporate-governance/>

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 Board's Report.

## 19. 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 were no significant and material orders passed by the Regulators, Courts or Tribunals that would impact the going concern status of the Company and its future operations.

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

As per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints/cases filed/ pending with the Company during the financial year.

During FY19, the Company has received 8 complaints, of these all complaints have been resolved. The Company has conducted 20 classroom and online workshops/ awareness programs on prevention of sexual harassment.

## 21. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company in accordance with the provisions of the Section 177(9) of the CA 2013 and Regulation 22 of SEBI LODR Regulations has established a vigil mechanism for Directors and employees to report genuine concerns to the management viz. instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct.

The Company has adopted the Whistle-blower Policy which provides for adequate safeguard against victimization of persons and has a provision for direct access to the Chairperson of the Audit Committee. The details of the same are explained in the Corporate Governance Report.

The Policy is also available on the Company's website at <https://www.quescorp.com/QInv/QPolicies/Quess-Whistleblower-Policy.pdf>

## 22. CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the SEBI LODR Regulations, the Company has adopted best corporate practices, and is committed to conducting its business in accordance with the applicable laws, rules and regulations.

A report on Corporate Governance forms a part of this Annual Report.

### No. of meetings of the Board

During the year under review, six (06) Board meetings were held on April 23, 2018, May 17, 2018, June 23, 2018, July 26, 2018, October 25, 2018 and January 24, 2019.

The details of the Composition of the Board the attendance of the Directors at the Board Meetings are provided in the Corporate Governance Report. The Company has complied with the applicable provisions of the CA 2013 and applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

The Board Diversity policy adopted by the Board sets out its approach to diversity. The policy is available on our website at [www.quescorp.com](http://www.quescorp.com).

## 23. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as required by Regulation 34(2) of SEBI LODR Regulations, for the year under review is annexed as **Annexure - III** to the Boards' Report and forms an integral part of this report.

## 24. EMPLOYEE STOCK OPTION PLAN (ESOP) AND EMPLOYEE SHARE PURCHASE SCHEME (ESPS)

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 Boards' Report.

## 25. EXTRACT OF ANNUAL RETURN

Pursuant to Section 134 (3) (a) and Section 92 (3) of the CA 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 an extract of annual return in the prescribed format is appended as **Annexure- V** to the Board's Report.

## 26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, Corporate Guarantees and Investments covered under Section 186 of the CA 2013 forms part of the notes to the Financial Statements provided in this Annual Report.

## 27. PARTICULARS OF EMPLOYEES

The disclosure with respect to the remuneration and other details as required under Section 197(12) of the CA 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure- VI** and forms an integral part of this Report.

The Statement containing number of employees pursuant to Section 197(2) of the CA 2013 and Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of the Annual Report. As per the provisions of Section 136 of the CA 2013, the reports and financial statements are being sent to Shareholders of the Company and other Stakeholders entitled thereto, excluding statement containing particulars of employees.

The copy of said statements is available at the registered office of the Company during the business hours on working days

of the Company up to the date of the ensuing Annual General Meeting. Any Shareholder interested in obtaining such details may write to the Company Secretary of the Company.

## 28. ACKNOWLEDGEMENTS

Your Directors wish to place on record, their deep sense of appreciation for the contribution made by all of Quess' employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its customers, dealers, agents, suppliers, investors and bankers for their continued support and faith reposed in the Company.

Your Directors also take this opportunity to thank all Shareholders, Clients, Vendors, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

## 29. 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**

**Date : May 22, 2019**  
**Place : Bengaluru**

**Sd/-**  
**Ajit Isaac**  
**Chairman & Managing Director**

# Annexure - I

## FORM MR-3 SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

[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,  
**Quess 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 Quess Corp Limited CIN: L74140KA2007PLC043909 listed at the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 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, registers and returns filed and other records maintained by "Quess Corp Limited" for the financial year ended on March 31, 2019 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 Protection and Education 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;
  - (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 including the amendments, if any.

#### 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

The Board met 6 (Six) times during the year on 23.04.2018, 17.05.2018, 23.06.2018, 26.07.2018, 25.10.2018 and 24.01.2019. The intervening gap between the Meetings was within the period prescribed under Section 174 of the Companies Act, 2013 and Regulation 17(2) of SEBI LODR.

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

The participation of Directors in the meetings is duly recorded. The requisite quorum was present in all the Board Meetings by

participation of Directors in the meetings in person or through audio dial or through video conferencing.

Notices are given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent for all Board meetings held during the year under consideration. 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 is carried through while the members' views are captured and recorded as part of the minutes.

2. The annual general meeting for the financial year ending on March 31, 2018 was held on July 26, 2018 after giving due notice to the members of the company with the requisite quorum and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

No extraordinary general meeting was convened during the reporting period.

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
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Administrative Committee
- Independent Directors Committee
- Capital Raising Committee

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

4. In accordance with Schedule IV of the Act and Regulation 25(3) of SEBI (LODR), 2015, an exclusive meeting of Independent Directors was held without the presence of Non-independent Directors & members of management, on May 16, 2018, at which all Independent Directors were present.
5. The Company generally regular in filing 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 wherever there is a delay.
6. The Company is in regular compliance with Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.
7. The Company is registered with a Registrar and Transfer Agent as provided hereunder, who are duly registered as per 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  
Add: C-13, Pannalal Silk Mills Compound, L.B.S.Marg,  
Bhandup (West), Mumbai – 400078  
Email id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Telephone no. (022) 2596 3838

8. The Company is listed with the BSE Limited (BSE) and National Stock Exchange (NSE) and is in compliance with the requirements under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
9. The Company is in regular 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 2017-18 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, 2018 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 us 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. Industrial Employment (Standing Orders) Act, 1946 read with Industrial Employment (Standing Orders) (Karnataka) Rules, 1961
- n. Rights of Persons with Disabilities Act, 2016
- o. Labour Welfare Fund Act

The Company has complied with the applicable provisions, registrations, filing of returns, maintenance of records and display of abstracts as required under these various Labour laws their corresponding rules, regulations and guidelines thereunder.

13. During the period under review, the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, there are certain non-material findings made during the course of the audit relating to Company Law, Listing Regulations

and Labour Laws, for which the Management has initiated necessary steps to address suitably.

14. 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.
15. 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.

**Place: Bengaluru**  
**Date : May 22, 2019**

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

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,  
Bangalore- 560103

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on 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, 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 22, 2019**

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

## ANNEXURE 'B'

**SECRETARIAL COMPLIANCE REPORT  
OF  
QUESS CORP LIMITED  
FOR THE YEAR ENDED MARCH 31, 2019  
(Under Regulation 24A of SEBI (LODR), Regulations)**

I, S.N. Mishra proprietor of SNM Associates, Bengaluru bearing Membership No. 6143 and C.P. No. 4684 have examined:

- A. All the documents and records made available to us and explanation provided by Quess Corp Limited CIN: L74140KA2007PLC043909 listed at the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) ("the listed entity"),
- B. The filings/ submissions made by the listed entity to the stock exchanges,
- C. Website of the listed entity,
- D. any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the financial year ended on March 31, 2019 ("Review Period") in respect of compliance with the provisions of:
  - a. The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - b. The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

**The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-**

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

**And based on the above examination, I/We hereby report that during the Review Period:**

- a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

| Sr. No | Compliance Requirement (Regulations/ circulars / guidelines including specific clause)  | Deviations  | Observations/ Remarks of the Practicing Company Secretary  |
|--------|---|---|--|
| 1.     | Reg 36(5) - The notice being sent to shareholders for an annual general meeting, where the statutory auditor(s) is/are proposed to be appointed/re-appointed shall include the following disclosures as a part of the explanatory statement to the notice:<br><br>(a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change; | The member's resolution approves remuneration of auditors to be fixed by the Board of Directors on recommendation of the Audit Committee. | The Explanatory Statement providing the terms of appointment of statutory auditors at the Annual General meeting was not having details of the fees payable to the Statutory Auditors. |

- b. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.
- c. No actions have been taken against the listed entity/ its Promoters/ Directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder during the period under review.

Place: Bengaluru  
Date : May 22, 2019

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

# Annexure - II

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

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

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website at <https://www.quesccorp.com/QInv/QPolicies/CSR-Policy.pdf>

During FY 2018-19, the Company has pursued the following CSR Projects, through various agencies as follows:

| Sr. No. | Name of the Organisation | Activities  |
|---------|--------------------------|---|
| 1.      | Care Works Foundation    | 1. School Enhancement Program <ol style="list-style-type: none"> <li>School Environment: Sanitation (renovation &amp; maintenance of school toilets) renovation of school building</li> <li>Classroom environment : Setting up library, computer lab, science lab to promote learning in the school</li> <li>Health Intervention: General health checkup, eye screening &amp; dental screening and treatment, School Mental health Program</li> <li>Stakeholder Involvement: Strengthening school development &amp; management committees, student parliament &amp; parent-teacher association (Employee Volunteerism &amp; Fund Raising).</li> <li>Academic support program includes life skill education, scholarships. and education kit</li> <li>Teacher Mentoring program includes Computer applications and spoken English (Teacher Learning Program).</li> <li>Donation to Other charitable trust :</li> <li>Events ( Shalegagi Naavu Neevu, Teachers Day) : Organizing and sponsoring/ supporting.</li> </ol> |
| 2.      | Bhai Prem Foundation     | Academic support program includes life skill education, scholarships and education kit.   |

The disclosure of the contents of the CSR policy pursuant to Section 134(3)(o) of Companies Act, 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.<br>The CSR policy is available on the web link : <a href="https://www.quesccorp.com/QInv/QPolicies/CSR-Policy.pdf">https://www.quesccorp.com/QInv/QPolicies/CSR-Policy.pdf</a> |
| 2      | The Composition of the CSR Committee.  | Ms. Revathy Ashok, Chairperson<br>Mr. Ajit Isaac<br>Mr. Pravir Kumar Vohra   |
| 3      | Average net profit of the company for last three financial years   | ₹ 148.15 Crore   |
| 4      | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)   | ₹ 2.96 Crore   |
| 5      | Details of CSR sanctioned & spent during the financial year:   |  |
|        | a) Total amount to be spent for the financial year;  | a) ₹ 3.28 Crore  |
|        | b) Amount unspent, if any  | b) -   |
|        | c) Manner in which the amount spent during the financial year is detailed below  | 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. | NA   |

Table A

(in ₹ crore)

| 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   | Amount Outlay                    | Amount spent on the Projects or Programs Sub Heads: |             | Cumulative Expenditure upto the reporting period i.e. FY18-19 | Amount Spent Direct or through Implementing agency |
|              |   |  | (1) Local area or others   | (Budget) Project or Program wise | (1) Direct Expenditure on Projects or Programs      |             |   |  |
|              |   |  | (2) Specify the State and District where projects or programs were undertaken. |                                  | (2) Overheads                                       |             |   |  |
| 1            | School Environment (School Renovation)                        | Education                              | Karnataka-Bangalore, Shivamogga District,                                      | 2.283                            |   | 1.503       | 1.503   | Spent through Careworks Foundation                 |
| 2            | Classroom Environment   | Education                              | Karnataka-Bangalore, Shivamogga District                                       | 0.690                            |   | 0.294       | 1.797   | Spent through Careworks Foundation                 |
| 3            | Health Initiative   | Health                                 | Karnataka-Bangalore  | 0.025                            |   | 0.003       | 1.800   | Spent through Careworks Foundation                 |
| 4            | Academic Support program                                      | Education                              | Karnataka-Bangalore  | 0.460                            |   | 0.434       | 2.234   | Spent through Careworks Foundation                 |
| 5            | Donation to Other charitable trust                            | Health / Education                     | Karnataka-Bangalore, and Tamil Nadu - Chennai                                  | 0.025                            |   | 0.132       | 2.366   | Spent through Careworks Foundation                 |
| 6            | Employee Volunteerism & Fund Raising/ Stakeholder Involvement | Health / Education                     | Karnataka-Bangalore  | 0.110                            |   | 0.012       | 2.378   | Spent through Careworks Foundation                 |
| 7            | Events (Shalegagi Naavu Neevu, Teachers Day)                  | Health / Education                     | Karnataka-Bangalore  | 0.045                            |   | 0.009       | 2.388   | Spent through Careworks Foundation                 |
| 8            | Teacher Learning Program (FY-2018-19)                         | Education                              | Karnataka-Bangalore  | 0.143                            |   | 0.031       | 2.418   | Spent through Careworks Foundation                 |
| 9            | Support toward CSR activities                                 | Education                              | Karnataka-Bangalore  | 0.78                             |   | 0.78        | 3.198   | Directly transferred                               |
| 10           | Academic Support Program                                      | Education                              | Haryana- Mohammadpur Jharsa,   |                                  |   | 0.089       | 3.28  | Spend Through Bhai Prem Foundation                 |
| <b>Total</b> |   |  |  |                                  |   | <b>3.28</b> | <b>3.28</b>   |  |

## RESPONSIBILITY STATEMENT

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

Sd/-  
Ajit Isaac  
Chairman & Managing Director

Sd/-  
Revathy Ashok  
Chairperson, Corporate Social Responsibility

Date: May 22, 2019  
Place: Bengaluru

# Annexure - III

## BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

(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   | <a href="http://www.uesscorp.com">www.uesscorp.com</a> ;   |
| 5. E-mail id   | <a href="mailto:investor@uesscorp.com">investor@uesscorp.com</a>   |
| 6. Financial Year reported   | April 1, 2018 to March 31, 2019  |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise)                      | i. People Services<br>ii. Technology Solutions<br>iii. Facility Management<br>iv. Industrials<br>v. Internet Business                              |
| 8. List three key products/services that the Company manufactures/provides (as in balance sheet) | 1. Staffing and recruitment services<br>2. Facility management and food services<br>3. Business Process Management<br>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)                                | North America, South East Asia, Middle East  |
| ii. Number of National Locations   | 56 branches  |
| 10. Markets served by the Company – Local/ State/ National/ International                        | Refer to Segment report of the financials.   |

### Section B: Financial Details of the Company

|  |   |
|--|---|
| 1. Paid-up Capital (INR)   | ₹ 14,608.48 Lakhs   |
| 2. Total Turnover (INR)  | ₹ 852,699.28 Lakhs (consolidated)   |
| 3. Total profit after taxes (INR)  | ₹ 25,654.92 Lakhs (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 II to the Board's Report in the Annual Report. |
| 5. List of activities in which expenditure in 4 above has been incurred:-                        | Refer to Annexure II to the Board's Report in the Annual Report.  |

### Section C: Other Details

|   |     |
|---|-----|
| 1. Does the Company have any Subsidiary Company/ Companies?   | Yes |
| 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 |                              |
| 1. DIN Number  | 00087168                     |
| 2. Name  | Mr. Ajit Isaac               |
| 3. Designation   | Chairman & Managing Director |
| b) Details of the BR head  |                              |
| 1. DIN Number  | 02234000                     |
| 2. Name  | Subrata Nag                  |
| 3. Designation   | Executive Director & CEO     |
| 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 marginalized. |
| 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                 | P                      | P                      | P                       | P            | P           | P             | P   | P                  |
|       |  | 1                 | 2                      | 3                      | 4                       | 5            | 6           | 7             | 8   | 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? (50 words)  | 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 |                        |                        |                         |              |             |               |     |                    |
| 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 stake holders' 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                  |

## 2. Governance related to BR

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>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</li> </ul> | Quarterly.  |
| <ul style="list-style-type: none"> <li>Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?</li> </ul>   | Yes, annually.<br>Website link: <a href="https://www.quescorp.com/investors">https://www.quescorp.com/investors</a> |

### 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.<br><br>For details on investor complaints, refer to investor complaints section of Corporate Governance 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.   | <ul style="list-style-type: none"> <li>i. Facility management and food services</li> <li>ii. General Staffing and recruitment services</li> <li>iii. IT Staffing and IT solutions</li> </ul> |
| 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): <ul style="list-style-type: none"> <li>i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?</li> <li>ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?</li> </ul> | Not applicable   |
| 3. Does the company have procedures in place for sustainable sourcing (including transportation)?<br>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?<br>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%).<br>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 318,041 as on March 31, 2019.        |
| 2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis | 55,673 employees (includes employees of subsidiaries and associates).    |
| 3. Please indicate the Number of permanent women employees                                    | The number of our global women employees is 10,525 as on March 31, 2019. |

|  |  |
|--|--|
| 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   | Nil  |
| 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"> <li>Permanent Employees</li> <li>Permanent Women Employees</li> <li>Casual/Temporary/Contractual Employees</li> <li>Employees with Disabilities</li> </ul> | All employees of the Company (Permanent men, Permanent women and Contractual employees) are being given skill upgradation through training programmes conducted across organisation. |

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

|  |  |
|--|--|
| 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 thereof, in about 50 words or so. | Please refer to Annexure II to the Board's Report in the Annual Report |

**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 Quess 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 to Page Corporate Governance Report for investor complaints and 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 member of Indian Staffing Federation. |
| 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;<br>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).   |
| 3. Have you done any impact assessment of your initiative?   | Yes   |
| 4. What is your company's direct contribution to community development projects-<br>Amount in INR and the details of the projects undertaken.            | Please refer to Annexure-II to the Board's Report 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 to Annexure-II to the Board's Report 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?<br>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.<br><br>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 FY19

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 46 of the standalone financial statements for the year ended March 31, 2019, which is also available on the website of the Company viz., <a href="http://www.quescorp.com">www.quescorp.com</a> .                      |
| B | Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with IND AS 33 - 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, 2019 mentioned in the Annual Report 2018-19, which is also available on the website of the Company viz., <a href="http://www.quescorp.com">www.quescorp.com</a> . |

### II. Details related to Employee Stock Option Schemes

| S. No.    | 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   | 1,900,000   |
| 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 the Company modified the exercise period on December 22, 2015 over a period of five years commencing from the date of the initial public offering of 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. |   |
| <b>x.</b> | <b>Option movement</b>   | <b>ESOP 2009</b>  | <b>ESOP 2015*</b>                                   |
| a.        | Number of options outstanding at the beginning of FY19   | 12,71,995   | 2,23,604  |
| b.        | Number of options granted during FY19  | -   | -   |
|           | Number of options granted during FY19  | -   | -   |
| c.        | Number of options forfeited / lapsed during FY19   | -   | 58,818  |
| d.        | Number of options vested during FY19   | -   | 56,146  |
| e.        | Number of options exercised during FY18  | 6,00,655  | -   |
| f.        | Number of shares arising as a result of exercise of options  | 6,00,655  | -   |
| g.        | Money realized by exercise of options (Rs. ) if scheme is implemented directly by the Company  | 60,06,550   | -   |

| S. No. | Particulars   | ESOP 2009   | ESOP 2015 |
|--------|---|---|-----------|
| h.     | Number of options outstanding at the end of FY 19   | 6,71,340  | 1,64,786  |
| i.     | Number of options exercisable at the end of FY 19   | 6,71,340  | -         |
| j.     | 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 46 to Standalone financial statements |           |

\* *Quess Corp Limited - Employees' Stock Option Scheme, 2015 ("ESOP 2015") is yet to receive In-principle approval from National Stock Exchange of India (NSE).*

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

| S. No. | Particulars   | 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 FY19   | -   | -         |
| 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 FY19 to estimate the fair value of options including the following information:<br>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 46 to Standalone financial statements |           |

#### 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 46 to standalone financial statements. |  |
|----|--|--|--|

**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, 2019

[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:<br>3/3/2, Bellandur Gate, Sarjapur Road,<br>Bengaluru – 560 103<br>Email: investor@quesscorp.com<br>Website: <a href="http://www.quesscorp.com">www.quesscorp.com</a> ;<br>Phone No. 080-6105 6000<br>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 Private Limited<br>247 Park , C 101 1st Floor , LBS Marg, Vikhroli ( W ) ,<br>Mumbai – 400 083<br>Maharashtra, India<br>Email: <a href="mailto:mumbai@linkintime.co.in">mumbai@linkintime.co.in</a><br><a href="http://www.linkintime.co.in">www.linkintime.co.in</a><br>Tel: +91 22 49186000<br>Fax: +91 22 49186060 |

### 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.      | Industrial asset management                     | 898 /7830                                     | 6.50                               |
| 2.      | Integrated facility management                  | 898/ 7830                                     | 16.44                              |
| 3.      | Human resource services                         | 898/ 7830                                     | 66.38                              |
| 4.      | Global technology solutions                     | 898/ 7830                                     | 10.68                              |

\* 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 |
|----------------------------|--|-----------------------|--------------------------------|------------------|--------------------|
| <b>Indian Subsidiaries</b> |  |                       |                                |                  |                    |
| 1.                         | Aravon Services Private Limited;<br>3/3/2, Bellandur Gate, Sarjapur Main Road,<br>Bangalore KA 560103        | U93000KA2007FTC112828 | Subsidiary<br>Company          | 100%             | Section2(87)       |
| 2.                         | CentreQ Business Services Private Limited<br>3/3/2, Bellandur Gate, Sarjapur Main Road,<br>Bangalore-560103. | U72200KA2016PTC097679 | Subsidiary<br>Company          | 100%             | Section2(87)       |
| 3.                         | Coachieve Solutions Private Limited;<br>3/3/2, Bellandur Gate, Sarjapur Main Road,<br>Bangalore-560103.      | U72300KA2007PTC105727 | Subsidiary<br>Company          | 100%             | Section2(87)       |

| S. No.                      | NAME AND ADDRESS OF THE COMPANY   | CIN/GLN               | Holding/<br>Subsidiary/<br>Associate | % of shares held | Applicable Section |
|-----------------------------|---|-----------------------|--------------------------------------|------------------|--------------------|
| 4.                          | Conneqt Business Solutions Limited<br>1-8-371 Gowra Trinity, S.P. Road Hyderabad Andhra Pradesh 500016  | U64200TG1995PLC044060 | Subsidiary Company                   | 51%              | Section2(87)       |
| 5.                          | Dependo Logistics Solutions Private Limited<br>3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103.   | U63030KA2016PTC096361 | Subsidiary Company                   | 100%             | Section2(87)       |
| 6.                          | Excelus Learning Solutions Private Limited<br>3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103.  | U74999KA2016PTC097984 | Subsidiary Company                   | 100%             | Section2(87)       |
| 7.                          | Greenpiece Landscapes India Private Limited<br>S2, 104, 13th Main, 5th Sector H S R Layout Bangalore - 560034   | U01403KA2008PTC044865 | Subsidiary Company                   | 90%              | Section2(87)       |
| 8.                          | Golden Star Facilities and Services Private Limited<br>H.No.1-98/9/3/9 & 10, Plot No.25 & 26 Sy.No.71, Madhapur, Serilingampally Hyderabad Rangareddi 500081          | U93000TG2008PTC058162 | Subsidiary Company                   | 70%              | Section2(87)       |
| 9.                          | Master Staffing Solutions Private Limited<br>B1 Tower, 3rd Floor, Golden Enclave Old Airport Road Bangalore KA 560017   | U93000KA2009PTC051492 | Subsidiary Company                   | 100%             | Section2(87)       |
| 10.                         | MFX Infotech Private Limited;<br>3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103.   | U72200KA2014PTC074949 | Subsidiary Company                   | 100%             | Section2(87)       |
| 11.                         | Monster.Com (India) Private Limited<br>8-2-293/82-A/1024 & 1024/1, Road No.45, Jubilee Hills, Hyderabad 500033  | U72200TG2000PTC035617 | Subsidiary Company                   | 100%             | Section2(87)       |
| 12.                         | Qdigi Services Limited<br>B-1/1-1, 1st Floor, Mohan Cooperative Industrial Estate New Delhi 110044  | U52100DL2012PLC238730 | Subsidiary Company                   | 100%             | Section2(87)       |
| 13.                         | Quess East Bengal FC Private Limited<br>LMJ Chamber, 3rd Floor, 15C, Hemanta Basu Sarani Kolkata 700001   | U74999WB2018PTC227022 | Subsidiary Company                   | 70%              | Section2(87)       |
| 14.                         | Trimax Smart Infraprojects Private Limited<br>2nd & 3rd Flr, Universal Mill Building L.B.S. Marg, Mehra Estate Mumbai Mumbai City MH 400079                           | U74999MH2017PTC297304 | Subsidiary Company                   | 51%              | Section2(87)       |
| 15.                         | Simpliance Technologies Private Limited<br>2nd Floor, A S Chambers, No.6 80 Feet Road, Koramangala Bangalore 560095   | U72200KA2016PTC092594 | Subsidiary Company                   | 53%              | Section2(87)       |
| 16.                         | Vedang Cellular Services Private Limited<br>303, Evershine Mall Premises Co-Op Society Ltd Chincholi Bunder Road,Link Road, Malad (West) Mumbai Mumbai City Mh 400064 | U32309MH2010PTC201638 | Subsidiary Company                   | 70%              | Section2(87)       |
| <b>Foreign subsidiaries</b> |   |                       |                                      |                  |                    |
| 17.                         | Quesscorp Holdings Pte. Ltd.<br>8 Temasek Boulevard, #32-01 Suntec Tower Three Singapore 038988   | 201526129N            | Subsidiary Company                   | 100%             | Section2(87)       |
| 18.                         | Quess (Philippines) Corp<br>23/F, GT Tower International, 6813, Ayala Avenue, Makati City, Philippines  | CS201305088           | Subsidiary Company                   | 100%             | Section2(87)       |
| 19.                         | Quess Corp (USA) Inc<br>3500 South Dupont Highway, Dover, DE 19901, U.S.A.  | 5435112               | Subsidiary Company                   | 100%             | Section 2(87)      |
| 20.                         | Quess Corp Vietnam Limited Liability Company<br>6F & 7F, Me Linh Point Tower, No.2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam            | 0314944513            | Subsidiary Company                   | 100%             | Section2(87)       |

| S. No.                                | NAME AND ADDRESS OF THE COMPANY  | CIN/GLN                                    | Holding/ Subsidiary/ Associate | % of shares held   | Applicable Section |
|---------------------------------------|--|--|--------------------------------|--|--------------------|
| <b>Foreign step down subsidiaries</b> |  |  |                                |  |                    |
| 21.                                   | Brainhunter Systems Limited<br>2 Sheppard Avenue East, Suite 2000, Toronto, ON M2N 5Y7, Canada   | 2219707                                    | Foreign step down subsidiary   | 81% held by Quess Corp (USA) Inc. and 19% held by Quess Corp Limited | Section2(87)       |
| 22.                                   | *Brainhunter Companies LLC<br>22001 Route 46, Waterview Plaza, Suite 310, Parsippany, NJ USA 07054   | 0400536871                                 | Foreign step down subsidiary   | 100% held by Brainhunter Systems Limited                             | Section2(87)       |
| 23.                                   | Mindwire Systems Ltd<br>Carling Executive Park, 1545 Carling Avenue, Suite 600 Ottawa, ON Canada K1Z 8P9   | 1823144                                    | Foreign step down subsidiary   | 100% held by Brainhunter Systems Limited                             | Section2(87)       |
| 24.                                   | Comtel Solutions Pte. Ltd., Singapore<br>10, Hoe Chiang Road, #15-02 Keppel Towers, Singapore, 089315  | 199801439D                                 | Foreign step down subsidiary   | 100% held by Quesscorp Holdings Pte. Ltd                             | Section2(87)       |
| 25.                                   | Comtel Pro Pte. Limited<br>10, Hoe Chiang Road, #15-02 Keppel Towers, Singapore, 089315  | 201715683K                                 | Foreign step down subsidiary   | 100% held by Quesscorp Holdings Pte. Ltd                             | Section2(87)       |
| 26.                                   | Comtelink SDN. BHD<br>Suite 11,1st Floor, Menara TKSS, No.206 Jalan Segambut, 51200 Kuala Lumpur, Malaysia.  | 938724-A                                   | Foreign step down subsidiary   | 100% held by Comtel Solutions Pte. Ltd., Singapore                   | Section2(87)       |
| 27.                                   | MFExchange Holdings Inc<br>895 Don Mills Road, Building 2, Suite 300, Toronto, Ontario M3C 1W3 Canada  | 398443-5                                   | Foreign step down subsidiary   | 51% Quesscorp Holdings Pte. Ltd. & 49% Quess Corp Limited            | Section2(87)       |
| 28.                                   | MFExchange (USA), Inc.<br>5 Century Drive, Suite 200, Parsippany, New Jersey, 07054  | 2039987                                    | Foreign step down subsidiary   | 100% held by MFExchange Holdings Inc.                                | Section2(87)       |
| 29.                                   | Quess Corp Lanka (Private) Limited, (formerly known as Randstad Lanka (Private) Limited)<br>7th Floor, BOC Merchant Tower, 28, St. Michael's Road, Colombo 03, Sri Lanka | PV 12225                                   | Foreign step down subsidiary   | 100% held by Quesscorp Holdings Pte. Ltd.                            | Section2(87)       |
| 30.                                   | Quessglobal (Malaysia) Sdn. Bhd<br>Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur  | 1127063A                                   | Foreign step down subsidiary   | 100% held by Quesscorp Holdings Pte. Ltd.                            | Section2(87)       |
| 31.                                   | MFX Chile SpA<br>Av. Vitacura 5250, Office 802, Vitacura, Santiago   | C: 12939829<br>*ID: 1647043<br>*FR: 377683 | Foreign step down subsidiary   | 100% is held by Mfxchange Holdings Inc                               | Section2(87)       |
| 32.                                   | Monster.com SG Pte Limited<br>100 beach road #27-10/13<br>Shaw Tower Singapore 189702  | 200004227N                                 | Foreign step down subsidiary   | 100% held by Quesscorp Holdings Pte. Ltd.                            | Section2(87)       |
| 33.                                   | Monster.com HK Limited<br>Room 2201-7 Times Square Tower II 1 Matheson Street, Causeway Bay, Hong Kong   | 714816                                     | Foreign step down subsidiary   | 100% held by Quesscorp Holdings Pte. Ltd.                            | Section2(87)       |
| 34.                                   | Agensi Pekerjaan Monster Malaysia Sdn Bhd<br>A-25, Menara Allianz Sentral, 203 Jalan Tun Sambanthan KL Sentral, 50470 Kuala Lumpur, Malaysia                             | 513480-X                                   | Foreign step down subsidiary   | 49% held by Quesscorp Holdings Pte. Ltd.                             | Section2(87)       |
| <b>Indian Associates</b>              |  |  |                                |  |                    |
| 35.                                   | Terrier Security Services (India) Private Limited<br>3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore KA 560103  | U74920KA2009PTC049810                      | Associate Company              | 49% held by Quess Corp Limited                                       | Section2(6)        |
| 36.                                   | Heptagon Technologies Private Limited<br>G2A & G2B of Manchester Square, Ground Floor, D.No. 12/1, Puliyakulam Road, Opp to Kidney Centre Coimbatore 641037              | U72200TZ2015PTC021609                      | Associate Company              | 49% held by Quess Corp Limited                                       | Section2(6)        |



**(ii) Shareholding of Promoters**

| S No. | Shareholder's Name   | Shareholding at the beginning of the year(April 1, 2018) |                                  |   | Shareholding at the end of the Year(March 31, 2019) |                                  |   | % 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   | 1,75,85,960  | 12.09                            | Nil   | 1,76,54,674   | 12.09                            | Nil   | Nil                                      |
| 2     | Thomas Cook (India) Limited                                | 7,13,23,496  | 49.02                            | Nil   | 7,13,23,496   | 48.82                            | Nil   | (0.2)                                    |
| 3     | Net Resources Investments Private Limited (Promoter Group) | 1,53,65,824  | 10.56                            | Nil   | 1,53,65,824   | 10.52                            | Nil   | (0.04)                                   |

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

| S No. | Shareholder's name  | Shareholding at the beginning of the year (As on April 1, 2018) |                                  | Date        | Increase/ Decrease In shareholding | Reason                                    | Cumulative shareholding during the year (01.04.2018 – 31.3.2019) |                                  |
|-------|---|---|----------------------------------|-------------|------------------------------------|---|--|----------------------------------|
|       |   | No. of shares   | % of total shares of the Company |             |                                    |   | No. of shares  | % of total shares of the Company |
| 1     | Ajit Isaac  | 1,75,85,960   | 12.09                            | Dec 7, 2018 | 48000                              | Direct Stock Buying from Secondary market | 1,76,54,674  | 12.09                            |
|       |   |   |                                  | Feb 5, 2019 | 17456                              |   |  |                                  |
|       |   |   |                                  | Feb 6, 2019 | 3258                               |   |  |                                  |
| 2     | Thomas Cook (India) Limited                               | 7,13,23,496   | 49.02                            | -           | -                                  | -   | 7,13,23,496  | 48.82                            |
| 3     | Net Resources Investments Private Limited(Promoter Group) | 1,53,65,824   | 10.56                            | -           | -                                  | -   | 1,53,65,824  | 10.52                            |

**(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) during 2018-19**

| 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.    | Steadview Capital Mauritius Limited  |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 1742584          | 1.19                             | 1742584                                 | 1.19                             |
|       | Bought during the year   | 2121909          | 1.46                             | 2121909                                 | 1.46                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>3864493</b>   | <b>2.65</b>                      | <b>3864493</b>                          | <b>2.65</b>                      |
| 2.    | Sundaram Mutual Fund A/C Sundaram Select Midcap  |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 2792610          | 1.91                             | 2792610                                 | 1.91                             |
|       | Bought during the year   | 753075           | 0.52                             | 753075                                  | 0.52                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>3545685</b>   | <b>2.43</b>                      | <b>3545685</b>                          | <b>2.43</b>                      |
| 3.    | India Capital Fund Limited   |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 2096015          | 1.44                             | 2096015                                 | 1.44                             |
|       | Bought during the year   | 223000           | 0.15                             | 223000                                  | 0.15                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>2319015</b>   | <b>1.59</b>                      | <b>2319015</b>                          | <b>1.59</b>                      |
| 4.    | Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Advantage Fund |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 18,67,758        | 1.28                             | 18,67,758                               | 1.28                             |
|       | Bought during the year   | 1,87,044         | 0.13                             | 1,87,044                                | 0.13                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>20,54,802</b> | <b>1.41</b>                      | <b>20,54,802</b>                        | <b>1.41</b>                      |

| 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 |
| 5.    | Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 12,30,649        | 0.84                             | 12,30,649                               | 0.84                             |
|       | Bought during the year   | 5,84,251         | 0.4                              | 5,84,251                                | 0.4                              |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>18,14,900</b> | <b>1.24</b>                      | <b>18,14,900</b>                        | <b>1.24</b>                      |
| 6.    | Motilal Oswal Most Focused Midcap 30 Fund  |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 14,99,907        | 1.03                             | 14,99,907                               | 1.03                             |
|       | Bought during the year   | 1,75,571         | 0.12                             | 1,75,571                                | 0.12                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>16,75,478</b> | <b>1.15</b>                      | <b>16,75,478</b>                        | <b>1.15</b>                      |
| 7.    | Malabar India Fund Limited   |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 9,41,396         | 0.64                             | 9,41,396                                | 0.64                             |
|       | Bought during the year   | 1,94,000         | 0.14                             | 1,94,000                                | 0.14                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>11,35,396</b> | <b>0.78</b>                      | <b>11,35,396</b>                        | <b>0.78</b>                      |
| 8.    | Vaneck Funds - Emerging Markets Fund   |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 8,70,000         | 0.59                             | 8,70,000                                | 0.59                             |
|       | Bought during the year   | 1,00,000         | 0.07                             | 1,00,000                                | 0.07                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>9,70,000</b>  | <b>0.66</b>                      | <b>9,70,000</b>                         | <b>0.66</b>                      |
| 9.    | ICICI Prudential Life Insurance Company Limited                                      |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 7,05,892         | 0.48                             | 7,05,892                                | 0.48                             |
|       | Bought during the year   | 2,62,188         | 0.18                             | 2,62,188                                | 0.18                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>9,68,080</b>  | <b>0.66</b>                      | <b>9,68,080</b>                         | <b>0.66</b>                      |
| 10.   | Gaoling Fund, L.P.   |                  |                                  |   |                                  |
|       | At the Beginning of the year   | 0                | 0.00                             | 0                                       | 0.00                             |
|       | Bought during the year   | 9,17,229         | 0.63                             | 9,17,229                                | 0.63                             |
|       | Sold during the year   | -                | -                                | -                                       | -                                |
|       | <b>At the end of the year</b>  | <b>9,17,229</b>  | <b>0.63</b>                      | <b>9,17,229</b>                         | <b>0.63</b>                      |

## (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, 2018) |                                  | Date#                    | Increase/ Decrease In shareholding | Reason                                    | Cumulative shareholding during the year (01.04.2018 - 31.3.2019) |                                  |
|-------|-----------------------|------------------------------|---|----------------------------------|--------------------------|------------------------------------|---|--|----------------------------------|
|       |                       |                              | No. of shares   | % of total shares of the Company |                          |                                    |   | No. of shares  | % of total shares of the Company |
| 1.    | Ajit Isaac            | Chairman & Managing Director | 1,75,85,960   | 12.09                            | Dec 7, 2018              | 48000                              | Direct Stock Buying from Secondary market | 1,76,54,674  | 12.09                            |
|       |                       |                              |   |                                  | Feb 5, 2019              | 17456                              |   |  |                                  |
|       |                       |                              |   |                                  | Feb 6, 2019              | 3258                               |   |  |                                  |
| 2.    | Subrata Nag           | Executive Director & CEO     | 55128   | 0.00                             | 26.09.2018               | 83,026                             | Shares allotted under ESOP                | 68,154   | 0.05                             |
|       |                       |                              |   |                                  | 05.02.2019               | (10,000)                           |   |  |                                  |
|       |                       |                              |   |                                  | 06.03.2019 to 08.03.2019 | (37,605)                           |   |  |                                  |
|       |                       |                              |   |                                  | 11.03.2019               | (22,395)                           |   |  |                                  |
| 3.    | Pravir Kumar Vohra    | Independent Director         | 1000  | 0                                | -                        | -                                  | -   | 1000   | Negligible                       |
| 4.    | Revathy Ashok         | Independent Director         | 150   | 0                                | -                        | -                                  | -   | 150  | 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                                 | 72,720.05                        | 47.57           | -        | 72,767.62          |
|        | ii) Interest due but not paid                       | -                                | -               | -        | -                  |
|        | iii) Interest accrued but not due                   | 250.07                           | -               | -        | 250.07             |
|        | <b>Total (i+ii+iii)</b>                             | <b>72,970.11</b>                 | <b>47.57</b>    | <b>-</b> | <b>73,017.69</b>   |
| 2      | Change in Indebtedness during the financial year    |                                  |                 |          |                    |
|        | • Addition (Only principal)                         | 11,740.52                        | -               | -        | 11,740.52          |
|        | • Reduction (Only principal)                        | (27,500.00)                      | (43.99)         | -        | (27,543.99)        |
|        | <b>Net Change</b>                                   | <b>(15,759.48)</b>               | <b>(43.99)</b>  | <b>-</b> | <b>(15,803.47)</b> |
| 3      | Indebtedness at the end of the financial year       |                                  |                 |          |                    |
|        | i) Principal Amount                                 | 56,960.57                        | 3.59            | -        | 56,964.15          |
|        | ii) Interest due but not paid                       | -                                | -               | -        | -                  |
|        | iii) Interest accrued but not due                   | 288.09                           | -               | -        | 288.09             |
|        | <b>Total (i+ii+iii)</b>                             | <b>57,248.66</b>                 | <b>3.59</b>     | <b>-</b> | <b>57,252.25</b>   |

## 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 | Executive Director & CEO |
|-------|---|------------------------------|--------------------------|
|       |   | Ajit Isaac                   | Subrata Nag              |
| 1     | Gross salary  |                              |                          |
|       | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 215.09                       | 137.82                   |
|       | (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 <sup>(*)</sup>  | -                            | -                        |
| 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   | -                            | -                        |
|       | <b>Total (A)</b>  | <b>215.31</b>                | <b>138.04</b>            |
|       | Ceiling as per the CA 2013  |                              | 2613.15                  |

\*Above remuneration excludes ESOP

**B. Remuneration to other Directors**

(₹ In Lakhs)

| A | Name of the Independent Director            | Pratip Chaudhuri    | Pravir Kumar Vohra | Revathy Ashok | Sanjay Anandaram | Total   |
|---|---|---------------------|--------------------|---------------|------------------|---------|
| 1 | Fee for attending Board/ committee meetings | 5.05                | 5.30               | 4.30          | 2.55             | 17.2    |
| 2 | Commission                                  | 5.00                | 5.00               | 5.00          | 5.00             | 20.00   |
| 3 | Others, please specify                      | -                   | -                  | -             | -                | -       |
|   | <b>Total (A)</b>                            | 10.05               | 10.30              | 9.30          | 7.55             | 37.2    |
| B | Name of Non-executive Director              | Chandran Ratnaswami | Madhavan K. Menon  |               |                  |         |
| 1 | Fee for attending Board/ committee meetings | -                   | -                  |               |                  |         |
| 2 | Commission                                  | -                   | -                  |               |                  |         |
| 3 | Others, please specify                      | -                   | -                  |               |                  |         |
|   | Total                                       | -                   | -                  |               |                  |         |
|   | <b>Total (B)</b>                            | -                   | -                  |               |                  |         |
|   | <b>TOTAL (A)+(B)</b>                        | -                   | -                  |               |                  | 37.2    |
|   | Total Managerial Remuneration               |                     |                    |               |                  | 37.2    |
|   | Overall Ceiling as per the CA 2013          |                     |                    |               |                  | 2613.15 |

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

(₹ In Lakhs)

| S. No. | Particulars of Remuneration  | Key Managerial Personnel |   |   | Total  |
|--------|--|--------------------------|---|---|--------|
|        |  | Manoj Jain, CFO          | Sudershan Pallap, VP-Legal & Company Secretary (from October 28, 2016 to June 23, 2018) | Rajesh kumar Modi, VP-Legal & Company Secretary (from June 23, 2018 to November 09, 2018) |        |
| 1.     | Gross salary   | 79.78                    | 20.39   | 12.78   | 113.04 |
|        | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                        | -   | -   | -      |
|        | b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                        | -   | -   | -      |
|        | c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                        | -   | -   | -      |
| 2.     | Stock Options  | -                        | -   | -   | -      |
| 3.     | Sweat Equity   | -                        | -   | -   | -      |
| 4.     | Commission   |                          |   |   |        |
|        | - as % of profit   | -                        | -   | -   | -      |
|        | - others, specify  |                          |   |   |        |
| 5.     | Others, please specify   |                          |   |   |        |
|        | -Bonus   | -                        | -   | -   | -      |
|        | -Contribution to PF  | 0.22                     | 0.07  | 0.09  | 0.38   |
|        | -Leave encashment  | -                        | -   | -   | -      |
|        | <b>Total</b>   | 80.00                    | 20.46   | 12.87   | 113.43 |

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

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                               |                                    |
| Penalty                             | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| Punishment                          | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| Compounding                         | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                               |                                    |
| Penalty                             | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| Punishment                          | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| Compounding                         | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                               |                                    |
| Penalty                             | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| Punishment                          | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |
| Compounding                         | - Nil -                      | - Nil -           | - Nil -  | - Nil -                       | - Nil -                            |

# Annexure -VI

## DETAILS OF RATIO OF REMUNERATION OF DIRECTOR (Pursuant to section 197(12) read with Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014)

- A. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

|  |   |     |
|--|---|-----|
| 1. The ratio of the remuneration of Executive Director to the median remuneration of the employees of the company for the financial year;  | Ajit Isaac  | 60  |
|  | Subrata Kumar Nag   | 39  |
| 2. The percentage increase in remuneration of Executive Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;   | Ajit Isaac  | 15% |
|  | Subrata Kumar Nag   | 15% |
|  | Manoj Jain  | 0%  |
|  | Sudershan Pallap*   | 0%  |
|  | Rajesh Kumar Modi*  | 0%  |
| 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 4.1%  |     |
| 4. The number of permanent employees on the rolls of company;  | 3,455   |     |
| 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 2018-19 was 4.1 % and the average increase in the remuneration of KMP was 15.03%. |     |
| 6. Affirmation that the remuneration is as per the remuneration policy of the Company  | Yes   |     |

\* Mr. Sudershan Pallap resigned from the post of Vice President- Legal & Company Secretary of the Company w.e.f June 23, 2018.

\* Mr. Rajesh Kumar Modi was appointed as the Vice President- Legal & Company Secretary of the Company w.e.f June 23, 2018 and resigned from the post on November 09, 2018.

\* Mr. Kundan K Lal was appointed as the Vice President- Legal & Company Secretary of the Company w.e.f April 17, 2019

# Report on Corporate Governance

**The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (The "Listing Regulations").**

Corporate Governance is modus operandi of governing a corporate entity which includes a set of systems, procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders i.e. shareholders, employees, suppliers, customers and society in general. Fundamentals of Corporate Governance include transparency, accountability, reporting and independence.

## Company's Philosophy on Code of Governance

Quess Corp Limited ("Quess" or "the Company") follows the high standards of governance principles, policies and practices over the years. Quess defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity and ensure that societal resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. The Company's philosophy is built on trusteeship, transparency and accountability and disclosure practices.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall enterprise value and safeguarding the shareholders' trust. In our commitment to practice sound governance principles and is guided by the following core principles:-

1. Code of Conduct and Ethics for Directors and Senior Management.
2. Improving Quality and Frequency of Information Flow to the Board, Audit Committee to enable them to discharge their functions effectively.
3. A Sound System of Risk Management and Internal Control
4. Transparency and Accountability.
5. Compliance with all Rules and Regulations.
6. Sound policy on prevention of Insider Trading and unpublished price sensitive information.
7. Develop processes for various disclosure and reporting requirements.

The Company has always believed in implementing following corporate governance guidelines and practices:

1. Appropriate composition and size of the Board with each member bringing in expertise in their respective domains.
2. Availability of information to the members of the Board and Board Committees to enable them to discharge its

responsibility of strategic supervision of the Company as trustees of Shareholders.

3. Timely disclosure of material operational and financial information to the stakeholders.
4. Systems and processes in place for internal control.
5. Proper business conduct by the Board, Senior Management and Employees.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendments) Regulations, 2018 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

This report, along with the reports on Management Discussion and Analysis and Additional Shareholders Information, reports the Company's compliance with Regulations 34 and 53 of the SEBI Listing Regulations.

## BOARD OF DIRECTORS

### Composition and category of the Directors

- I. As on March 31, 2019, the Company's Board comprised of eight Directors. Of these eight Directors, four (4) Independent Directors, two (2) Non-Executive and two (2) Executive Directors including the Chairman. The profiles of the Directors can be found on <https://www.quescorp.com/about-us/board-of-directors/>. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013 (the 'Act').
- II. None of the Directors on the Board hold directorships in more than eight Listed Companies or ten public companies or act as an Independent Director in more than seven (7) Listed Companies. Further, none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he or she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2019 have been made by the Directors.
- III. Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and Section 149(6) of the Act.
- IV. During the year under review, the Board met six (6) times on April 23, 2018, May 17, 2018, June 23, 2018, July 26, 2018, October 25, 2018 and January 24, 2019. The time gap between any two consecutive meetings did not exceed 120 (one hundred and twenty) days.



## Matrix setting out the skills/expertise/competence of the Board of Directors

| Sl.No. | Name of the Director   | Skills/ Expertise   |
|--------|--|---|
| 1.     | Mr. Ajit Isaac (Chairman & Managing Director)                        | Ajit's expertise in identifying value-accretive and transformative deals combined with his focus on operational efficiency and business development has helped Quess scale itself rapidly. He is a first generation entrepreneur and under his leadership Quess is now a 3,18,000+ strong family with over ₹ 8,526 Crore in revenues. Ajit is passionate about giving back to society and was instrumental in setting up Careworks Foundation which today supports over 10,955 students across 54 schools. He was nominated for the 'India Forbes Leadership Award' in 2011 and was voted as a finalist in the 2016 Ernst & Young Entrepreneur of the Year (EOY). |
| 2.     | Mr. Subrata Nag (Executive Director & CEO)                           | A seasoned finance professional with over three decades of experience, for implementing the Company's overall long and short term strategies.   |
| 3.     | Mr. Chandran Ratnaswami (Non-Executive Director)                     | He has 27 years of experience in the field of investment management.  |
| 4.     | Mr. Madhavan Menon (Non- Executive Director)                         | He has over 36 years of experience in the fields of banking, finance and foreign exchange management.   |
| 5.     | Mr. Pratip Chaudhuri (Non-Executive Director & Independent Director) | He has over 40 years of experience in the field of banking.   |
| 6.     | Ms. Revathy Ashok (Non-Executive Director & Independent Director)    | She has over 30 years of experience in the field of finance.  |
| 7.     | Mr. Sanjay Anandaram (Non-Executive & Independent Director)          | He has over 30 years of experience as a corporate executive, investor, teacher, and advisor to funds and entrepreneurs.   |
| 8.     | Mr. Pravir Kumar Vohra (Non-Executive & Independent Director)        | He has over 40 years of experience in the field of banking and information technology.  |

### Confirmation on fulfilling the criteria of Independence by an Independent Director

All the Independent Directors have confirmed their independence in terms of Section 149 (6) of the Companies Act, 2013 and SEBI Listing Regulations.

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

Mr. Pravir Kumar Vohra, Independent Director holds 1,000 Equity Shares in the Company as on March 31, 2019.

Ms. Revathy Ashok, Independent Director holds 150 Equity Shares in the Company as on March 31, 2019.

### Separate meeting of Independent Directors

During the year 2018-19, a separate meeting of the Independent Directors was held on May 17, 2018 to discuss inter-alia:

- The performance of the Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors;
- The performance of the Non-Independent Directors and the Board as a whole;
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

### Familiarization programme

The Company in compliance with Regulation 25(7) of SEBI (LODR) Regulations, 2015 has 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 <https://www.quesscorp.com/QInv/QPolicies/Directors-Familiarization-Programme.pdf>.

All new Directors inducted into the Board, if any during the year under review are introduced to the Company through appropriate orientation sessions. Presentations are made by senior management 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, if requested, 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 Meetings are governed by a structured Agenda. The Agenda along with the detailed explanatory notes and supporting material is circulated to the members of the Board before each meeting to facilitate effective decision making. The Board members are also apprised by the Chairman and Managing Director on the overall performance of the Company through presentations and detailed notes.

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 Listing 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 review 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 Business Conduct & Ethics

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Designated Persons. The Board of Directors and the members of Senior Management Team (one level below the Board of Directors) of the Company are required to affirm semi-annual Compliance of this Code. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman and Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. The Code of Conduct is available on the website of the Company at <https://www.queesscorp.com/QLnv/QPolicies/Code-of-Business-Conduct-and-Ethics.pdf>.

### Conflict of Interests

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. The Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of the Board restrict themselves from any discussions and voting in transactions in which they have concern or interest.

### Committees of the Board

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall Management of day -to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform duties entrusted by the Board.

The number of meetings held during the financial year and the related attendance, are provided below:

#### a) Audit Committee

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to

supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function. The Audit Committee was constituted by the Board at its meeting held on July 29, 2013. The Audit Committee was last reconstituted by the Board at its meetings held on May 16, 2017 and the charter was reconstituted on April 17, 2019.

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

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

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

- a) Overseeing the 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, and replacement, remuneration and 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 CA 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/ or advances made by the Holding Company ("Qness") in the subsidiary exceeding INR 100 Crore or 10% of the asset size of the Subsidiary, whichever is lower;
- h) Scrutiny of inter-corporate investments;
- i) Valuation of undertakings or assets of our Company, wherever it is necessary;
- j) Evaluation of internal financial controls and risk management systems;
- k) Approval or any subsequent modification of transactions of our Company with related parties;
- l) 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;
- m) Approving or subsequently modifying transactions of the Company with related parties;
- n) Establishing a vigil mechanism / whistle blower mechanism, in case the same is existing, for directors and employees to report their genuine concerns or grievances and reviewing the said mechanism;
- o) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- p) 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;
- q) Discussion with internal auditors on any significant findings and follow up thereon;
- r) 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;
- s) 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;
- t) 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;
- u) 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;
- v) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee; and
- w) Formulating, review and make recommendations to the Board to amend the Audit Committee charter, from time to time.

- x) Review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

The powers of the Audit Committee include the following:

- a) To investigate activity within its terms of reference;
- b) To seek information from any employees;
- c) To obtain outside legal or other professional advice; and
- 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; and
- 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - (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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the year under review, the Audit Committee met Five (05) times on April 23, 2018, May 17, 2018, July 26, 2018, October 25, 2018 and January 24, 2019. The time gap between any two consecutive meetings did not exceed 120 (one hundred and twenty) days. The details of the attendance of the Members 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 | 05                   | 05                       |
| Chandran Ratnaswami | Non- Executive Director | Member   | 05                   | 03                       |
| Pravir Kumar Vohra  | Independent Director    | Member   | 05                   | 05                       |
| Revathy Ashok       | Independent Director    | Member   | 05                   | 05                       |
| Sanjay Anandaram    | Independent Director    | Member   | 05                   | 04                       |

Chairman & Managing Director, Executive Director & Chief Executive Officer and Chief Financial Officer, who is responsible for the finance function, the Head of the 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, Member, Member
3. Mr. Pravir Kumar Vohra, Member

The Composition of CSR Committee is in accordance with the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The scope and functions of the CSR Committee are in accordance with Section 135 of the Act and its terms of reference include the following:

- (i) The activities to be undertaken by the Company as specified in Schedule VII of the Act;
- (ii) Recommend the amount of expenditure to be incurred on the aforesaid activities; and
- (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 our Company.

The roles and responsibilities of the Board with regards to the CSR policy shall be as per the provisions of the Act which are stated as 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; and
- (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 May 17, 2018. 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 | 01                   | 01                       |
| Ajit Isaac         | Chairman & Managing Director | Member      | 01                   | 01                       |
| Pravir Kumar Vohra | Independent Director         | Member      | 01                   | 01                       |

**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 comprises of three members including two Independent Directors:

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

The Composition of NRC Committee is in accordance with the provisions of Section 178(1) of the Act and Regulation 19 of the Listing Regulations.

The scope and function of the NRC are in accordance with Section 178 of the Act 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:
  - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when the same come into force; or
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- 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; and
- 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.
- m) Implementation of decisions regarding allotment of ESOP Shares; and
- n) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

("senior management" shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/ Whole Time Director/ Manager and shall specifically include Company Secretary and Chief Financial officer.)

During the year under review, the NRC Committee met Five (05) times on May 17, 2018, June 23, 2018, July 26, 2018, October 25, 2018 and January 24, 2019. 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 | 05                   | 05                       |
| Chandran Ratnaswami | Non-Executive Director | Member   | 05                   | 03                       |
| Pratip Chaudhuri    | Independent Director   | Member   | 05                   | 05                       |

#### Performance evaluation of Board Members

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Company has devised a process and criteria for the performance evaluation which has been recommended by the NRC Committee and approved by the Board.

The Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared and the performance was evaluated on parameters such as level of engagement and contribution; knowledge, skill and understanding of the areas which are relevant to them in their capacity as members of the Board; independence of judgement; safeguarding the interest of the Company, etc. of the Chairman and Managing Director and the Non Independent Directors was carried out by the Independent Directors. The performance evaluation of each Independent Director was carried out by the entire Board, excluding the Independent Director concerned. The Directors expressed their satisfaction with the evaluation process.

#### Remuneration Policy

The Company has in place a Remuneration Policy for Directors, KMP and other employees, in accordance with the provisions of the Act and the SEBI Listing Regulations. The NRC Committee determines and recommends to the Board the compensation payable to the Directors. The NRC Committee evaluates 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, Executive Director & CEO and other senior executives consists of a fixed component and a variable component. The Executive Directors viz., Chairman & Managing Director and Executive Director & CEO 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 Act. The performance of the Independent Directors is reviewed by the Board on an annual basis.



The scope and functions of the RMC Committee are in accordance with Regulation 21 of the SEBI Listing Regulations and its terms of reference include the following:

1. the Risk Management Committee shall annually review and approve the Risk Management Framework of the Company. The Committee shall periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
2. the Risk Management Committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
3. the Risk Management Committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
4. the Risk Management Committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
5. the Risk Management Committee shall make regular reports/ recommendations to the Board.
6. the Risk Management Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Company Secretary & Compliance Officer is the Secretary to the RMC Committee

## GENERAL BODY MEETINGS

Location, date and time of the Annual General Meetings held during the preceding 3 financial years and the Special Resolutions passed thereat are as follows:

| Financial Year | Category             | Location of the meeting  | Date & Time                | Special Resolutions   |
|----------------|----------------------|--|----------------------------|---|
| 2017-18        | 11 <sup>th</sup> AGM | Spring Hall, Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka 560008 | July 26, 2018 & 11:30 A.M. | Approval for-<br>1) Revision in commission payable to Independent Director.<br>2) Fixation of fees under Section 20 of the Companies Act, 2013. |
| 2016-17        | 10 <sup>th</sup> AGM | Spring Hall, Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka 560008 | July 21, 2017 & 11:30 A.M. | Approval for further capital infusion   |

| Financial Year | Category            | Location of the meeting  | Date & Time               | Special Resolutions |
|----------------|---------------------|--|---------------------------|---------------------|
| 2015-16        | 9 <sup>th</sup> AGM | Quess House at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103 | May 23, 2016 & 02.00 P.M. | None                |

## Postal Ballot

There was no Postal Ballot conducted during the FY19. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

## Means of Communication with Shareholders

One of the most important components of Corporate Governance is to communicate with the shareholders through effective means. Being a responsible corporate citizen, the Company supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, the Company, sends Annual Reports, Notices related to General Meetings and Postal Ballot by email to those shareholders whose email ids are registered with the Company. They are also sent in hard copies to those shareholders whose email ids are not registered.

The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which include Financial Express (English) and Hosa Digantha (Kannada). The results are also displayed on the Company's website [www.quescorp.com](http://www.quescorp.com).

Statutory notices are published in Financial Express and Hosa Digantha. The Company also issues press releases from time to time. Financial Results, Statutory Notices, Press Releases and Presentations made to the institutional investors/analysts after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited and BSE Limited as well as uploaded on the Company's website. The Company on every half yearly basis go for analyst call. During the year under review, the Company made presentation on the investor and analyst day held on February 8, 2019 in Mumbai. The details are also displayed on the Company's website [www.quescorp.com](http://www.quescorp.com).

## General Shareholder Information

### i. Annual General Meeting

Date: July 24, 2019

Time: 11:00 a.m.

Venue: Spring Hall, Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka – 560 008

### ii. Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2019, results were announced on:

- April 23, 2018
- May 17, 2018
- June 23, 2018
- October 25, 2018
- January 24, 2018

For the year ending March 31, 2020, results will be announced by

- On or before 2nd week of August, 2019: First quarter
- On or before 2nd week of November, 2019: Half yearly
- On or before 2nd week of February, 2020: Third quarter
- On or before Last week of May, 2020: Fourth quarter and annual

**iii. Dates of Book Closure**

The dates of book closure are from July 18, 2019 to July 24, 2019 (both days inclusive).

**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 FY19 to BSE and NSE has been paid.

**v. Stock Exchange codes**

| Name of the Stock Exchange                           | Stock Code |
|--|------------|
| BSE Limited, Mumbai                                  | 539978     |
| The National Stock Exchange of India Limited, Mumbai | QUESS      |

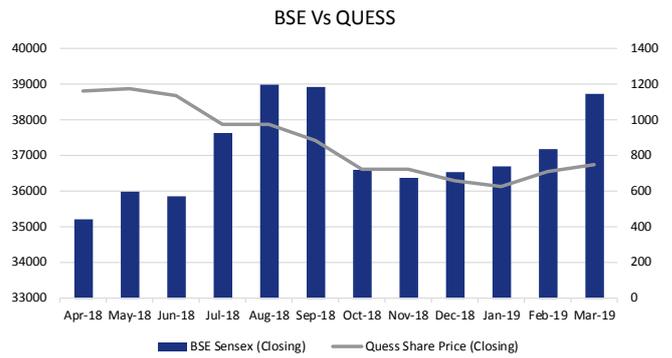
**vi. Market Price Data & Performance in comparison to broad-based indices**

High, lows and volumes of the Company’s shares for FY19 at BSE and NSE

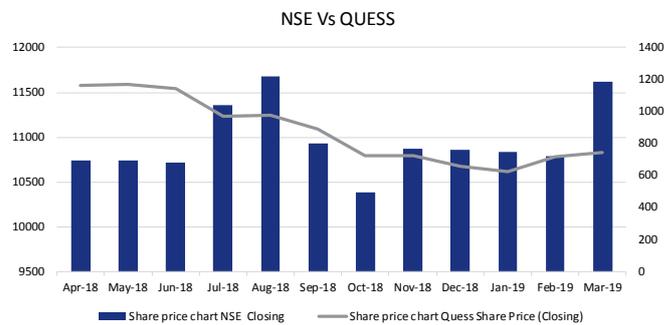
| Month  | BSE    |        |         | NSE  |      |         |
|--------|--------|--------|---------|------|------|---------|
|        | High   | Low    | Volume  | High | Low  | Volume  |
| Apr 18 | 1190   | 999    | 513420  | 1186 | 1000 | 3598870 |
| May 18 | 1253   | 1054   | 136028  | 1249 | 1053 | 2165542 |
| Jun 18 | 1300   | 1050   | 197952  | 1303 | 1052 | 2368223 |
| Jul 18 | 1150   | 910    | 255235  | 1144 | 966  | 1677388 |
| Aug 18 | 1105   | 966    | 70718   | 1120 | 970  | 2794192 |
| Sep 18 | 994    | 845    | 149909  | 997  | 831  | 1940667 |
| Oct 18 | 896    | 678    | 132420  | 897  | 675  | 1937079 |
| Nov 18 | 799    | 715    | 103952  | 799  | 716  | 1788239 |
| Dec 18 | 730    | 581.1  | 227357  | 731  | 579  | 3410504 |
| Jan 19 | 732    | 625.55 | 1180575 | 738  | 632  | 4130108 |
| Feb 19 | 718    | 623    | 525741  | 724  | 621  | 1293662 |
| Mar 19 | 819.85 | 715.40 | 1171442 | 825  | 713  | 2684904 |

Note: High and low are in Rupees per traded share Volumes is the total monthly volume of trade in number of Quess’ shares

**Performance on BSE versus BSE Sensex**



**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 the SEBI.

| Contact                                     | Email                         | Address  |
|---|-------------------------------|--|
| Mr. Ishwar Suvarna / Mr. Ganapati Haligouda | rtn.helpdesk@linkintime.co.in | Link Intime India Private Limited<br>247 Park , C 101 1st Floor,<br>LBS Marg , Vikhroli (W),<br>Mumbai – 400 083<br>Maharashtra, India<br>Tel: +91 22 49186270<br>Fax: +91 22 49186060<br>www.linkintime.co.in |

**viii. Share Transfer System**

The Company has constituted a Stakeholders Relationship Committee for monitoring share transfers. 99.99% of the Company shareholding is in dematerialised form.

#### ix. Distribution of shareholding as on March 31, 2019

| Category (Amount) | No. of Cases | % of Cases | Total Shares | Amount     | % of Amount |
|-------------------|--------------|------------|--------------|------------|-------------|
| 1-500             | 42075        | 95.66      | 3979245      | 39792450   | 2.72        |
| 501- 1000         | 931          | 2.12       | 658574       | 6585740    | 0.45        |
| 10001- 2000       | 429          | 0.98       | 606610       | 6066100    | 0.42        |
| 2001- 3000        | 129          | 0.29       | 327570       | 3275700    | 0.22        |
| 3001- 4000        | 58           | 0.13       | 203062       | 2030620    | 0.14        |
| 4001- 5000        | 54           | 0.12       | 251215       | 2512150    | 0.17        |
| 5001- 10000       | 100          | 0.23       | 715565       | 7155650    | 0.49        |
| 10001 & Above     | 207          | 0.47       | 139342992    | 1393429920 | 95.39       |
| TOTAL             | 43983        | 100        | 146084833    | 1460848330 | 100         |

#### x. Dematerialization of Shares and liquidity

As at March 31, 2019, 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 and its group has branch offices across PAN 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. Kundan K Lal Company Secretary and Compliance Officer | <a href="mailto:investor@quesscorp.com">investor@quesscorp.com</a> ; | <b>The Company Secretary Registered Office Address:</b><br>3/3/2, Bellandur Gate, Sarjapur Main Road Bengaluru – 560103<br>Phone No: 080-6105 6001<br>Fax No: 080-6105 6406<br><a href="http://www.quesscorp.com">www.quesscorp.com</a> |

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. Prateek Shingwekar | <a href="mailto:debenturetrustee@axistrustee.com">debenturetrustee@axistrustee.com</a> ; | Axis Trustee Services Limited, Axis House, Bombay Dyeing Mills Compound, PB Marg, Worli, Mumbai-400025.<br>Phone No: 022-62260051/60<br>Fax No: 022-43253000<br><a href="http://www.axistrustee.com">www.axistrustee.com</a> |

#### xiv. Details of Credit Rating

In order to comply with Basel- II guidelines your Company has got the rating done by M/s ICRA Limited for the Company's long term and short term borrowings.

| Instrument                       | Name of Credit rating Agency | Date on which credit rating was obtained | Revision in the credit rating, if any | Reason for downward revision, if any |
|----------------------------------|------------------------------|--|---------------------------------------|--------------------------------------|
| Long-term fund based limits      | ICRA                         | February 27, 2019                        | Upgraded to [ICRA]AA from [ICRA]AA-   | NA                                   |
| Non-Convertible Debentures       |                              |  | Upgraded to [ICRA]AA from [ICRA]AA-   | NA                                   |
| Short-term fund based limits     |                              |  | [ICRA]A1+; Reaffirmed                 | NA                                   |
| Short-term Non-fund based limits |                              |  | [ICRA]A1+; Reaffirmed                 | NA                                   |
| Commercial Papers                |                              |  | [ICRA]A1+; Reaffirmed                 | NA                                   |

#### 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 FY19.

##### 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 the 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 the 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 and Code of Conduct for fair disclosure of Unpublished Price Sensitive Information to regulate, monitor and report trading of equity shares; and preserve confidentiality of unpublished price sensitive information to prevent misuse of such information by all Designated Persons 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 and Schedule V of SEBI LODR Regulations.



## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

[As per the Regulation 17 (8) and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Subrata Kumar Nag, Executive Director & Chief Executive Officer and Manoj Jain, Chief Financial Officer, of Qess Corp Limited (“the Company”) certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to best of our knowledge and belief:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  - iii. the financial results for the year ended March 31, 2019 do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2019 which are fraudulent, illegal or violative of the Company’s code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
- i. There has not been any significant changes in internal control over financial reporting during the quarter under reference;
  - ii. There has not been any significant changes in accounting policies during the year ended March 31, 2019; and
  - iii. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

**Sd/-**  
**Subrata Nag**  
**Executive Director & CEO**

**Sd/-**  
**Manoj Jain**  
**Chief Financial Officer**

**Place: Bengaluru**  
**Date: May 22, 2019**

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To  
The Members  
**Qess Corp Limited**  
Bengaluru

I have examined all the relevant records of **Qess Corp Limited** for the purpose of certifying compliance of the conditions of Corporate Governance pursuant of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2019. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My 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 Regulations.

On the basis of my findings recorded in the annexed report from the examination of the records produced and explanations and information furnished to me, in my opinion the Company has complied with the conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I 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 22, 2019**

**Sd/-**  
**S.N. Mishra**  
**Practising Company Secretary**  
**C.P. No. 4684**  
**FCS No. 6143**

## CERTIFICATE – STATUS OF DIRECTORS

I, S.N. Mishra proprietor of SNM Associates, Bengaluru, Practicing Company Secretary, have examined all the relevant documents and records made available to us by Qess Corp Limited CIN: L74140KA2007PLC043909 and hereby certify as follows:

None of the Directors on the Board of Qess Corp Limited (“Company”) as on the date of this certificate have been debarred or disqualified from being appointed or continuing as Directors of companies by the Security and Exchange Board of India (“SEBI”) or Ministry of Corporate Affairs (“MCA”) or any other statutory authorities.

**Place: Bengaluru**  
**Date : May 22, 2019**

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

# Independent Auditor's Report

## To The Members of Qness Corp Limited Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Qness Corp Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibility for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of

Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to Note 53 of the standalone financial statements, which describes the effects on the collectability arising from uncertainty on the outcome of insolvency resolution process relating to certain trade receivables recoverable from a related party.

We draw attention to Note 40 of the standalone financial statements, which describes the impracticability of applying the judgement of Supreme Court retrospectively and reliably measure the contingencies related to amounts payable if any on the potential demands on Provident Fund.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter   | Auditor's Response   |
|---------|--|--|
| 1       | <p><b>Revenue Recognition</b></p> <p>Revenue relating to Staffing services in the People Services reportable segment, Technology Solutions reportable segment and Facility Management reportable segment is recognised as the related services are performed in accordance with contractual terms. Revenues from staffing services from these reportable segments comprise 93% of the overall revenues of the Company for the year ended 31 March 2019.</p> <p>The Company's monthly billing cycle is on contractual pre-determined dates. Revenue for the post billing period each month is recognized as per contractual terms as unbilled revenues.</p> | <p><b>Principal Audit procedures</b></p> <p>Our audit approach was a combination of test of controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to recording of revenues at reporting periods.</li> <li>• Selected a sample of invoices and contracts and assessed design of controls tested the operating effectiveness of internal controls relating to revenue cut offs, including confirmation of attendance / time records from customers.</li> <li>• Tested a sample of invoices using a combination of approved attendance / time records, customer acceptances and pricing agreed as per contractual terms.</li> </ul> |

| Sr. No. | Key Audit Matter   | Auditor's Response   |
|---------|--|--|
|         | <p>We consider cut offs relating to revenue from the staffing services to be a key audit matter as inappropriate revenue recognition can result in incorrect reporting of revenue for the year.</p> <p>Refer note 2.11 and note 28 to the standalone financial statements.</p>   | <ul style="list-style-type: none"> <li>Reviewed a sample of contracts in unbilled revenues with subsequent invoicing / collections</li> </ul>  |
| 2       | <p><b>Evaluation of Impairment Assessment of Goodwill</b></p> <p>As at 31 March 2019 Goodwill of ₹ 55,301.60 lakhs is allocated to the Facility Management cash generating unit (CGU).</p> <p>Goodwill is tested by management for impairment atleast on an annual basis and whenever there is an indication that goodwill maybe impaired. The recoverable amount of the CGU is determined based on value in use calculations. Value in use is the present value of future cash flows expected to be derived from the CGU. The key inputs used in the present value calculations includes the expected future growth in operating revenues and margins in the forecast period, long term growth rates and discount rates which are based on significant management assumptions and judgements.</p> <p>Refer note 2.3(v), note 2.5, note 2.8 and note 4 to the standalone financial statements.</p>   | <p><b>Principal Audit procedures:</b></p> <p>Our audit procedures comprised understanding and assessing management's key assumptions relating to business projections and other inputs used by the external valuer in computing the value in use to determine the recoverable amounts. We also involved our internal valuation specialists to challenge assumptions relating to valuation. Additionally, we have considered the sensitivity to reasonable possibility of changes in key assumptions and inputs to ascertain whether these possible changes have a material effect on the recoverable amounts.</p>  |
| 3       | <p><b>Evaluation of Impairment Assessment of Investment in Subsidiaries</b></p> <p>As at 31 March 2019, investments in subsidiaries is ₹ 60,697.81 lakhs.</p> <p>Investments in subsidiaries are valued at cost less impairment losses, if any. Management assesses if there are any indicators of impairment at the end of each reporting period. If there are indicators of impairment, management assesses the recoverable amount of the investments based on value in use calculations. Value in use is the present value of future cash flows expected to be derived from the investments. The key inputs used in the present value calculations includes the expected future growth in operating revenues and margins in the forecast period, long term growth rates and discount rates which are based on significant management assumptions and judgements.</p> <p>Refer note 2.3(v), note 2.12 and note 5 to the standalone financial statements.</p> | <p><b>Principal Audit procedures:</b></p> <p>Our audit procedures comprised understanding and assessing triggers identified by the management for assessing impairment and evaluating key assumptions relating to business projections and other inputs used by the external valuer in computing the value in use to determine the recoverable amounts. We also involved our internal valuation specialists to challenge assumptions relating to valuation. Additionally, we have considered the sensitivity to reasonable possibility of changes in key assumptions and inputs to ascertain whether these possible changes have a material effect on the recoverable amounts.</p> |

| Sr. No. | Key Audit Matter  | Auditor's Response  |
|---------|---|---|
| 4       | <p><b>Recoverability of deferred tax assets on Minimum Alternate Tax (MAT) credit</b></p> <p>The Company avails of the deductions under section 80JJAA of the Income Tax Act since 2016-17, based on an independent external opinion establishing its eligibility and after fulfilling the conditions for claiming such deduction as set out in that section.</p> <p>The Company recognises the Minimum Alternate Tax (MAT) credit on the premise that the growth in taxable profits in future years will outpace the quantum of deduction claimed under section 80JJAA of the Income Tax Act, thereby enabling the Company to utilise such MAT Credits.</p> <p>The cumulative deferred tax (MAT) asset balance at 31 March 2019 is ₹ 12,328.08 Lakhs. The ability of the Company to avail of the deferred tax assets involves several forward looking assumptions relating to growth in taxable profits and increase in employees over an extended period of time and therefore involves significant judgement.</p> <p>Refer note 2.3(i), note 2.17 and note 8 to the standalone financial statements.</p> | <p><b>Principal Audit procedures:</b></p> <p>Our audit procedures consisted of challenging management's key assumptions relating to estimation of future taxable profits available for utilisation of MAT credit. We have also considered the sensitivity to reasonable possibility of changes in key assumptions to ascertain whether these possible changes have a material effect on the availability of future taxable profits within the period available for utilization of deferred tax assets pertaining to MAT credit.</p> |

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Chairman and Managing Director's statement, Board's report, Financial performance highlights (including segment wise performance), Management discussion and analysis and Report on corporate governance, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

#### 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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and

whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

Corresponding figures of the Company for the year ended 31 March 2018 have been audited by another auditor who expressed an unmodified opinion dated 17 May 2018 on the standalone financial statements of the Company for the year ended 31 March 2018.

Our opinion on the standalone financial statements is not modified in respect of the above matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - 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 which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Bengaluru  
22 May 2019

**Anand Subramanian**  
Partner  
(Membership No. 110815)

# Annexure “A”

## to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Qess Corp Limited of even date)

### Report on the Internal Financial Controls Over Financial Reporting 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 **Qess Corp Limited** (“the Company”) as of 31 March 2019 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 of the Company.

#### 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, to the best of our information and according to the explanations given to us, 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 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm’s Registration No. 117366W/W-100018)

Bengaluru  
22 May 2019

**Anand Subramanian**  
Partner  
(Membership No. 110815)

# Annexure “B”

## to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties and hence reporting under provisions of clause 3(i)(c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31 March 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under provisions of the clause 3(vi) of the order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 March 2019 on account of disputes are given below:

| Nature of the statute | Nature of dues  | Amount in INR                 | Forum where Dispute is Pending                                 | Period to which the Amount Relates |
|-----------------------|-----------------|-------------------------------|--|------------------------------------|
| KVAT Act, 2003        | Value added tax | 3,99,68,461<br>(1,19,90,537)* | Joint Commissioner of Commercial Taxes (Appeal) - I, Bangalore | 2016-17                            |

\*represents payments made under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings from financial institutions and banks. The Company does not have any outstanding dues to debenture holders as the same is repayable after five years from the date of its issue and Company did not have any outstanding loans or borrowings from government during the year.
- (ix) The Company has not raised moneys 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 way of institutional Placement Programme during the year ended 31 March 2018 has been applied by the Company over the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or persons connected with them

and hence the provisions of section 192 of the Companies Act, 2013 are not applicable.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Bengaluru  
22 May 2019

**Anand Subramanian**  
Partner  
(Membership No. 110815)

# Balance Sheet

as at 31 March 2019

(Amount in INR lakhs)

| Particulars  | Note | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------|------------------------|------------------------|
| <b>ASSETS</b>  |      |                        |                        |
| <b>Non-current assets</b>                                |      |                        |                        |
| Property, plant and equipment                            | 3    | 5,081.56               | 5,273.94               |
| Goodwill   | 4    | 55,346.80              | 55,346.80              |
| Other intangible assets                                  | 4    | 15,345.35              | 17,614.36              |
| Intangible assets under development                      | 4    | 516.29                 | 215.79                 |
| <b>Financial assets</b>                                  |      |                        |                        |
| Investments  | 5    | 70,050.82              | 60,151.89              |
| Loans  | 6    | 27,844.00              | 1,615.00               |
| Other financial assets                                   | 7    | 3,468.28               | 239.75                 |
| Deferred tax assets (net)                                | 8    | 15,456.08              | 12,622.49              |
| Income tax assets (net)                                  | 8    | 18,737.04              | 10,946.14              |
| Other non-current assets                                 | 9    | 618.44                 | 630.31                 |
| <b>Total non-current assets</b>                          |      | <b>212,464.66</b>      | <b>164,656.47</b>      |
| <b>Current assets</b>                                    |      |                        |                        |
| Inventories  | 10   | 1,056.57               | 651.46                 |
| <b>Financial assets</b>                                  |      |                        |                        |
| Investments  | 11   | 3,846.82               | 19,740.20              |
| Trade receivables  | 12   | 52,046.53              | 53,986.06              |
| Cash and cash equivalents                                | 13   | 32,331.79              | 41,093.23              |
| Bank balances other than cash and cash equivalents above | 14   | 7,573.83               | 23,273.71              |
| Loans  | 15   | 13,147.87              | 20,365.08              |
| Unbilled revenue   | 16   | 45,826.33              | 31,888.91              |
| Other financial assets                                   | 17   | 925.16                 | 1,866.30               |
| Other current assets                                     | 18   | 3,234.69               | 1,688.65               |
| <b>Total current assets</b>                              |      | <b>159,989.59</b>      | <b>194,553.60</b>      |
| <b>Total Assets</b>                                      |      | <b>372,454.25</b>      | <b>359,210.07</b>      |
| <b>EQUITY AND LIABILITIES</b>                            |      |                        |                        |
| <b>Equity</b>  |      |                        |                        |
| Equity share capital                                     | 19   | 14,608.48              | 14,548.42              |
| Other equity   | 20   | 244,888.04             | 221,598.98             |
| <b>Total equity</b>                                      |      | <b>259,496.52</b>      | <b>236,147.40</b>      |

# Balance Sheet

as at 31 March 2019

(Amount in INR lakhs)

| Particulars  | Note | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------|------------------------|------------------------|
| <b>Liabilities</b>   |      |                        |                        |
| <b>Non-current liabilities</b>   |      |                        |                        |
| <b>Financial liabilities</b>   |      |                        |                        |
| Borrowings   | 21   | 14,894.68              | 14,866.23              |
| Non-current provisions   | 22   | 7,203.45               | 4,724.42               |
| <b>Total non-current liabilities</b>   |      | <b>22,098.13</b>       | <b>19,590.65</b>       |
| <b>Current liabilities</b>   |      |                        |                        |
| <b>Financial liabilities</b>   |      |                        |                        |
| Borrowings   | 23   | 42,065.89              | 57,857.40              |
| Trade payables   |      |                        |                        |
| Total outstanding dues of micro enterprises and small enterprises                      | 45   | -                      | -                      |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 24   | 9,551.44               | 8,822.30               |
| Other financial liabilities  | 25   | 26,065.07              | 25,965.40              |
| Current provisions   | 26   | 248.84                 | 339.68                 |
| Other current liabilities  | 27   | 12,928.36              | 10,487.24              |
| <b>Total current liabilities</b>   |      | <b>90,859.60</b>       | <b>103,472.02</b>      |
| <b>Total Liabilities</b>   |      | <b>112,957.73</b>      | <b>123,062.67</b>      |
| <b>Total Equity and Liabilities</b>  |      | <b>372,454.25</b>      | <b>359,210.07</b>      |

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018

for and on behalf of the Board of Directors of

**Ques Corp Limited**

**Anand Subramanian**

Partner

Membership No.: 110815

**Ajit Isaac**

Chairman &  
Managing Director  
DIN : 00087168

**Subrata Kumar Nag**

Executive Director &  
Chief Executive Officer  
DIN: 02234000

**Manoj Jain**

Chief Financial Officer

**Kundan K. Lal**

Company Secretary  
Membership No.: F8393

Place: Bengaluru

Date: 22 May 2019

Place: Bengaluru

Date: 22 May 2019

# Statement of Profit and Loss

For the year ended 31 March 2019

(Amount in INR lakhs, except per share data)

| Particulars  | Note | For the year ended |                   |
|--|------|--------------------|-------------------|
|  |      | 31 March 2019      | 31 March 2018     |
| <b>Income</b>  |      |                    |                   |
| Revenue from operations  | 28   | 561,307.55         | 441,080.79        |
| Other income   | 29   | 4,722.79           | 4,630.25          |
| <b>Total income</b>  |      | <b>566,030.34</b>  | <b>445,711.04</b> |
| <b>Expenses</b>  |      |                    |                   |
| Cost of material and stores and spare parts consumed                         | 30   | 12,967.12          | 12,305.84         |
| Employee benefit expenses  | 31   | 456,006.88         | 364,302.10        |
| Finance costs  | 32   | 6,360.26           | 4,620.79          |
| Depreciation and amortisation expense  | 33   | 4,456.48           | 3,531.44          |
| Other expenses   | 34   | 61,505.41          | 40,548.52         |
| <b>Total expenses</b>  |      | <b>541,296.15</b>  | <b>425,308.69</b> |
| <b>Profit before tax</b>   |      | <b>24,734.19</b>   | <b>20,402.35</b>  |
| <b>Tax (expense)/ credit</b>   |      |                    |                   |
| Current tax: Minimum Alternative Tax ('MAT') for the year                    | 8    | (5,230.87)         | (4,205.15)        |
| Tax relating to earlier years  | 8    | (517.72)           | 5,711.60          |
| Deferred tax (including MAT credit entitlement)                              | 8    | 4,142.39           | 4,017.59          |
| <b>Total tax (expenses)/ credit</b>  |      | <b>(1,606.20)</b>  | <b>5,524.04</b>   |
| <b>Profit for the year</b>   |      | <b>23,127.99</b>   | <b>25,926.39</b>  |
| <b>Other comprehensive income</b>  |      |                    |                   |
| <i>Items that will not be reclassified subsequently to profit or loss</i>    |      |                    |                   |
| Re-measurement losses on defined benefit plans                               | 44   | (465.14)           | (520.26)          |
| Income tax relating to items that will not be reclassified to profit or loss |      | 162.53             | 165.82            |
| <b>Other comprehensive income/(loss) for the year, net of income tax</b>     |      | <b>(302.61)</b>    | <b>(354.44)</b>   |
| <b>Total comprehensive income for the year</b>                               |      | <b>22,825.38</b>   | <b>25,571.95</b>  |
| <b>Earnings per equity share (face value of INR 10.00 each)</b>              |      |                    |                   |
| Basic (in INR)   | 41   | 15.86              | 18.38             |
| Diluted (in INR)   | 41   | 15.77              | 18.19             |

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018

for and on behalf of the Board of Directors of

**Quess Corp Limited**

**Anand Subramanian**

Partner

Membership No.: 110815

**Ajit Isaac**

Chairman &  
Managing Director  
DIN : 00087168

**Subrata Kumar Nag**

Executive Director &  
Chief Executive Officer  
DIN: 02234000

**Manoj Jain**

Chief Financial Officer

**Kundan K. Lal**

Company Secretary  
Membership No.: F8393

Place: Bengaluru

Date: 22 May 2019

Place: Bengaluru

Date: 22 May 2019



# Statement of Changes in Equity

for the year ended 31 March 2019

| Particulars   | Note | Reserves and surplus |                    |                   |                 |                                   | Items of other comprehensive income | Total equity attributable to holders of the Company |                         |
|---|------|----------------------|--------------------|-------------------|-----------------|-----------------------------------|-------------------------------------|---|-------------------------|
|   |      | Capital reserve      | Securities premium | Retained earnings | General reserve | Stock options outstanding account |                                     |   | Debt redemption reserve |
| Balance at 1 April 2018                                     |      | 3,804.74             | 168,510.87         | 47,558.12         | 214.46          | 699.58                            | 937.50                              | (126.29)  | 221,598.98              |
| Total comprehensive income for the year ended 31 March 2019 |      | -                    | -                  | 23,127.99         | -               | -                                 | -                                   | -   | 23,127.99               |
| Profit for the year   |      | -                    | -                  | 23,127.99         | -               | -                                 | -                                   | -   | 23,127.99               |
| Other comprehensive income (net of tax)                     |      | -                    | -                  | -                 | -               | -                                 | -                                   | (302.61)  | (302.61)                |
| Total comprehensive income                                  |      | -                    | -                  | 23,127.99         | -               | -                                 | -                                   | (302.61)  | 22,825.38               |
| Transferred to debt redemption reserve                      | 20   | -                    | -                  | (750.00)          | -               | -                                 | 750.00                              | -   | -                       |
| Transferred to general reserve                              | 20   | -                    | -                  | -                 | 1.12            | -                                 | (1.12)                              | -   | -                       |
| Transactions with owners, recorded directly in equity       |      | -                    | -                  | -                 | -               | -                                 | -                                   | -   | -                       |
| Contributions by owners                                     |      | -                    | -                  | -                 | -               | -                                 | -                                   | -   | -                       |
| Share based payments  | 20   | -                    | -                  | -                 | -               | 463.68                            | -                                   | -   | 463.68                  |
| Total contributions by owners                               |      | -                    | -                  | -                 | -               | 463.68                            | -                                   | -   | 463.68                  |
| Balance at 31 March 2019                                    |      | 3,804.74             | 168,510.87         | 69,936.11         | 215.58          | 1,162.14                          | 1,687.50                            | (428.90)  | 244,888.04              |

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018

**Anand Subramanian**  
Partner

Membership No.: 110815

for and on behalf of the Board of Directors of

**Quest Corp Limited**

**Ajit Isaac**

Chairman &

Managing Director

DIN : 00087168

**Subrata Kumar Nag**

Executive Director &

Chief Executive Officer

DIN: 02234000

**Manoj Jain**

Chief Financial Officer

**Kundan K. Lal**

Company Secretary

Membership No.: F8393

Place: Bengaluru

Date: 22 May 2019

Place: Bengaluru

Date: 22 May 2019

# Statement of Cash Flows

for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars  | For the year ended |                    |
|--|--------------------|--------------------|
|  | 31 March 2019      | 31 March 2018      |
| <b>Cash flows from operating activities</b>  |                    |                    |
| Profit after tax   | 23,127.99          | 25,926.39          |
| <b>Adjustments for:</b>  |                    |                    |
| Tax expenses   | 1,606.20           | (5,524.04)         |
| Interest income on term deposits   | (1,258.22)         | (1,476.04)         |
| Finance income on present valuation of financial instruments                       | (148.14)           | (195.85)           |
| (Profit)/ Loss on sale of property, plant and equipment, net                       | -                  | (25.71)            |
| Dividend income on mutual fund units   | -                  | (27.55)            |
| Net gain on sale of investments in mutual funds                                    | (815.27)           | (20.55)            |
| Net gain on financial assets designated at fair value through profit or loss       | 442.75             | (1,639.89)         |
| Interest on loans given to related parties   | (2,552.26)         | (529.31)           |
| Liabilities no longer required written back  | -                  | (181.55)           |
| Expense on employee stock option scheme  | 463.68             | 698.46             |
| Finance costs  | 6,360.27           | 4,620.79           |
| Depreciation and amortisation expense  | 4,456.48           | 3,531.44           |
| Loss allowance on financial assets, net  | 1,113.08           | 392.47             |
| Deposits written off   | 40.65              | -                  |
| Bad debts recovered  | (1.03)             | -                  |
| <b>Operating cash flows before working capital changes</b>                         | <b>32,836.18</b>   | <b>25,549.06</b>   |
| <b>Changes in operating assets and liabilities</b>                                 |                    |                    |
| Changes in inventories   | (405.11)           | (105.42)           |
| Changes in trade receivables and unbilled revenue                                  | (13,109.93)        | (20,846.57)        |
| Changes in loans, other financial assets and other assets                          | (2,504.24)         | (430.61)           |
| Changes in trade payables  | 729.13             | 4,495.71           |
| Changes in other financial liabilities, other liabilities and provisions           | 5,281.56           | 3,919.56           |
| <b>Cash generated from operations</b>  | <b>22,827.59</b>   | <b>12,581.73</b>   |
| Income taxes paid, net of refund   | (12,230.68)        | (4,300.59)         |
| <b>Net cash flows from operating activities (A)</b>                                | <b>10,596.91</b>   | <b>8,281.14</b>    |
| <b>Cash flows from investing activities</b>  |                    |                    |
| Expenditure on property, plant and equipment and intangibles, net of sale proceeds | (2,240.30)         | (5,671.86)         |
| Investment in subsidiaries   | (7,908.20)         | (40,861.10)        |
| Investment in associates   | (1,153.50)         | (1,114.51)         |
| Investments in mutual fund, net  | 16,386.67          | (18,079.76)        |
| Dividend received on mutual fund investment  | -                  | 27.55              |
| Bank deposits (having original maturity of more than three months), net            | 15,448.25          | (7,564.03)         |
| Loans given to related parties   | (34,912.37)        | (21,215.39)        |
| Repayment of loans by related parties  | 14,664.32          | 3,320.15           |
| Interest received on loans to related parties                                      | 996.53             | 431.74             |
| Interest received on term deposits   | 1,425.89           | 1,502.96           |
| <b>Net cash from/(used in) in investing activities (B)</b>                         | <b>2,707.29</b>    | <b>(89,224.25)</b> |

# Statement of Cash Flows

for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars  | For the year ended |                  |
|--|--------------------|------------------|
|  | 31 March 2019      | 31 March 2018    |
| <b>Cash flows from financing activities</b>                                |                    |                  |
| Proceeds from/ (repayment of) vehicle loan, net                            | (43.98)            | (44.58)          |
| Proceeds from short-term borrowings, net of transaction costs & repayments | (15,791.51)        | 19,202.13        |
| Proceeds from issue of equity shares                                       | -                  | 87,392.23        |
| Transaction costs related to issue of equity shares                        | -                  | (2,602.46)       |
| Proceeds from exercise of share options                                    | 60.06              | 61.99            |
| Interest paid  | (6,290.21)         | (4,544.15)       |
| <b>Net cash (used in)/from in financing activities (C)</b>                 | <b>(22,065.64)</b> | <b>99,465.16</b> |
| Net (decrease)/increase in cash and cash equivalents (A+B+C)               | (8,761.44)         | 18,522.05        |
| Cash and cash equivalents at the beginning of the year                     | 41,093.23          | 22,571.18        |
| <b>Cash and cash equivalents at the end of the year (refer note 13)</b>    | <b>32,331.79</b>   | <b>41,093.23</b> |

## Components of cash and cash equivalents (refer note 13)

(Amount in INR lakhs)

| Particulars   | As at            |                  |
|---|------------------|------------------|
|   | 31 March 2019    | 31 March 2018    |
| <b>Cash and cash equivalents</b>  |                  |                  |
| Cash on hand  | 19.31            | 33.69            |
| Balances with banks   |                  |                  |
| In current accounts   | 32,312.48        | 30,599.83        |
| In deposit accounts (with original maturity of less than 3 months)        | -                | 10,459.71        |
| <b>Cash and cash equivalents as per note 13</b>                           | <b>32,331.79</b> | <b>41,093.23</b> |
| Bank overdraft used for cash management purpose                           | -                | -                |
| <b>Cash and cash equivalent as per standalone statement of cash flows</b> | <b>32,331.79</b> | <b>41,093.23</b> |

## Reconciliation of movements of liabilities to cash flows arising from financing activities

(Amount in INR lakhs)

| Particulars                                      | Debentures       | Vehicle loan | Short-term borrowings | Total            |
|--|------------------|--------------|-----------------------|------------------|
| <b>Debt as at 1 April 2018</b>                   | 14,862.65        | 47.57        | 57,857.40             | 72,767.62        |
| Interest accrued but not due as at 1 April 2018  | -                | -            | 250.07                | 250.07           |
| Cash flows                                       | -                | (43.98)      | (15,791.51)           | (15,835.49)      |
| Other changes                                    |                  |              |                       |                  |
| - Transaction costs for short-term borrowings    | -                | -            | 182.42                | 182.42           |
| - Transaction costs paid                         | -                | -            | (182.42)              | (182.42)         |
| - Interest expense                               | 1,269.53         | 3.89         | 5,086.84              | 6,360.26         |
| - Interest paid                                  | (1,237.50)       | (3.89)       | (5,048.82)            | (6,290.21)       |
| Interest accrued but not due as at 31 March 2019 | -                | -            | (288.09)              | (288.09)         |
| <b>Debt as at 31 March 2019</b>                  | <b>14,894.68</b> | <b>3.59</b>  | <b>42,065.89</b>      | <b>56,964.16</b> |

# Statement of Cash Flows

for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars                                      | Debentures       | Vehicle loan | Short-term borrowings | Total            |
|--|------------------|--------------|-----------------------|------------------|
| Debt as at 1 April 2017                          | 14,833.13        | 92.15        | 38,523.01             | 53,448.29        |
| Interest accrued but not due as at 1 April 2017  | -                | -            | 335.21                | 335.21           |
| Cash flows                                       | -                | (44.58)      | 19,334.39             | 19,289.81        |
| Other changes                                    |                  |              |                       |                  |
| - Transaction costs for short-term borrowings    | -                | -            | 132.26                | 132.26           |
| - Transaction costs paid                         | -                | -            | (132.26)              | (132.26)         |
| - Interest expense                               | 1,267.02         | 14.25        | 3,207.26              | 4,488.53         |
| - Interest paid                                  | (1,237.50)       | (14.25)      | (3,292.40)            | (4,544.15)       |
| Interest accrued but not due as at 31 March 2018 | -                | -            | (250.07)              | (250.07)         |
| <b>Debt as at 31 March 2018</b>                  | <b>14,862.65</b> | <b>47.57</b> | <b>57,857.40</b>      | <b>72,767.62</b> |

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018

for and on behalf of the Board of Directors of

**Quesst Corp Limited**

**Anand Subramanian**

Partner

Membership No.: 110815

**Ajit Isaac**

Chairman &

Managing Director

DIN : 00087168

**Subrata Kumar Nag**

Executive Director &

Chief Executive Officer

DIN: 02234000

**Manoj Jain**

Chief Financial Officer

**Kundan K. Lal**

Company Secretary

Membership No.: F8393

Place: Bengaluru

Date: 22 May 2019

Place: Bengaluru

Date: 22 May 2019

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 1. Company overview

Quesc Corp Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office of the Company is located in Bengaluru, Karnataka, India. The Company is engaged in the business of providing services in technology solutions, people services, facility management, industrials and internet business.

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.

Thomas Cook (India) Limited ("TCIL") became the parent company and Fairfax Financial Holding Limited ("FFHL") became the ultimate holding company of the Company with effect from 14 May 2013. However, Thomas Cook (India) Limited ("TCIL") ceased to be the parent company and Fairfax Financial Holding Limited ("FFHL") ceased to be the ultimate holding company of Quesc Corp Limited with effect from 1 March 2018.

### 2. Basis of preparation

#### 2.1 Statement of compliance

These standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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.

The Company's standalone financial statements are approved for issue by the Company's Board of Directors on 22 May 2019.

The standalone financial statements are presented in Indian Rupees ("INR") which is also the Company's functional currency and all amounts have been rounded off to the nearest lakhs.

#### 2.2 Basis of preparation

The standalone financial statements have been prepared on the historical cost 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. Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations ("DBO") and

- iii. Expenses relating to share based payments are measured at fair value on the date of grant.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

#### 2.3 Use of estimates and judgements

The preparation of the standalone 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.

The 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. The following are the significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements:

- i) Income taxes:* Significant judgements are involved in determining provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. The ultimate realisation of deferred income tax assets, including Minimum Alternate Tax (MAT), is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities and the projected future taxable income in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.
- ii) Measurement of defined benefit obligations:* For defined benefit obligations, the cost of providing benefits is determined based on actuarial valuation. An actuarial valuation is based on significant assumptions which are reviewed on a periodic basis.
- iii) Impairment of financial assets:* The Company assesses the expected credit losses associated with financial assets carried at amortised cost based on 12-month expected credit losses (ECL) at each reporting period, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### iv) *Property, plant and equipment and Intangible Assets:*

The useful lives of property, plant and equipment and intangible assets are determined by the management at the time the asset is acquired and reviewed periodically. Ind AS 103 requires the identifiable intangible assets acquired in business combinations to be fair valued and significant estimates are required to be made in determining the value of intangible assets. These valuations are conducted by independent experts.

### v) *Other estimates:* Non-financial assets are tested for impairment by determining the recoverable amount. Determination of recoverable amount is based on value in use, which is present value of future cash flows. The key inputs used in the present value calculations include the expected future growth in operating revenues and margins in the forecast period, long-term growth rates and discount rates.

## 2.4 Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the fair value measurements are observable and significance of the inputs to fair value measurements:

- 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 or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In determining the fair value of an asset or a liability, the Company uses different methods and assumptions based on observable market inputs. All methods of assessing fair value result in general approximation of value and such value may not actually be realized.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

## 2.5 Business Combinations

### *Business combinations (other than common control business combinations):*

In accordance with Ind AS 103, the Company accounts for the business combinations (other than common control business combinations) using the acquisition method when control is transferred to the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the

fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

**Goodwill:** The excess of the cost of acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, it is considered as a bargain purchase gain. Any gain on a bargain purchase is recognized in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase. 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.

### *Other intangible assets:*

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. Brand, customer contracts and customer relationships acquired as part of business combinations are capitalised 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. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

## 2.6 Property, plant and equipment

### *i) Recognition and measurement:*

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

Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management. The cost and related accumulated depreciation are derecognized from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Subsequent expenditures relating to property, plant and equipment is capitalised 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.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is classified as capital advances under other non-current assets and the cost of the assets not ready for intended use are disclosed under 'Capital work-in-progress'.

### ii) Depreciation:

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

| Asset category         | Estimated useful life |
|------------------------|-----------------------|
| Furniture and fixtures | 5 years               |
| Vehicles               | 3 years               |
| Office equipment       | 5 years               |
| Plant and machinery    | 3 - 8 years           |
| Computer equipment     | 3 years               |

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. 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.

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

Leasehold improvements are depreciated over lease term or estimated useful life whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically, including at each financial year end.

## 2.7 Intangible assets

### (i) Recognition and measurement

*Internally generated: Research and development*

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

### Others

Other intangible assets such as computer software, copyright and trademarks are initially measured at cost. Subsequently, such intangible assets are measured at

cost less accumulated amortisation and any accumulated impairment losses.

### (ii) Subsequent expenditure

Subsequent expenditure is capitalised 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 software is recognised in the Statement of Profit and Loss as and when incurred.

### (iii) Amortisation

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end. The estimated useful lives of intangible assets are as follows:

| Asset category           | Estimated useful life |
|--------------------------|-----------------------|
| Brand                    | 15 years              |
| Computer software        | 3 years               |
| Copyright and trademarks | 3 years               |
| Customer contracts       | 3 years               |
| Customer relationships   | 9 years               |

## 2.8 Impairment of non-financial assets

Intangible assets (including goodwill) 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 Cash Generating Unit (CGU) to which the asset belongs.

If such assets/ CGUs 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/ CGU is increased to its revised recoverable amount, provided that this amount

# Notes

## to the standalone financial statements for the year ended 31 March 2019

does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised in prior years.

### 2.9 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Subsequent to initial recognition, the assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

### 2.10 Inventories

Inventories (raw materials and stores and spares) are valued at lower of cost and net realisable value. Cost of inventories comprises purchase price and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

### 2.11 Revenue recognition

The Company derives revenue primarily from staffing services in the segments of people services, technology solutions, facility management and industrials.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being 1 April 2018, using the cumulative catch-up transition method. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over goods and service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered.

Revenue on time-and-material contracts are recognized as the related services are rendered and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime and where

there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as income received in advance).

#### a) People services:

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

Revenue from recruitment services are recognised when the candidate begins full time employment.

Revenue from executive research and trainings are recognised on rendering of the related services.

Revenue from training services are recognised over the period of training.

#### b) Technology solutions:

Revenue from 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 as the related services are rendered.

#### c) Facility management:

Revenue from facility management and food services are at a fixed rate and are recognized as per the terms of the arrangement with the customers. Where the performance obligations are satisfied over time and control is transferred over time, revenues are recognized over time as per the percentage-of-completion.

#### d) Industrials:

Revenue from operation and maintenance services are primarily on a fixed rate basis and are recognised as per the terms of the arrangement with the customers. Where the performance obligations are satisfied over time and control is transferred over time, revenues are recognized over time as per the percentage-of-completion. Certain arrangements are on time and material basis and revenues are recognised as the related services are rendered as per the terms of the arrangement with the customers.

Revenues are shown net of goods and services tax and applicable discounts and allowances. The Company accounts for volume discounts and pricing incentives to

# Notes

## to the standalone financial statements for the year ended 31 March 2019

customers by reducing the amount of revenue recognized at the time of sale.

### Other income

Other income comprises primarily interest income on deposits, dividend income and gain/ (loss) on disposal of financial assets and non-financial assets. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

### 2.12 Investments in subsidiaries and associates

Investment in equity instruments issued by subsidiaries and associates are measured at cost less impairment. Dividend income from subsidiaries and associates is recognised when its right to receive the dividend is established. The acquired investment in subsidiaries and associates are measured at acquisition date fair value.

### 2.13 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the respective transactions. Foreign-currency denominated monetary assets and liabilities are translated into the functional currency at exchange rates in effect at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and such translation of monetary assets and liabilities denominated in foreign currencies are generally recognised in the Statement of Profit and Loss.

Non-monetary assets and 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 liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

### 2.14 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.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the

acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Regular way purchase and sale of financial assets are accounted for at trade date.

#### b) Financial assets

##### (i) Classification and subsequent measurement

For the purpose of subsequent measurement, a financial asset is classified and measured at

- amortised cost;
- fair value through other comprehensive income (FVTOCI) - debt investment;
- fair value through other comprehensive income (FVTOCI) - equity investment; or
- fair value through profit and loss (FVTPL)

1. A financial asset is measured at amortised cost if both the following conditions are met:

- 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.

2. A debt investment is measured at FVTOCI if both of the following conditions are met:

- 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.

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

4. All financial assets not classified as amortised cost or FVTOCI as described above are measured at FVTPL. 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 mismatch that would otherwise arise.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 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 the Statement of profit and loss.   |
| Financial assets at amortised cost     | These assets are subsequently measured at amortised cost using the effective interest reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Any gain or loss on derecognition is recognised in the Statement of profit and 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 the Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of profit and loss. |
| Equity investments at FVOCI recognised | These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of profit and 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 the Statement of profit and loss.  |

#### (ii) Impairment of financial assets

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 recognises 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 Company reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12-months after the reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) is recognised as an income/expense in the Statement of Profit and Loss during the period.

#### (iii) 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.

#### c) Financial liabilities

##### (i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing

# Notes

## to the standalone financial statements for the year ended 31 March 2019

within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### (ii) Financial guarantee contracts

Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because the specified party fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts are initially recognised 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 initially recognised less cumulative amortisation.

### (iii) Derecognition

A financial liability is derecognised when the Company's obligations are discharged or cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### (iv) 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 on a net basis or to realise the asset and settle the liability simultaneously.

## 2.15 Employee benefits

### a) Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Short-term employee benefits are measured on an undiscounted basis as the related service is provided.

### b) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward

a portion of the unutilised accumulating compensated absences and utilise 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 determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method.

### c) Defined contribution plan

Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The Company makes specified monthly contributions towards Employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The expenditure for defined contribution plan is recognized as expense during the period when the employee provides service.

### d) Defined benefit plans

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's gratuity fund is managed by Life Insurance Corporation of India (LIC). The present value of gratuity obligation under such defined benefit plan is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Actuarial gains or losses are recognised in other comprehensive income. Further, the Statement of Profit and Loss does not include an expected return on plan assets. Instead net interest recognised in the Statement of Profit and 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 comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to the Statement of Profit and Loss in subsequent periods.

## 2.16 Share-based payments

Equity instruments granted to the employees of the Company 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

# Notes

## to the standalone financial statements for the year ended 31 March 2019

a corresponding increase in equity (stock options outstanding account). 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.

### 2.17 Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or 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 by the reporting 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 standalone financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting 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 assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be used. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Minimum alternative tax ('MAT') paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if it is probable that the Company will pay normal income tax in future years. Ind AS 12 defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the standalone balance sheet.

### 2.18 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive 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, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows 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.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

### 2.19 Contingent liability

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company, or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### 2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash on hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

### 2.21 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.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 2.22 Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon 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. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

### 2.23 Segment reporting

In accordance with Ind AS 108, Operating segments, segment information has been disclosed in the consolidated financial statements of the Company and no separate disclosure on segment information is given in these standalone financial statements.

### 2.24 Recent accounting pronouncements

**Ind AS 116 'Leases':** On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019.

**Appendix C to Ind AS 12, 'Uncertainty over Income Tax Treatments':** On 30 March 2019, Ministry of Corporate Affairs notified Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The amendment is effective for annual periods beginning on or after 1 April 2019.

**Amendment to Ind AS 12 'Income Taxes':** On 30 March 2019, the Ministry of Corporate Affairs notified amendments to Ind AS 12 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective for annual periods beginning on or after 1 April 2019.

**Amendment to Ind AS 19 'Employee Benefits':** On 30 March 2019, the Ministry of Corporate Affairs notified amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after 1 April 2019, though early application is permitted.

The Company is evaluating the effect of the above on its standalone financial statements.

# Notes

to the standalone financial statements for the year ended 31 March 2019

### 3 Property, plant and equipment

(Amount in INR lakhs)

| Particulars  | Leasehold improvements | Furniture and fixtures | Vehicles      | Office equipment | Plant and machinery | Computer equipment | Total            |
|--|------------------------|------------------------|---------------|------------------|---------------------|--------------------|------------------|
| <b>Gross carrying amount as at 1 April 2017</b>    | <b>245.11</b>          | <b>444.39</b>          | <b>225.37</b> | <b>940.86</b>    | <b>1,902.36</b>     | <b>1,116.74</b>    | <b>4,874.83</b>  |
| Additions  | 48.09                  | 101.83                 | 82.14         | 373.67           | 3,181.35            | 709.86             | 4,496.94         |
| Disposals  | -                      | -                      | (67.64)       | -                | -                   | (0.68)             | (68.32)          |
| <b>Balance as at 31 March 2018</b>                 | <b>293.20</b>          | <b>546.22</b>          | <b>239.87</b> | <b>1,314.53</b>  | <b>5,083.71</b>     | <b>1,825.92</b>    | <b>9,303.45</b>  |
| Additions  | 67.90                  | 255.98                 | -             | 491.60           | 256.32              | 565.75             | 1,637.55         |
| Disposals  | -                      | -                      | -             | -                | -                   | -                  | -                |
| <b>Balance as at 31 March 2019</b>                 | <b>361.10</b>          | <b>802.20</b>          | <b>239.87</b> | <b>1,806.13</b>  | <b>5,340.03</b>     | <b>2,391.67</b>    | <b>10,941.00</b> |
| <b>Accumulated depreciation as at 1 April 2017</b> | <b>169.58</b>          | <b>156.06</b>          | <b>68.01</b>  | <b>348.45</b>    | <b>1,280.82</b>     | <b>641.54</b>      | <b>2,664.46</b>  |
| Depreciation for the year                          | 50.17                  | 97.16                  | 82.98         | 216.53           | 615.40              | 363.37             | 1,425.61         |
| Disposals  | -                      | -                      | (60.09)       | -                | -                   | (0.47)             | (60.56)          |
| <b>Balance as at 31 March 2018</b>                 | <b>219.75</b>          | <b>253.22</b>          | <b>90.90</b>  | <b>564.98</b>    | <b>1,896.22</b>     | <b>1,004.44</b>    | <b>4,029.51</b>  |
| Depreciation for the year                          | 49.53                  | 132.00                 | 85.84         | 298.23           | 761.07              | 503.26             | 1,829.93         |
| Disposals  | -                      | -                      | -             | -                | -                   | -                  | -                |
| <b>Balance as at 31 March 2019</b>                 | <b>269.28</b>          | <b>385.22</b>          | <b>176.74</b> | <b>863.21</b>    | <b>2,657.29</b>     | <b>1,507.70</b>    | <b>5,859.44</b>  |
| <b>Net Carrying amount</b>                         |                        |                        |               |                  |                     |                    |                  |
| <b>As at 31 March 2019</b>                         | <b>91.82</b>           | <b>416.98</b>          | <b>63.13</b>  | <b>942.92</b>    | <b>2,682.74</b>     | <b>883.97</b>      | <b>5,081.56</b>  |
| <b>As at 31 March 2018</b>                         | <b>73.45</b>           | <b>293.00</b>          | <b>148.97</b> | <b>749.55</b>    | <b>3,187.49</b>     | <b>821.48</b>      | <b>5,273.94</b>  |

No impairment loss has been recognised during the current year or previous year.

# Notes

to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

## 4 Intangible assets and Intangible assets under development

| Particulars                                 | Other intangible assets         |                        |                                    |   |   |                                     |           | Total other intangible assets | Intangible assets under development* (refer note 4.6) |
|---|---------------------------------|------------------------|------------------------------------|---|---|-------------------------------------|-----------|-------------------------------|---|
|   | Goodwill (refer note 4.1 & 4.2) | Brand (refer note 4.3) | Computer software (refer note 4.6) | Copyright and trademarks (refer note 4.2) | Customer relationships (refer note 4.4) | Customer Contracts (refer note 4.5) |           |                               |   |
| Gross carrying amount as at 1 April 2017    | 55,346.80                       | 8,946.10               | 917.61                             | 4.80                                      | 10,150.00                               | -                                   | 20,018.51 | 852.37                        |   |
| Additions                                   | -                               | -                      | 321.10                             | -   | -                                       | 235.35                              | 556.45    | 685.89                        |   |
| Disposals                                   | -                               | -                      | -                                  | -   | -                                       | -                                   | -         | (6.82)                        |   |
| Transfers                                   | -                               | -                      | 1,315.65                           | -   | -                                       | -                                   | 1,315.65  | (1,315.65)                    |   |
| Balance as at 31 March 2018                 | 55,346.80                       | 8,946.10               | 2,554.36                           | 4.80                                      | 10,150.00                               | 235.35                              | 21,890.61 | 215.79                        |   |
| Additions                                   | -                               | -                      | 357.54                             | -   | -                                       | -                                   | 357.54    | 300.50                        |   |
| Disposals                                   | -                               | -                      | -                                  | -   | -                                       | -                                   | -         | -                             |   |
| Transfers                                   | -                               | -                      | -                                  | -   | -                                       | -                                   | -         | -                             |   |
| Balance as at 31 March 2019                 | 55,346.80                       | 8,946.10               | 2,911.90                           | 4.80                                      | 10,150.00                               | 235.35                              | 22,248.15 | 516.29                        |   |
| Accumulated amortisation as at 1 April 2017 | -                               | 1,289.60               | 506.16                             | 0.80                                      | 373.86                                  | -                                   | 2,170.42  | -                             |   |
| Amortisation for the year                   | -                               | 645.00                 | 293.66                             | 1.60                                      | 1,127.78                                | 37.79                               | 2,105.83  | -                             |   |
| Disposals                                   | -                               | -                      | -                                  | -   | -                                       | -                                   | -         | -                             |   |
| Balance as at 31 March 2018                 | -                               | 1,934.60               | 799.82                             | 2.40                                      | 1,501.64                                | 37.79                               | 4,276.25  | -                             |   |
| Amortisation for the year                   | -                               | 645.00                 | 775.78                             | 1.21                                      | 1,126.18                                | 78.38                               | 2,626.55  | -                             |   |
| Disposals                                   | -                               | -                      | -                                  | -   | -                                       | -                                   | -         | -                             |   |
| Balance as at 31 March 2019                 | -                               | 2,579.60               | 1,575.60                           | 3.61                                      | 2,627.82                                | 116.17                              | 6,902.80  | -                             |   |
| Net Carrying amount                         |                                 |                        |                                    |   |   |                                     |           |                               |   |
| As at 31 March 2019                         | 55,346.80                       | 6,366.50               | 1,336.30                           | 1.19                                      | 7,522.18                                | 119.18                              | 15,345.35 | 516.29                        |   |
| As at 31 March 2018                         | 55,346.80                       | 7,011.50               | 1,754.54                           | 2.40                                      | 8,648.36                                | 197.56                              | 17,614.36 | 215.79                        |   |

No impairment loss has been recognised during the current year or previous year.

\* Additions to intangible assets under development includes related party balances (refer note 42).

# Notes

## to the standalone financial statements for the year ended 31 March 2019

- 4.1** The goodwill on acquisition through business combination amounting to INR 55,301.60 lakhs relates to the acquisition of identified business of Manipal Integrated Services Private Limited. The fair value of net assets acquired on the acquisition date as part of the transaction amounted to INR 12,728.93 lakhs. The difference between purchase consideration paid amounting to INR 68,030.53 lakhs and the fair value of net assets acquired amounting to 12,728.93 lakhs has been attributed to goodwill. The Company has performed goodwill impairment testing at Consolidated level, please refer to Consolidated financial statements for details.
- 4.2** 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 INR 50.00 lakhs. In accordance with Ind AS 103, Business Combinations, the consideration paid requires to be allocated across identifiable assets acquired, at their respective fair values. Accordingly, the Company has recognised copyright and trademarks aggregating INR 4.80 lakhs and remaining amount aggregating INR 45.20 lakhs is accounted as goodwill.
- 4.3** 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 recognized Brand amounting to INR 9,682.00 lakhs on such valuation.
- 4.4** As part of the purchase price allocation of the business combination with respect to acquisition of Identified business of Manipal Integrated Services Private Limited, the Company has allocated INR 10,150.00 lakhs as the value of Customer relationships. The value has been arrived by assessing the fair value of Customer relationships as on the date of acquisition using Multi period excess earning method (“MEEM”) which is a variant of income approach.
- 4.5** During the previous year ended 31 March 2018, the Company has acquired customer contracts from The People’s Choice, a proprietorship firm, for a consideration of INR 235.35 lakhs and has recognised the customer contracts as an intangible asset.
- 4.6** The Company has entered into an agreement with MFX Infotech Private Limited for development of its payroll management system. The contract is entered on a time and material basis at cost plus agreed markup. Software development has been completed during the previous year. Out of total capitalised amount of INR 1,315.65 lakhs in the previous year INR 1,160.30 lakhs pertains to this agreement.

### 5 Non-current investments

(Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <b>Unquoted</b>   |                        |                        |
| <b>Investment carried at cost</b>   |                        |                        |
| <b>Investments in equity instruments of subsidiaries</b>  |                        |                        |
| 3,110,000 (31 March 2018: 3,110,000) fully paid up equity shares of par value of INR 10.00 each of Coachieve Solutions Private Limited                        | 120.00                 | 120.00                 |
| 1,000,000 (31 March 2018: 1,000,000) fully paid up equity shares of par value of INR 10.00 each of MFX Infotech Private Limited*                              | 110.50                 | 110.50                 |
| 7,000,100 (31 March 2018: 7,000,100) Common Shares of Brainhunter Systems Limited, fully paid up*   | 175.12                 | 175.12                 |
| 1 (31 March 2018: 1) Common Stock of Quess Corp (USA) Inc. of US \$ 1,00,000 each, fully paid-up  | 62.54                  | 62.54                  |
| 86,000 (31 March 2018: 86,000) fully paid up equity shares of par value of 100 pesos each of Quess (Philippines) Corp.  | 122.74                 | 122.74                 |
| 39,411,557 (31 March 2018: 39,411,557) fully paid up equity shares of par value of INR 10.00 each of Aravon Services Private Limited*                         | 10.50                  | 10.50                  |
| 41,270,076 (31 March 2018: 34,480,431) ordinary shares of Quesscorp Holdings Pte Ltd of SGD 1.00 each, fully paid-up*   | 20,533.82              | 16,933.82              |
| NIL (31 March 2018: 28,400) fully paid up equity shares having face value of INR 10.00 each of Inticore VJP Advance Systems Private Limited (refer note 5.11) | -                      | 352.38                 |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| 10,000 (31 March 2018: 10,000) fully paid up equity shares of par value of INR 10.00 each of Dependo Logistics Solutions Private Limited  | 1.00                   | 1.00                   |
| 10,000 (31 March 2018: 10,000) fully paid up equity shares of par value of INR 10.00 each of CenterQ Business Solutions Private Limited   | 1.00                   | 1.00                   |
| 10,000 (31 March 2018: 10,000) fully paid up equity shares of par value of INR 10.00 each of Excelus Learning Solutions Private Limited*  | 18.48                  | 18.48                  |
| 1,010,000 (31 March 2018: 1,010,000) fully paid up equity shares of par value of INR 10.00 each of Master Staffing Solutions Private Limited*   | 1,289.00               | 1,284.00               |
| 700,000 (31 March 2018: 700,000) fully paid up equity shares of par value of INR 10.00 each of Golden Star Facilities and Services Private Limited.*  | 3,785.70               | 3,768.20               |
| 127,458 (31 March 2018: 127,458) fully paid up equity shares of par value of INR 10.00 each of Vedang Cellular Services Private Limited (refer note 5.6)*   | 3,997.50               | 3,990.00               |
| 46,669,336 (31 March 2018: 46,669,336) fully paid up equity shares of par value of INR 10.00 each of Conneqt Business Solutions Limited [formerly known as Tata Business Support Services Limited] (refer note 5.7) | 15,222.03              | 15,272.82              |
| 49,998 (31 March 2018: 49,998) fully paid up equity shares of par value of INR 10.00 each of Monster.com (India) Private Limited (refer note 5.8)   | 9,479.28               | 9,479.28               |
| 12,405 (31 March 2018: 9,000) fully paid up equity shares of par value of INR 10.00 each of Simpliance Technologies Private Limited (refer note 5.5)  | 450.00                 | 250.00                 |
| 720,000 (31 March 2018: NIL) fully paid up equity shares of par value of INR 10.00 each of Green Piece Landscapes Private Limited (refer note 5.1)*   | 2,168.00               | -                      |
| 5,000,000 (31 March 2018: NIL) fully paid up equity shares of par value of INR 10.00 each of Qdigi Services Limited (refer note 5.2)*   | 3,020.00               | -                      |
| <i>Others</i>   |                        |                        |
| Investment in Quess Corp Vietnam Limited Liability Company (refer note 5.3)   | 130.60                 | -                      |
| <b>Investment in equity instruments of associates</b>   |                        |                        |
| 245,000 (31 March 2018: 245,000) fully paid up equity shares of par value of INR 10.00 each of Terrier Security Services (India) Private Limited*   | 7,222.00               | 7,222.00               |
| 13,612 (31 March 2018: 12,778) fully paid up equity shares of par value of INR 10.00 each of Heptagon Technologies Private Limited (refer note 5.9)*  | 1,127.00               | 977.00                 |
| 5,100 (31 March 2018: 5,100) fully paid up equity shares of par value of INR 10.00 each of Trimax Smart Infraprojects Private Limited (refer note 5.10)   | 0.51                   | 0.51                   |
| 1,035,000 (31 March 2018: NIL) fully paid up equity shares of par value of INR 10.00 each of Quess East Bengal FC Private Limited (refer note 5.4)  | 1,003.50               | -                      |
| <b>Total non-current investments</b>  | <b>70,050.82</b>       | <b>60,151.89</b>       |
| Aggregate value of unquoted investments   | 70,050.82              | 60,151.89              |
| Aggregate amount of impairment in value of investments  | -                      | -                      |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

- 5.1** During the previous year ended 31 March 2018, the Company had entered into Share Purchase Cum Shareholder's Agreement ("SPSHA") dated 24 January 2018 and subsequent amendment agreement dated 28 March 2018 with Greenpiece Projects Private Limited, Greenpiece Landscapes India Private Limited ("GLIPL") and its Shareholders to acquire equity stake in GLIPL. As per these agreements, the Company agreed to acquire 100.00% equity stake in GLIPL in various tranches. During the quarter ended 30 June 2018, the Company had acquired 90.00% equity stake in GLIPL at a consideration of INR 2,160.00 lakhs and thus GLIPL has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. Subsequent to 31 March 2019, on 7 May 2019 the Company acquired balance 10.00% equity stake in GLIPL at a consideration of INR 280.00 lakhs and GLIPL has become 100.00% subsidiary of the Company.
- 5.2** During the year ended 31 March 2019, the Company acquired 100.00% equity stake in HCL Computing Products Limited ("HCPL") at a consideration of INR 3,041.82 lakhs and thus HCPL has become the subsidiary of the Company. The name of HCPL has been changed to Qdigi Services Limited w.e.f. 21 February 2018.
- 5.3** During the year ended 31 March 2019, the Company had invested INR 130.60 lakhs as capital contribution in Qess Corp Vietnam Limited Liability Company.
- 5.4** During the year ended 31 March 2019, the Company had entered into a Share Purchase Agreement ("SPA") dated 5 July 2018 with Qess East Bengal FC Private Limited ("QEBFC") and its shareholders to subscribe for 70.00% shares for a consideration of INR 1,003.50 lakhs. Accordingly, QEBFC has become an associate of the Company.
- 5.5** During the year ended 31 March 2019, the Company had entered into an agreement (amendment to the original share subscription agreement dated 19 October 2016) with Simpliance Technologies Private Limited ("STPL") to subscribe for additional 8.00% equity stake at a consideration of INR 200.00 lakhs. Accordingly, the Company's equity stake has increased to 53.00% and STPL has become the subsidiary of the Company.
- 5.6** During the previous year ended 31 March 2018, the Company entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 25 October 2017 with Vedang Cellular Services Private Limited ("Vedang") and its shareholders to acquire 100.00% equity stake in Vedang. In accordance with the SPA and SHA, during the previous year the Company has acquired 70.00% stake for a consideration of INR 3,990.00 lakhs and thus Vedang has become a subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest.
- 5.7** During the previous year ended 31 March 2018, the Company entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 20 November 2017 with Tata Business Support Services Limited ("TBSS") and its shareholders to acquire 100.00% equity stake in TBSS at an estimated consideration of INR 32,166.68 lakhs. In accordance with the SPA and SHA, during the previous year the Company has acquired 51.00% stake for consideration of INR 15,272.82 lakhs and thus TBSS has become a subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. The name of Tata Business Support Services Limited has been changed to Conneqt Business Solutions Limited w.e.f. 9 January 2018.
- 5.8** During the previous year ended 31 March 2018, the Company entered into an arrangement with Monster.Com Asia Ltd and Monster Worldwide, Inc. to acquire controlling stake in Monster.Com India Private Limited ("Monster") at an consideration of INR 9,479.28 lakhs.
- 5.9** During the previous year ended 31 March 2018, the Company entered into a Share Subscription Agreement ("SSA") dated 21 June 2017 with Heptagon Technologies Private Limited ("Heptagon") and had acquired 46.00% of shares for a consideration of INR 977.00 lakhs and accordingly, Heptagon Technologies Private Limited ("Heptagon") has become an associate of the company. During the year ended 31 March 2019, the Company entered into a Share Purchase Agreement ("SPA") dated 5 September 2018 with Heptagon and its shareholders to acquire additional 3.00% shares for a consideration of INR 150.00 lakhs. As of 31 March 2019, the Company holds 49.00% equity stake in Heptagon.
- 5.10** During the previous year ended 31 March 2018, the Company has entered into Agreement dated 24 November 2017 with Trimax IT Infrastructure & Services Limited to subscribe 51.00% equity stake in Trimax Smart Infraprojects Private Limited. In accordance with the agreement, the Company has subscribed 51.00% stake for a consideration of INR 0.51 lakhs during the previous year.
- 5.11** During the year ended 31 March 2019, the company has completed the sale of 74.00% equity stake in Inticore VJP Advance Systems Private Limited.

\* Investments include interest on corporate guarantee given to subsidiaries amounting to INR 578.40 lakhs (31 March 2018: INR 522.90 lakhs)

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 6 Non-current loans

| Particulars   | <i>(Amount in INR lakhs)</i> |                        |
|---|------------------------------|------------------------|
|   | As at<br>31 March 2019       | As at<br>31 March 2018 |
| <i>Loans receivable considered good - Unsecured</i> |                              |                        |
| Security deposits                                   | 2,821.08                     | 1,615.00               |
| Loans to subsidiaries (refer note 42)               | 7,585.77                     | -                      |
| Loans to associates (refer note 42)                 | 17,437.15                    | -                      |
|   | <b>27,844.00</b>             | <b>1,615.00</b>        |

### 7 Other non-current financial assets

| Particulars  | <i>(Amount in INR lakhs)</i> |                        |
|--|------------------------------|------------------------|
|  | As at<br>31 March 2019       | As at<br>31 March 2018 |
| Bank deposits (due to mature after 12 months from the reporting date)* | 491.38                       | 239.75                 |
| Interest receivable from related parties (refer note 42)               | 1,280.70                     | -                      |
| Due from related parties (refer note 42)                               | 1,696.20                     | -                      |
|  | <b>3,468.28</b>              | <b>239.75</b>          |

\* Fixed deposits to the tune of INR 374.13 lakhs (31 March 2019) are lien marked.

### 8 Taxes

#### A Amount recognised in profit or loss

| Particulars   | <i>(Amount in INR lakhs)</i> |                 |
|---|------------------------------|-----------------|
|   | For the year ended           |                 |
|   | 31 March 2019                | 31 March 2018   |
| <b>Current tax:</b>   |                              |                 |
| In respect of the current year  | (5,230.87)                   | (4,205.15)      |
| Excess provision related to prior years (refer note (i) below)                              | (517.72)                     | 5,711.60        |
| <b>Deferred tax:</b>  |                              |                 |
| <i>Attributable to:</i>   |                              |                 |
| Origination and reversal of temporary differences   | 4,142.39                     | 4,017.59        |
| <b>Income tax (expense)/ credit reported in the standalone statement of profit and loss</b> | <b>(1,606.20)</b>            | <b>5,524.04</b> |

- (i) As per the amendment in the Finance Act 2016, deduction under Section 80JJAA of Income Tax Act, 1961 was extended across all sectors subject to fulfilment of conditions as stipulated in the said Section. The amendment was first applicable for the financial year ended 31 March 2017.

Since the provision was subject to a number of clarifications and interpretations, the Company had obtained an opinion from an external advisor establishing its eligibility and method to compute deduction under Section 80JJAA during the previous year ended 31 March 2018. Resultantly, the Company had accounted for 80JJAA deduction for the year ended 31 March 2018 and the year ended 31 March 2017, during the previous year ended 31 March 2018. The Company continued to claim the said deduction during the year ended 31 March 2019.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### B Income tax recognised in other comprehensive income

(Amount in INR lakhs)

| Particulars  | For the year ended |                 |
|--|--------------------|-----------------|
|  | 31 March 2019      | 31 March 2018   |
| Remeasurement of the net defined benefit liability/ asset: |                    |                 |
| Before tax   | (465.14)           | (520.26)        |
| Tax expense  | 162.53             | 165.82          |
| <b>Net of tax</b>  | <b>(302.61)</b>    | <b>(354.44)</b> |

### C Amounts recognised directly in equity

No tax expense has been recognised directly in equity.

### D Reconciliation of effective tax rate

(Amount in INR lakhs)

| Particulars  | For the year ended |                 |
|--|--------------------|-----------------|
|  | 31 March 2019      | 31 March 2018   |
| Profit before tax  | 24,734.19          | 20,402.35       |
| Tax using the Company's domestic tax rate of March 2019 - 34.944%<br>(March 2018 - 34.608%)  | (8,643.12)         | (7,060.85)      |
| <b>Effect of:</b>  |                    |                 |
| Non-deductible expenses  | (57.34)            | (56.59)         |
| 80JJAA tax incentives [refer note 8 (i) above]   | 7,863.11           | 6,959.47        |
| Others   | (251.13)           | (29.59)         |
| Income-taxes related to prior years [refer note 8 (i) above]                                 | (517.72)           | 5,711.60        |
| <b>Income tax (expense) / credit reported in the standalone statement of profit and loss</b> | <b>(1,606.20)</b>  | <b>5,524.04</b> |

### E The following table provides the details of income tax assets and income tax liabilities as of 31 March 2019 and 31 March 2018.

(Amount in INR lakhs)

| Particulars  | As at            | As at            |
|--|------------------|------------------|
|  | 31 March 2019    | 31 March 2018    |
| Income tax assets                                  | 44,405.30        | 31,515.80        |
| Income tax liabilities                             | (25,668.26)      | (20,569.66)      |
| <b>Net income tax asset at the end of the year</b> | <b>18,737.04</b> | <b>10,946.14</b> |

### F Deferred tax assets (net)

(Amount in INR lakhs)

| Particulars   | As at            | As at            |
|---|------------------|------------------|
|   | 31 March 2019    | 31 March 2018    |
| <b>Deferred tax assets/(liabilities) are attributable to the following:</b> |                  |                  |
| Impairment loss allowance on financial assets                               | 1,318.24         | 1,304.35         |
| Provision for employee benefits   | 2,378.29         | 1,592.47         |
| Provision for disputed claims   | 205.34           | 140.14           |
| Provision for rent escalation   | 20.81            | 20.29            |
| MAT credit entitlement  | 12,328.08        | 8,352.17         |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961               | 10,804.55        | 9,158.27         |
| Property, plant and equipment and intangible assets                         | (811.82)         | (923.33)         |
| Goodwill on merger  | (9,813.27)       | (6,578.95)       |
| Customer relationships  | (882.85)         | (687.81)         |
| Others  | (91.29)          | 244.89           |
| <b>Net deferred tax assets</b>  | <b>15,456.08</b> | <b>12,622.49</b> |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

The movement of deferred tax aggregating to INR 2,883.59 lakhs for the year ended 31 March 2019 (31 March 2018: INR 10,680.97 lakhs) comprises INR 2,671.06 lakhs charged (31 March 2018: INR 10,515.15 lakhs credited) to standalone statement of profit and loss and INR 162.53 lakhs (31 March 2018: INR 165.82 lakhs) charged to other comprehensive income.

### G Recognised deferred tax assets and liabilities

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

| <i>(Amount in INR lakhs)</i>                                  |                   |                               |                   |                    |
|---|-------------------|-------------------------------|-------------------|--------------------|
| For the year ended 31 March 2019                              | Opening balance   | Recognised in profit or loss* | Recognised in OCI | Closing balance    |
| <b>Deferred tax liability on:</b>                             |                   |                               |                   |                    |
| Property, plant and equipment and intangible assets           | (923.33)          | 111.51                        | -                 | (811.82)           |
| Goodwill on merger  | (6,578.95)        | (3,234.32)                    | -                 | (9,813.27)         |
| Customer relationships  | (687.81)          | (195.04)                      | -                 | (882.85)           |
| <b>Deferred tax liabilities</b>                               | <b>(8,190.09)</b> | <b>(3,317.85)</b>             | <b>-</b>          | <b>(11,507.94)</b> |
| <b>Deferred tax assets on:</b>                                |                   |                               |                   |                    |
| Impairment loss allowance on financial assets                 | 1,304.35          | 13.89                         | -                 | 1,318.24           |
| Provision for employee benefits                               | 1,592.47          | 623.29                        | 162.53            | 2,378.29           |
| Provision for disputed claims                                 | 140.14            | 65.20                         | -                 | 205.34             |
| Provision for rent escalation                                 | 20.29             | 0.52                          | -                 | 20.81              |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | 9,158.27          | 1,646.28                      | -                 | 10,804.55          |
| MAT credit entitlement  | 8,352.17          | 3,975.91                      | -                 | 12,328.08          |
| Others  | 244.89            | (336.18)                      | -                 | (91.29)            |
| <b>Deferred tax assets</b>                                    | <b>20,812.58</b>  | <b>5,988.91</b>               | <b>162.53</b>     | <b>26,964.02</b>   |
| <b>Net deferred tax assets</b>                                | <b>12,622.49</b>  | <b>2,671.06</b>               | <b>162.53</b>     | <b>15,456.08</b>   |
| <i>(Amount in INR lakhs)</i>                                  |                   |                               |                   |                    |
| For the year ended 31 March 2018                              | Opening balance   | Recognised in profit or loss* | Recognised in OCI | Closing balance    |
| <b>Deferred tax liability on:</b>                             |                   |                               |                   |                    |
| Property, plant and equipment and intangible assets           | (818.29)          | (105.04)                      | -                 | (923.33)           |
| Goodwill on merger  | (2,392.35)        | (4,186.60)                    | -                 | (6,578.95)         |
| Customer relationships  | (309.70)          | (378.11)                      | -                 | (687.81)           |
| <b>Deferred tax liabilities</b>                               | <b>(3,520.34)</b> | <b>(4,669.75)</b>             | <b>-</b>          | <b>(8,190.09)</b>  |
| <b>Deferred tax assets on:</b>                                |                   |                               |                   |                    |
| Impairment loss allowance on financial assets                 | 1,646.27          | (341.92)                      | -                 | 1,304.35           |
| Provision for employee benefits                               | 1,218.92          | 207.73                        | 165.82            | 1,592.47           |
| Provision for disputed claims                                 | 72.63             | 67.51                         | -                 | 140.14             |
| Provision for rent escalation                                 | 18.60             | 1.69                          | -                 | 20.29              |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | -                 | 9,158.27                      | -                 | 9,158.27           |
| MAT credit entitlement  | 2,225.13          | 6,127.04                      | -                 | 8,352.17           |
| Others  | 280.31            | (35.42)                       | -                 | 244.89             |
| <b>Deferred tax assets</b>                                    | <b>5,461.86</b>   | <b>15,184.90</b>              | <b>165.82</b>     | <b>20,812.58</b>   |
| <b>Net deferred tax assets</b>                                | <b>1,941.52</b>   | <b>10,515.15</b>              | <b>165.82</b>     | <b>12,622.49</b>   |

\* includes deferred tax related to earlier periods which is accounted under Tax relating to earlier years in the standalone statement of profit and loss.

The Company does not have any unrecognised deferred tax assets and any carried forward tax losses.

# Notes

to the standalone financial statements for the year ended 31 March 2019

| 9 Other non-current assets <span style="float: right;">(Amount in INR lakhs)</span>                           |                        |                        |
|---|------------------------|------------------------|
| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
| Capital advances  | 85.61                  | 199.75                 |
| <b>Advances other than capital advances</b>   |                        |                        |
| Taxes paid under protest  | 294.13                 | 310.55                 |
| Provident fund payments made under protest  | 107.22                 | 107.22                 |
| Prepaid expenses  | 131.48                 | 12.79                  |
|   | <b>618.44</b>          | <b>630.31</b>          |
| 10 Inventories <span style="float: right;">(Amount in INR lakhs)</span>                                       |                        |                        |
| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
| <i>Valued at lower of cost and net realizable value</i>   |                        |                        |
| Raw material and consumables  | 559.37                 | 283.99                 |
| Stores and spares   | 497.20                 | 367.47                 |
|   | <b>1,056.57</b>        | <b>651.46</b>          |
| 11 Current investments <span style="float: right;">(Amount in INR lakhs)</span>                               |                        |                        |
| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
| <b>Quoted</b>   |                        |                        |
| <b>Investments at Fair value through profit or loss</b>   |                        |                        |
| Investments in liquid mutual fund units   | 3,846.82               | 19,740.20              |
|   | <b>3,846.82</b>        | <b>19,740.20</b>       |
| <b>Details of investments in liquid mutual funds</b> <span style="float: right;">(Amount in INR lakhs)</span> |                        |                        |
| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
| Nil units (March 2018: 3,797.38 units) Axis Liquid Fund - Growth  | -                      | 72.94                  |
| Nil units (March 2018: 36,389.55 units) Axis Liquid Fund - Direct Growth                                      | -                      | 701.42                 |
| 3,409.64 units (March 2018: 76,218.45 units) HDFC Liquid Fund - Regular Plan Growth                           | 124.87                 | 2,599.48               |
| 6,927.39 units (March 2018: 71,141.49 units) HDFC Liquid Fund - Direct Plan Growth                            | 254.94                 | 2,435.80               |
| 1,027.26 units (March 2018: 1,027.26 units) HSBC Cash Fund - Growth   | 19.06                  | 17.73                  |
| 32,770.79 units (March 2018: 32,770.79 units) ICICI Flexible Income Plan - Direct Growth                      | 118.36                 | 109.81                 |
| 11,630.20 units (March 2018: 11,630.20 units) ICICI Flexible Income Plan - Growth                             | 41.72                  | 38.77                  |
| 1,015,044.17 units (March 2018: 1,015,044.17 units) ICICI Prudential Liquid Plan - Growth                     | 2,795.62               | 2,602.45               |
| 73,294.51 units (March 2018: 73,294.51 units) ICICI Prudential Liquid Plan - Direct Growth                    | 202.60                 | 188.47                 |
| 2,005.39 units (March 2018: 2,005.39 units) IDFC Cash Fund Growth Direct Plan                                 | 45.45                  | 42.32                  |
| Nil units (March 2018: 84,725.66 units) Kotak Floater Short Term Direct Plan Growth                           | -                      | 2,416.34               |
| Nil units (March 2018: 91,495.65 units) Kotak Floater Short Term Regular Plan Growth                          | -                      | 2,602.66               |
| Nil units (March 2018: 942.45 units) SBI Premier Liquid Fund - Regular Plan Growth                            | -                      | 25.59                  |
| 8,338.53 units (March 2018: 171,930.78 units) SBI Premier Liquid Fund - Direct Plan Growth                    | 244.20                 | 4,684.07               |
| Nil units (March 2018: 28,357.90 units) Reliance Liquid Fund - Direct Plan Growth                             | -                      | 1,202.35               |
|   | <b>3,846.82</b>        | <b>19,740.20</b>       |
| Aggregate amount of quoted investments  | 3,846.82               | 19,740.20              |
| Aggregate market value of quoted investments  | 3,846.82               | 19,740.20              |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 12 Trade receivables (Amount in INR lakhs)

| Particulars                                | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Unsecured</b>                           |                        |                        |
| Considered good                            | 55,818.96              | 57,674.98              |
| Less: Allowance for expected credit losses | (3,772.43)             | (3,688.92)             |
| <b>Net trade receivables</b>               | <b>52,046.53</b>       | <b>53,986.06</b>       |

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

| Particulars                            | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Trade receivables from related parties | 9,981.45               | 890.43                 |
| Less: Loss allowance                   | (1,110.11)             | (484.59)               |
| <b>Net trade receivables</b>           | <b>8,871.34</b>        | <b>405.84</b>          |

For terms and conditions of trade receivables owing from related parties refer note 42.

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

### 13 Cash and cash equivalents (Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Cash on hand  | 19.31                  | 33.69                  |
| Balances with banks   |                        |                        |
| In current accounts   | 32,312.48              | 30,599.83              |
| In deposit accounts (with original maturity of less than 3 months)        | -                      | 10,459.71              |
| <b>Cash and cash equivalents in standalone balance sheet</b>              | <b>32,331.79</b>       | <b>41,093.23</b>       |
| Bank overdraft used for cash management purpose                           | -                      | -                      |
| <b>Cash and cash equivalent in the standalone statement of cash flows</b> | <b>32,331.79</b>       | <b>41,093.23</b>       |

### 14 Bank balances other than cash and cash equivalents (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| In deposit accounts (maturity within 12 months from the reporting date)* | 7,573.83               | 23,273.71              |
|  | <b>7,573.83</b>        | <b>23,273.71</b>       |

\* Fixed deposits to the tune of INR 5,336.70 lakhs (31 March 2019) are lien marked.

### 15 Current loans (Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <i>Loans receivable considered good - unsecured</i> |                        |                        |
| Security deposits                                   | 465.81                 | 1,081.13               |
| <i>Other loans and advances</i>                     |                        |                        |
| Loans to employees*                                 | 224.53                 | 3.85                   |
| Loans to subsidiaries (refer note 42)               | 10,207.53              | 5,261.75               |
| Loans to associates (refer note 42)                 | 2,250.00               | 14,018.35              |
|   | <b>13,147.87</b>       | <b>20,365.08</b>       |

\*There is no loss allowance required to be created for loans to employees as these are in the nature of advance given to employees for operating purpose.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 16 Unbilled revenue (Amount in INR lakhs)

| Particulars          | As at<br>31 March 2019 | As at<br>31 March 2018 |
|----------------------|------------------------|------------------------|
| Unbilled revenue*    | 45,906.33              | 31,968.91              |
| Less: Loss allowance | (80.00)                | (80.00)                |
|                      | <b>45,826.33</b>       | <b>31,888.91</b>       |

\*includes unbilled revenue billable to related parties (refer note 42)

### 17 Other current financial assets (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Interest accrued but not due                             | 73.46                  | 241.13                 |
| Interest receivable from related parties (refer note 42) | 407.82                 | 132.79                 |
| Advance for purchase of shares (refer note 17.1)         | -                      | 1,400.00               |
| Due from related parties (refer note 42)                 | 443.88                 | 92.38                  |
|  | <b>925.16</b>          | <b>1,866.30</b>        |

17.1 The advance for purchase of shares relates to the advance given for the acquisition of equity shares of Greenpiece Landscape India Private Limited.

### 18 Other current assets (Amount in INR lakhs)

| Particulars                                 | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <b>Advances other than capital advances</b> |                        |                        |
| Advances to suppliers                       | 1,117.05               | 630.48                 |
| Travel advances to employees                | 70.63                  | 25.35                  |
| Prepaid expenses                            | 1,475.20               | 949.06                 |
| Other advances                              | 571.81                 | 83.76                  |
|   | <b>3,234.69</b>        | <b>1,688.65</b>        |

### 19 Equity share capital (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Authorised</b>  |                        |                        |
| 200,000,000 (31 March 2018: 200,000,000) equity shares of par value of INR 10.00 each                | 20,000.00              | 20,000.00              |
|  | <b>20,000.00</b>       | <b>20,000.00</b>       |
| <b>Issued, subscribed and paid-up</b>  |                        |                        |
| 146,084,833 (31 March 2018: 145,484,178) equity shares of par value of INR 10.00 each, fully paid up | 14,608.48              | 14,548.42              |
|  | <b>14,608.48</b>       | <b>14,548.42</b>       |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

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

| Particulars  | As at 31 March 2019 |                     | As at 31 March 2018 |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Number of shares    | Amount in INR lakhs | Number of shares    | Amount in INR lakhs |
| <b>Equity shares</b>   |                     |                     |                     |                     |
| At the commencement of the year  | 145,484,178         | 14,548.42           | 126,790,961         | 12,679.10           |
| Add: Shares issued on exercise of employee stock options (refer note 46) | 600,655             | 60.06               | 619,925             | 61.99               |
| Add: Shares issued on Institutional Placement Programme (i)              | -                   | -                   | 10,924,029          | 1,092.40            |
| Add: Shares issued on MIS acquisition (ii)                               | -                   | -                   | 7,149,263           | 714.93              |
| <b>At the end of the year</b>  | <b>146,084,833</b>  | <b>14,608.48</b>    | <b>145,484,178</b>  | <b>14,548.42</b>    |

- (i) During the previous year ended 31 March 2018, the Company has completed the Institutional Placement Programme (IPP) and raised a total capital of INR 87,392.23 lakhs by issuing 10,924,029 equity shares of INR 10.00 each at a premium of INR 790.00 per equity share. The proceeds from IPP is INR 84,754.90 lakhs (net of issue expenses).

Details of utilisation of IPP proceeds are as follows:

(Amount in INR lakhs)

| Particulars  | Objects of the issue as per the prospectus | Utilised upto 31 March 2019 | Unutilised amount as on 31 March 2019 |
|--|--|-----------------------------|---------------------------------------|
| Acquisitions and other strategic initiatives                   | 62,500.00                                  | 50,386.30                   | 12,113.70                             |
| Funding incremental working capital requirement of the Company | 15,000.00                                  | 15,000.00                   | -                                     |
| General corporate purpose                                      | 7,254.90                                   | 7,254.90                    | -                                     |
| <b>Total</b>   | <b>84,754.90</b>                           | <b>72,641.20</b>            | <b>12,113.70</b>                      |

Unutilised amounts of the issue have been temporarily deployed in fixed deposit with banks and invested in mutual funds which is in accordance with objects of the issue. The deployment of net proceeds is expected to be completed by 31 March 2020.

Expenses incurred by the Company amounting to INR 2,637.33 lakhs, in connection with IPP have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013, during the previous year.

- (ii) During the previous year ended 31 March 2018, the Company had issued 7,149,263 shares amounting to INR 714.93 lakhs for consideration for acquisition of Identified business of Manipl Integrated Services Private Limited.

### 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 the Holding Company

Thomas Cook (India) Limited ("TCIL") was the Holding Company upto 1 March 2018.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

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

| Particulars                                  | As at 31 March 2019 |        | As at 31 March 2018 |        |
|--|---------------------|--------|---------------------|--------|
|  | Number of shares    | % held | Number of shares    | % held |
| <b>Equity shares</b>                         |                     |        |                     |        |
| Equity shares of par value of INR 10.00 each |                     |        |                     |        |
| Thomas Cook (India) Limited                  | 71,323,496          | 48.82% | 71,323,496          | 49.02% |
| Ajit Isaac                                   | 17,654,674          | 12.09% | 17,585,960          | 12.09% |
| Net Resource Investments Private Limited     | 15,365,824          | 10.52% | 15,365,824          | 10.56% |

- 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 reporting date. However the Company has issued bonus shares and has issued equity shares under Employee Stock option plan for which only exercise price has been received in cash as below (refer note 46).

(Values in numbers)

| Particulars   | 31 March 2019 | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|---------------|---------------|---------------|
| Bonus shares issued   | -             | -             | -             | 85,001,292    | -             |
| Shares issued on exercise of employee stock options (refer note 46) | 600,655       | 619,925       | 837,608       | -             | -             |

### 20 Other equity\*

(Amount in INR lakhs)

| Particulars   | As at 31 March 2019 | As at 31 March 2018 |
|---|---------------------|---------------------|
| Securities premium (refer note 20.1)                | 168,510.87          | 168,510.87          |
| Stock options outstanding account (refer note 20.2) | 1,162.14            | 699.58              |
| Capital reserve (refer note 20.3)                   | 3,804.74            | 3,804.74            |
| Debenture redemption reserve (refer note 20.4)      | 1,687.50            | 937.50              |
| General reserve                                     | 215.58              | 214.46              |
| Other comprehensive income (refer note 20.5)        | (428.90)            | (126.29)            |
| Retained earnings                                   | 69,936.11           | 47,558.12           |
|   | <b>244,888.04</b>   | <b>221,598.98</b>   |

\* For detailed movement of reserves refer Standalone 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 previous year ended 31 March 2018, the Company made an Institutional Placement Program (IPP) and issued 10,924,029 equity shares at a premium of INR 790.00 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 Institutional Placement Program (IPP) amounting to INR 2,637.33 lakhs.

During the previous year ended 31 March 2018, the Company issued 7,149,263 equity shares at a premium of INR 633.85 per share to the shareholders of Manipal Integrated Services Private Limited pursuant to the scheme of amalgamation. As per the requirement of section 52 of the Companies Act 2013, the Company utilised the securities premium for the expenses incurred in connection with this scheme of amalgamation amounting to INR 672.85 lakhs.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 20.2 Stock option 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.

### 20.3 Capital reserve

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.

### 20.4 Debenture redemption reserve

During the year ended March 2017, the Company has issued redeemable non-convertible debentures and has created a debenture redemption reserve as per the provisions of the Act. During the year ended 31 March 2019, the Company transferred INR 750.00 lakhs to debenture redemption reserve (31 March 2018: INR 750.00 lakhs).

### 20.5 Other comprehensive income

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

## 21 Non-current borrowings

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <i>Secured</i>   |                        |                        |
| Non-convertible debentures (refer note 21.1 & 21.2)              | 14,894.68              | 14,862.65              |
| Vehicle loan   | 3.59                   | 47.57                  |
| <b>Total borrowings</b>  | <b>14,898.27</b>       | <b>14,910.22</b>       |
| Less: Current maturities of long-term borrowings (refer note 25) | 3.59                   | 43.99                  |
| <b>Total non-current borrowings</b>                              | <b>14,894.68</b>       | <b>14,866.23</b>       |

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

### Terms of repayment schedule

#### 21.1 Terms and condition of outstanding borrowings are as follows:

(Amount in INR lakhs)

| Particulars                        | Coupon/<br>Interest rate | Year of maturity | Carrying amount<br>as at<br>31 March 2019 | Carrying amount<br>as at<br>31 March 2018 |
|------------------------------------|--------------------------|------------------|---|---|
| Secured non-convertible debentures | 8.25%                    | 2022             | 14,894.68                                 | 14,862.65                                 |
| Secured vehicle loan               | 11.98%                   | 2019             | 3.59                                      | 47.57                                     |
| <b>Total borrowings</b>            |                          |                  | <b>14,898.27</b>                          | <b>14,910.22</b>                          |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 21.2 Non-convertible debentures

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 INR 10.00 lakh aggregating to INR 15,000.00 lakhs. The proceeds from debentures shall be utilised for the 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. Redemption of debentures shall be on the redemption date i.e. 5 years from the date of allotment without any redemption premium. They are secured primarily by way of pari passu first charge on all the movable and immovable assets of the Company.

| Particulars   | Amount           |
|---|------------------|
| Proceeds from issue of non-convertible debentures (1500 debentures at INR 10.00 lakhs face value) | 15,000.00        |
| Less: Transaction costs   | (172.28)         |
| <b>Net proceeds</b>   | <b>14,827.72</b> |
| Add: Accrued interest   | 5.41             |
| <b>Carrying amount of liability at 31 March 2017</b>  | <b>14,833.13</b> |
| Add: Accrued interest   | 29.52            |
| <b>Carrying amount of liability at 31 March 2018</b>  | <b>14,862.65</b> |
| Add: Accrued interest   | 32.03            |
| <b>Carrying amount of liability at 31 March 2019</b>  | <b>14,894.68</b> |

### 22 Non-current provisions

| Particulars                                     | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <b>Provision for employee benefits</b>          |                        |                        |
| Provision for gratuity (refer note 44)*         | 6,557.18               | 4,261.78               |
| <b>Others</b>                                   |                        |                        |
| Provision for disputed claims (refer note 22.1) | 587.63                 | 404.93                 |
| Provision for rent escalation                   | 58.64                  | 57.71                  |
|   | <b>7,203.45</b>        | <b>4,724.42</b>        |

\*The Company has reviewed and reassessed the presentation of defined benefit obligations. Consequently, an amount of INR 2,507.57 lakhs representing provision for gratuity as at 31 March 2018, earlier classified under "current provisions" has been reclassified to "non-current provisions".

### 22.1 The disclosures of provisions movement as required under the provisions of Ind AS 37 are as follows:

| Particulars                                | Amount        |
|--|---------------|
| <b>Balance as at 1 April 2017</b>          | <b>179.67</b> |
| Provision recognised                       | 225.26        |
| Provision utilised                         | -             |
| <b>Balance at the end of 31 March 2018</b> | <b>404.93</b> |
| Provision recognised                       | 182.70        |
| Provision utilised                         | -             |
| <b>Balance at the end of 31 March 2019</b> | <b>587.63</b> |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### Disputed claims

The Company has received a demand notice dated 12 June 2012 from Employees' Provident Fund (EPF) Organisation raising a demand of INR 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. Accordingly, the Company has created INR 179.67 lakhs provision.

The Company had received a demand notice dated 20 May 2017 from Assistant Commissioner of Commercial Taxes (ACCT) raising a demand of INR 375.60 lakhs for the period from January 2016 to January 2017 for avilment under composition scheme with out separate registration certificate to run as a composite dealer. Avon Facility Management Services registered under the composite dealer scheme, was merged with Quess Corp Limited w.e.f 1 January 2014. Consequent to the merger Quess Corp Limited continued to pay VAT under composite scheme. The contention of the ACCT is that there was no separate registration post merger where as Quess Corp Limited have already intimated ACCT about the merger and also have applied electronically on K-Vat portal seeking separate registration under composite scheme. During the year ended 31 March 2019, the Company has received a demand notice dated 29 January 2019 from Deputy Commissioner of Commercial Taxes (DCCT) raising a demand of INR 399.68 lakhs (including interest and penalty) for the period April 2016 to March 2017. The Company has appealed against the ruling which is pending with the Joint Commissioner of Commercial Taxes [JCCT (A)] Bangalore. The Company has opted for the Comprehensive Karasamadhana Scheme, 2019 introduced by the Government of Karnataka for waiver of arrears of penalty and interest against the pending cases. Accordingly the Company has created an additional provision of INR 182.70 lakhs for the balance amount of demand.

### 23 Current borrowings

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Loans from bank repayable on demand                    |                        |                        |
| <i>Secured</i>   |                        |                        |
| Cash credit and overdraft facilities (refer note 23.1) | 21,325.89              | 35,157.40              |
| Working capital loan (refer note 23.2)                 | 20,740.00              | 22,700.00              |
|  | <b>42,065.89</b>       | <b>57,857.40</b>       |

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

- 23.1** The Company has taken cash credit and overdraft facilities having interest rate ranging from MCLR+0.35% p.a. to MCLR+0.45% p.a. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- 23.2** The Company has taken working capital loan from banks having interest rate ranging from 8.85% p.a. to 9.95% p.a. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 24 Trade payables (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Total outstanding dues of micro enterprises and small enterprises (refer note 45)      | -                      | -                      |
| Trade payables to related parties (refer note 42)                                      | 4,101.71               | 4,233.29               |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 5,449.73               | 4,589.01               |
|  | <b>9,551.44</b>        | <b>8,822.30</b>        |

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 INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Current maturities of long-term borrowings*                     | 3.59                   | 43.99                  |
| Interest accrued and not due                                    | 288.09                 | 250.07                 |
| Financial guarantee liability                                   | 220.35                 | 314.33                 |
| Capital creditors   | 179.27                 | 238.10                 |
| Consideration payable for acquisition of shares in a subsidiary | -                      | 500.00                 |
| <b>Other payables</b>   |                        |                        |
| Accrued salaries and benefits                                   | 18,413.47              | 18,544.25              |
| Provision for bonus and incentive                               | 1,040.55               | 686.62                 |
| Provision for expenses**  | 5,826.61               | 5,322.13               |
| Uniform deposits  | 59.46                  | 34.97                  |
| Amount payable to related parties (refer note 42)               | 33.68                  | 30.94                  |
|   | <b>26,065.07</b>       | <b>25,965.40</b>       |

\*Current maturities of long-term borrowings includes loan outstanding of INR 3.59 lakhs (31 March 2018: INR 43.99 lakhs) towards vehicle loan taken from Mahindra & Mahindra Financial Services Limited, Kotak Mahindra Bank Limited and Kotak Mahindra Prime and is repayable in 36 equal monthly instalments.

The Company's exposure to currency and liquidity risk related to other current financial liabilities is disclosed in note 36.

\*\*Includes related party balances (refer note 42)

### 26 Current provisions (Amount in INR lakhs)

| Particulars                            | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Provision for employee benefits</b> |                        |                        |
| Provision for compensated absences     | 248.84                 | 339.68                 |
|  | <b>248.84</b>          | <b>339.68</b>          |

### 27 Other current liabilities (Amount in INR lakhs)

| Particulars                                | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Income received in advance                 | 46.58                  | 56.38                  |
| Advance received from customers            | 85.14                  | 23.42                  |
| Balances payable to government authorities | 12,795.72              | 10,406.52              |
| Provision for rent escalation              | 0.92                   | 0.92                   |
|  | <b>12,928.36</b>       | <b>10,487.24</b>       |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 28 Revenue from operations

(Amount in INR lakhs)

| Particulars                             | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| <i>Revenues from business segments*</i> |                                     |                                     |
| People services                         | 3,72,576.99                         | 2,79,956.11                         |
| Technology solutions                    | 59,922.59                           | 54,655.17                           |
| Facility management                     | 92,295.15                           | 74,369.32                           |
| Industrials                             | 36,512.82                           | 32,100.19                           |
|   | <b>561,307.55</b>                   | <b>441,080.79</b>                   |

\* The Company has reviewed and reassessed the presentation of revenue. Consequently, the revenue per stream is discontinued with and revenue is disaggregated according to business segments. Accordingly previous years figures are regrouped to conform with current year classification.

#### (i) Disaggregation of revenue

The above break up presents disaggregated revenues from contracts with customers by each of the business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

#### (ii) Trade Receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Receivables, which are included in 'Trade and other receivables' | 52,046.53              | 53,986.06              |
| Contract assets  | 45,826.33              | 31,888.91              |
| Contract liabilities   | 46.58                  | 56.38                  |

The contract assets primarily relate to the company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer, for which revenue is recognised on completion of contract terms.

The following table discloses the movement in unbilled revenue (contract assets) balances for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars                                    | For the year ended<br>31 March 2019 |
|--|-------------------------------------|
| Balance as at 1 April 2018                     | 31,888.91                           |
| Add : Revenue recognized during the year       | 38,452.16                           |
| Less : Invoiced during the year                | (24,262.74)                         |
| Less : Impairment / (reversal) during the year | (252.00)                            |
| Add: Changes due to Business Combinations      | -                                   |
| Add : Translation gain/(Loss)                  | -                                   |
| <b>Balance as at 31 March 2019</b>             | <b>45,826.33</b>                    |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

The following table discloses the movement in unearned revenue (contract liabilities) balances for the year ended 31 March 2019

| Particulars  | <i>(Amount in INR lakhs)</i>            |              |
|--|---|--------------|
|  | <b>For the year ended 31 March 2019</b> |              |
| Balance as at 1 April 2018                                     |   | 56.38        |
| Add : Reclassified from assets held for sale                   |   | -            |
| Less: Revenue recognized during the period                     |   | (379.97)     |
| Add: Changes due to Business Combinations                      |   | -            |
| Add: Invoiced during the period but not recognized as revenues |   | 370.17       |
| Add: Translation loss / (gain)                                 |   | -            |
| <b>Balance as at 31 March 2019</b>                             |   | <b>46.58</b> |

### (iii) Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the value of remaining performance obligations for (i) contracts with an original expected duration of one year or less and (ii) contracts for which the Company recognises revenue at the amount to which it has the right to invoice for services performed (typically those contracts where invoicing is on time and material basis).

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2019, other than those meeting the exclusion criteria mentioned above, is INR 2,813.09 lakhs. Out of this, the Company expects to recognize revenue of around 58% within the next one year and the remaining thereafter.

### 29 Other income

| Particulars  | <i>(Amount in INR lakhs)</i>            |   |
|--|---|---|
|  | <b>For the year ended 31 March 2019</b> | <b>For the year ended 31 March 2018</b> |
| Interest income under the effective interest rate method on:                 |   |   |
| Deposits with banks  | 1,258.22                                | 1,476.04                                |
| Interest income from financial assets at amortised cost                      | 228.04                                  | 195.85                                  |
| Interest on tax refunds received   | 264.13                                  | 502.10                                  |
| Profit on sale of property, plant and equipment and intangible assets        | -                                       | 28.00                                   |
| Dividend income on mutual fund units   | -                                       | 27.55                                   |
| Net gain on sale of investments in mutual funds                              | 815.27                                  | 20.55                                   |
| Net gain on financial assets designated at fair value through profit or loss | (442.75)                                | 1,639.89                                |
| Interest on loans given to related parties (refer note 42)                   | 2,552.26                                | 529.31                                  |
| Liabilities no longer required written back                                  | -                                       | 181.55                                  |
| Bad debts recovered  | 1.03                                    | -                                       |
| Miscellaneous income   | 46.59                                   | 29.41                                   |
|  | <b>4,722.79</b>                         | <b>4,630.25</b>                         |

### 30 Cost of material and stores and spare parts consumed

| Particulars  | <i>(Amount in INR lakhs)</i>            |   |
|--|---|---|
|  | <b>For the year ended 31 March 2019</b> | <b>For the year ended 31 March 2018</b> |
| Inventory at the beginning of the year                       | 651.46                                  | 546.04                                  |
| Add: Purchases   | 13,372.23                               | 12,411.26                               |
| Less: Inventory at the end of the year                       | (1,056.57)                              | (651.46)                                |
| <b>Cost of materials and stores and spare parts consumed</b> | <b>12,967.12</b>                        | <b>12,305.84</b>                        |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

| 31 Employee benefits expense                                 |                                     | <i>(Amount in INR lakhs)</i>        |  |
|--|-------------------------------------|-------------------------------------|--|
| Particulars  | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |  |
| Salaries and wages   | 410,607.62                          | 329,336.10                          |  |
| Contribution to provident and other funds                    | 42,137.61                           | 31,916.58                           |  |
| Expenses related to post-employment defined benefit plan     | 1,911.26                            | 1,371.53                            |  |
| Expenses related to compensated absences                     | (90.84)                             | 52.29                               |  |
| Staff welfare expenses                                       | 977.55                              | 927.14                              |  |
| Expense on employee stock option scheme                      | 463.68                              | 698.46                              |  |
|  | <b>456,006.88</b>                   | <b>364,302.10</b>                   |  |
| 32 Finance costs   |                                     | <i>(Amount in INR lakhs)</i>        |  |
| Particulars  | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |  |
| Interest expense on financial liabilities at amortised cost  | 6,177.84                            | 4,488.53                            |  |
| Other borrowing costs  | 182.42                              | 132.26                              |  |
|  | <b>6,360.26</b>                     | <b>4,620.79</b>                     |  |
| 33 Depreciation and amortisation expense                     |                                     | <i>(Amount in INR lakhs)</i>        |  |
| Particulars  | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |  |
| Depreciation of property, plant and equipment (refer note 3) | 1,829.93                            | 1,425.61                            |  |
| Amortisation of intangible assets (refer note 4)             | 2,626.55                            | 2,105.83                            |  |
|  | <b>4,456.48</b>                     | <b>3,531.44</b>                     |  |
| 34 Other expenses  |                                     | <i>(Amount in INR lakhs)</i>        |  |
| Particulars  | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |  |
| Sub-contractor charges                                       | 27,340.07                           | 19,331.04                           |  |
| Recruitment and training expenses                            | 5,100.97                            | 3,389.61                            |  |
| Rent (refer note 43)   | 2,989.73                            | 2,742.19                            |  |
| Power and Fuel   | 1,056.80                            | 1,144.30                            |  |
| Repairs & maintenance  |                                     |                                     |  |
| - buildings  | 1,053.92                            | 533.26                              |  |
| - plant and machinery  | 636.06                              | 331.30                              |  |
| - others   | 1,671.54                            | 932.93                              |  |
| Legal and professional fees (refer note 34.1)                | 3,629.68                            | 2,362.37                            |  |
| Rates and taxes  | 416.67                              | 286.20                              |  |
| Printing and stationery                                      | 708.76                              | 526.52                              |  |
| Stores and tools consumed                                    | 4,102.32                            | 662.92                              |  |
| Travelling and conveyance                                    | 3,849.16                            | 3,221.88                            |  |
| Communication expenses                                       | 881.46                              | 951.66                              |  |
| Loss allowance on financial assets, net [refer note 36(ii)]  | 1,113.08                            | 392.47                              |  |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars  | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| Equipment hire charges   | 1,214.14                            | 1,317.58                            |
| Insurance  | 978.33                              | 435.50                              |
| Database access charges  | 236.83                              | 259.81                              |
| Bank charges   | 114.91                              | 42.16                               |
| Business promotion and advertisement expenses                    | 3,077.57                            | 1,099.43                            |
| Loss on sale of fixed assets, net                                | -                                   | 2.29                                |
| Foreign exchange loss, net                                       | 682.07                              | 11.90                               |
| Expenditure on corporate social responsibility (refer note 34.2) | 327.99                              | 248.63                              |
| Deposits written-off   | 40.65                               | -                                   |
| Miscellaneous expenses   | 282.70                              | 322.57                              |
|  | <b>61,505.41</b>                    | <b>40,548.52</b>                    |

### 34.1 Payment to auditors (net of service tax/GST; included in legal and professional fees)

(Amount in INR lakhs)

| Particulars               | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|---------------------------|-------------------------------------|-------------------------------------|
| Statutory audit fees      | 44.00                               | 67.00                               |
| Limited reviews           | 15.00                               | 37.00                               |
| Tax audit fees            | 2.00                                | 2.00                                |
| Others                    | 21.00                               | 39.00                               |
| Reimbursement of expenses | 1.59                                | 4.30                                |
|                           | <b>83.59</b>                        | <b>149.30</b>                       |

### 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 INR lakhs)

| Particulars   | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| a) Gross amount required to be spent by the Company during the year | 296.31                              | 237.98                              |
| b) Amount spent during the year                                     |                                     |                                     |
| i) Construction/ acquisition of any asset                           | -                                   | -                                   |
| ii) On purpose other than i) above                                  | 327.99                              | 248.63                              |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 35 Financial instruments - fair value and risk management

#### Financial instruments by category

(Amount in INR lakhs)

| Particulars   | Note    | 31 March 2019   |          |                   | 31 March 2018    |          |                   |
|---|---------|-----------------|----------|-------------------|------------------|----------|-------------------|
|   |         | FVTPL           | FVTOCI   | Amortised Cost    | FVTPL            | FVTOCI   | Amortised Cost    |
| <b>Financial Assets:</b>                                |         |                 |          |                   |                  |          |                   |
| Non-current investments                                 | 5       | -               | -        | 70,050.82         | -                | -        | 60,151.89         |
| Loans   | 6 & 15  | -               | -        | 40,991.87         | -                | -        | 21,980.08         |
| Current investments                                     | 11      | 3,846.82        | -        | -                 | 19,740.20        | -        | -                 |
| Trade Recievables                                       | 12      | -               | -        | 52,046.53         | -                | -        | 53,986.06         |
| Cash and cash equivalents including other bank balances | 13 & 14 | -               | -        | 39,905.62         | -                | -        | 64,366.94         |
| Unbilled Revenue  | 16      | -               | -        | 45,826.33         | -                | -        | 31,888.91         |
| Other financial assets                                  | 7 & 17  | -               | -        | 4,393.44          | 1,400.00         | -        | 706.05            |
| <b>Total Financial Assets</b>                           |         | <b>3,846.82</b> | <b>-</b> | <b>253,214.61</b> | <b>21,140.20</b> | <b>-</b> | <b>233,079.93</b> |
| <b>Financial Liabilities:</b>                           |         |                 |          |                   |                  |          |                   |
| Non-convertible debentures                              | 21      | -               | -        | 14,894.68         | -                | -        | 14,862.65         |
| Borrowings other than above*                            | 21 & 23 | -               | -        | 42,065.89         | -                | -        | 57,860.98         |
| Trade Payables  | 24      | -               | -        | 9,551.44          | -                | -        | 8,822.30          |
| Other financial liabilities                             | 25      | -               | -        | 26,065.07         | -                | -        | 25,965.40         |
| <b>Total Financial Liabilities</b>                      |         | <b>-</b>        | <b>-</b> | <b>92,577.08</b>  | <b>-</b>         | <b>-</b> | <b>107,511.33</b> |

\*Current maturities of long-term borrowings forms part of other financial liabilities

#### 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 standalone 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:

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars   | Note    | Carrying amount   | Fair value      |         |         |
|---|---------|-------------------|-----------------|---------|---------|
|   |         | 31 March 2019     | Level 1         | Level 2 | Level 3 |
| <b>Financial assets not measured at fair value</b>      |         |                   |                 |         |         |
| Loans   | 6 & 15  | 40,991.87         | -               | -       | -       |
| Trade receivables                                       | 12      | 52,046.53         | -               | -       | -       |
| Cash and cash equivalents including other bank balances | 13 & 14 | 39,905.62         | -               | -       | -       |
| Unbilled revenue  | 16      | 45,826.33         | -               | -       | -       |
| Other financial assets                                  | 7 & 17  | 4,393.44          | -               | -       | -       |
| <b>Financial assets measured at fair value</b>          |         |                   |                 |         |         |
| Current investments                                     | 11      | 3,846.82          | 3,846.82        | -       | -       |
| Advance for purchase of shares                          | 17      | -                 | -               | -       | -       |
| <b>Total financial assets</b>                           |         | <b>187,010.61</b> | <b>3,846.82</b> | -       | -       |
| <b>Financial liabilities not measured at fair value</b> |         |                   |                 |         |         |
| Non-convertible debentures                              | 21      | 14,894.68         | -               | -       | -       |
| Borrowings other than above*                            | 21 & 23 | 42,065.89         | -               | -       | -       |
| Trade payables  | 24      | 9,551.44          | -               | -       | -       |
| Other financial liabilities                             | 25      | 26,065.07         | -               | -       | -       |
| <b>Total financial liabilities</b>                      |         | <b>92,577.08</b>  | -               | -       | -       |

\*Current maturities of long-term borrowings forms part of other financial liabilities

(Amount in INR lakhs)

| Particulars   | Note    | Carrying amount   | Fair value       |         |                 |
|---|---------|-------------------|------------------|---------|-----------------|
|   |         | 31 March 2018     | Level 1          | Level 2 | Level 3         |
| <b>Financial assets not measured at fair value</b>      |         |                   |                  |         |                 |
| Loans   | 6 & 15  | 21,980.08         | -                | -       | -               |
| Trade receivables                                       | 12      | 53,986.06         | -                | -       | -               |
| Cash and cash equivalents including other bank balances | 13 & 14 | 64,366.94         | -                | -       | -               |
| Unbilled revenue  | 16      | 31,888.91         | -                | -       | -               |
| Other financial assets                                  | 7 & 17  | 706.05            | -                | -       | -               |
| <b>Financial assets measured at fair value</b>          |         |                   |                  |         |                 |
| Current investments                                     | 11      | 19,740.20         | 19,740.20        | -       | -               |
| Advance for purchase of shares                          | 17      | 1,400.00          | -                | -       | 1,400.00        |
| <b>Total financial assets</b>                           |         | <b>194,068.24</b> | <b>19,740.20</b> | -       | <b>1,400.00</b> |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars   | Note    | Carrying amount   | Fair value |          |          |
|---|---------|-------------------|------------|----------|----------|
|   |         | 31 March 2018     | Level 1    | Level 2  | Level 3  |
| <b>Financial liabilities not measured at fair value</b> |         |                   |            |          |          |
| Non-convertible debentures                              | 21      | 14,862.65         | -          | -        | -        |
| Borrowings other than above*                            | 21 & 23 | 57,860.98         | -          | -        | -        |
| Trade payables  | 24      | 8,822.30          | -          | -        | -        |
| Other financial liabilities                             | 25      | 25,965.40         | -          | -        | -        |
| <b>Total financial liabilities</b>                      |         | <b>107,511.33</b> | <b>-</b>   | <b>-</b> | <b>-</b> |

\*Current maturities of long-term borrowings forms part of other financial liabilities

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:** This hierarchy includes financial instruments measured using quoted prices. This comprises of investment in mutual funds 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 maximise 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.

### 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) The Company has not disclosed the fair values for loans, trade receivables, cash and cash equivalents including other bank balances, unbilled revenue and other financial assets because their carrying amounts are a reasonable approximation of their fair value.
- 2) Current Investments : Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

#### B Financial Liabilities:

- 1) **Non-convertible debentures:** The fair values of the Company's interest-bearing debentures are determined by using Discounted cash flow ("DCF") method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The Company has not disclosed the fair values because its carrying amount is a reasonable approximation of its fair value.
- 2) **Borrowings:** It includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the standalone financial statements at amortised 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) **Trade payables and other financial liabilities:** Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the carrying values.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 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 Board of Directors of the Company 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 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 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 asset. 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.

Credit risk on cash and cash equivalents and other bank balances and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Investments comprises of investment in mutual funds invested with mutual fund institutions having high credit ratings assigned by domestic credit rating agencies. Loans represent security deposits given to suppliers, employees and others. Credit risk associated with such deposits is relatively low.

#### Trade receivables and unbilled revenue

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 does not have trade receivables for which no loss allowance is recognised because of collateral.

#### Expected credit loss assessment for customers as at 31 March 2019 and 31 March 2018 are as follows:

The Company uses an allowance matrix to measure the expected credit loss of trade receivables from customers and unbilled revenue.

Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default 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 movement in the allowance for impairment in respect of trade receivables and unbilled revenue is as follows:

(Amount in INR lakhs)

| Particulars  | 31 March 2019   | 31 March 2018   |
|--|-----------------|-----------------|
| Balance as at the beginning of the year                                | 3,768.92        | 4,473.67        |
| Impairment Loss recognised / reversed under expected credit loss model | 1,113.08        | 392.47          |
| Less: bad debts written off  | (1,029.57)      | (1,097.22)      |
| <b>Balance as at the end of the year</b>                               | <b>3,852.43</b> | <b>3,768.92</b> |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 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 and other financial instruments. 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.

### a) Financing arrangement

The Company maintains the following line of credit:

- (i) The Company has taken cash credit and overdraft facilities having interest rate ranging from MCLR+0.35% p.a. to MCLR+0.45% p.a. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- (ii) The Company has taken working capital loan from banks having interest rate ranging from 8.85% p.a. to 9.95% p.a. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted contractual cash flow:

**As at 31 March 2019** (Amount in INR lakhs)

| Particulars                 | Contractual cash flows |           |           |           |                   |
|-----------------------------|------------------------|-----------|-----------|-----------|-------------------|
|                             | Carrying amount        | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings*                 | 56,964.16              | 42,069.48 | -         | 14,894.68 | -                 |
| Trade payables              | 9,551.44               | 9,551.44  | -         | -         | -                 |
| Other financial liabilities | 26,061.48              | 26,061.48 | -         | -         | -                 |

\* Current maturities of long-term borrowings included under borrowings and excluded from other financial liabilities

**As at 31 March 2018** (Amount in INR lakhs)

| Particulars                 | Contractual cash flows |           |           |           |                   |
|-----------------------------|------------------------|-----------|-----------|-----------|-------------------|
|                             | Carrying amount        | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings*                 | 72,767.62              | 57,901.39 | 3.58      | 14,862.65 | -                 |
| Trade payables              | 8,822.30               | 8,822.30  | -         | -         | -                 |
| Other financial liabilities | 25,921.41              | 25,921.41 | -         | -         | -                 |

\* Current maturities of long-term borrowings included under borrowings and excluded from other financial liabilities

As disclosed in note 21 and note 23, the Company has secured bank loans that contains loan covenants. A future breach of covenants may require the Company to repay the loans 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.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### a) 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 ("INR"), which is the national currency of India.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

| Particulars              | Currency | As at 31 March 2019 |                     | As at 31 March 2018 |                     |
|--------------------------|----------|---------------------|---------------------|---------------------|---------------------|
|                          |          | Foreign currency*   | Amount in INR lakhs | Foreign currency*   | Amount in INR lakhs |
| Trade receivables        | USD      | 4,637.34            | 3.21                | 259,276.46          | 168.98              |
|                          | EURO     | 254,956.36          | 198.03              | 2,631.00            | 2.13                |
| Loans to related parties | SGD      | 20,652,816.44       | 10,540.68           | -                   | -                   |
| Other liabilities        | CAD      | 65,340.53           | 33.68               | 52,000.00           | 26.34               |

\*Foreign currency values are in actuals and not in lakhs.

The following significant exchange rates have been applied:

| Currency | Year end spot rate |               |
|----------|--------------------|---------------|
|          | 31 March 2019      | 31 March 2018 |
| USD/INR  | 69.16              | 65.18         |
| EURO/INR | 77.67              | 80.81         |
| SGD/INR  | 51.04              | 49.82         |
| CAD/INR  | 51.54              | 50.65         |

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO, SGD and CAD against INR at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and the standalone statement of profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

(Amount in INR lakhs)

| Particulars            | Profit and loss |           | Equity, net of tax |           |
|------------------------|-----------------|-----------|--------------------|-----------|
|                        | Strengthening   | Weakening | Strengthening      | Weakening |
| <b>31 March 2019</b>   |                 |           |                    |           |
| USD (6.11% movement)   | 0.20            | (0.20)    | 0.13               | (0.13)    |
| EURO (3.88% movement)  | 7.68            | (7.68)    | 5.00               | (5.00)    |
| CAD (1.76% movement)   | 0.59            | (0.59)    | 0.38               | (0.38)    |
| SGD (2.44% movement)   | 257.05          | (257.05)  | 167.23             | (167.23)  |
| <b>31 March 2018</b>   |                 |           |                    |           |
| USD (0.50% movement)   | 0.85            | (0.85)    | 0.55               | (0.55)    |
| EURO (16.62% movement) | 0.35            | (0.35)    | 0.23               | (0.23)    |
| CAD (4.23% movement)   | (1.07)          | 1.07      | (0.70)             | 0.70      |

### b) 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 vehicle loans, working capital loan and debentures which carry fixed rate of interest and which do not expose it to interest rate risk. The borrowings also includes cash credit facilities and bill discounting facilities which carries variable rate of interest.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### (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 INR lakhs)

| Particulars              | As at            | As at            |
|--------------------------|------------------|------------------|
|                          | 31 March 2019    | 31 March 2018    |
| Variable rate borrowings | 21,325.89        | 35,157.40        |
| Fixed rate borrowings    | 35,638.27        | 37,610.22        |
| <b>Total borrowings</b>  | <b>56,964.16</b> | <b>72,767.62</b> |

Total borrowings considered above includes current maturities of long term borrowings.

### (b) Sensitivity

(Amount in INR lakhs)

| Particulars              | Profit and loss |             | Equity, net of tax |             |
|--------------------------|-----------------|-------------|--------------------|-------------|
|                          | 1% increase     | 1% decrease | 1% increase        | 1% decrease |
| <b>31 March 2019</b>     |                 |             |                    |             |
| Variable rate borrowings | (213.26)        | 213.26      | (138.74)           | 138.74      |
| <b>31 March 2018</b>     |                 |             |                    |             |
| Variable rate borrowings | (351.57)        | 351.57      | (229.90)           | 229.90      |

The sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

### c) Price risk

#### (i) Price risk exposure

The Company's exposure to price risk arises from investments held by the Company in the mutual fund units and classified as fair value through profit or loss in the standalone balance sheet.

To manage its price risk arising from investments in mutual fund units, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The majority of the Company's mutual fund investments are publicly traded and are listed on the recognised stock exchanges.

The exposure of the Company's mutual fund investments to security price changes at the end of the reporting period are as follows:

(Amount in INR lakhs)

| Particulars                      | As at         | As at         |
|----------------------------------|---------------|---------------|
|                                  | 31 March 2019 | 31 March 2018 |
| Investments in mutual fund units | 3,846.82      | 19,740.20     |

#### (ii) Sensitivity

(Amount in INR lakhs)

| Particulars   | Impact on profit after tax |             |
|---------------|----------------------------|-------------|
|               | 1% increase                | 1% decrease |
| 31 March 2019 | 38.47                      | (38.47)     |
| 31 March 2018 | 197.40                     | (197.40)    |

The sensitivity analysis is prepared assuming the amount of mutual funds outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in prices.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 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 maximise 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 non-current borrowings, current borrowing and current maturities of long-term borrowings 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 INR lakhs)

| Particulars                     | As at            | As at            |
|---------------------------------|------------------|------------------|
|                                 | 31 March 2019    | 31 March 2018    |
| Gross debt                      | 56,964.16        | 72,767.62        |
| Less: Cash and cash equivalents | 32,331.79        | 41,093.23        |
| <b>Adjusted net debt</b>        | <b>24,632.37</b> | <b>31,674.39</b> |
| Total equity                    | 259,496.52       | 236,147.40       |
| <b>Net debt to equity ratio</b> | <b>0.09</b>      | <b>0.13</b>      |

### 38 Capital commitments

(Amount in INR lakhs)

| Particulars  | As at         | As at         |
|--|---------------|---------------|
|  | 31 March 2019 | 31 March 2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 406.04        | 418.95        |
|  | <b>406.04</b> | <b>418.95</b> |

### 39 Contingent liabilities and commitments (to the extent not provided for)

(Amount in INR lakhs)

| Particulars  | As at            | As at            |
|--|------------------|------------------|
|  | 31 March 2019    | 31 March 2018    |
| Corporate guarantees given as security for loan availed by related parties (refer note 39.1) | 35,773.73        | 25,220.47        |
| Bonus (refer note 39.2)  | 3,258.77         | 3,258.77         |
| Provident fund [refer note (i) and (ii) below]   | 321.66           | 321.66           |
| Direct and indirect tax matters [refer note (i) and (ii) below]                              | 137.06           | 400.31           |
| Contractual commitment to acquire the non-controlling interest (refer note 5)                | -                | 21,514.29        |
|  | <b>39,491.22</b> | <b>50,715.50</b> |

- 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. The Company is contesting the demand and the Management believes that its position will likely be upheld. The Management believes that the outcome of this proceedings will not have material adverse effect on the Company's financial position and results of operations.
- 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 standalone financial statements. The Company does not expect outcome of these proceedings to have a material adverse effect on its financial position.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

**39.1** The Company has given guarantees to banks for the loans availed by related parties to make good any default made by its related parties in repayment to banks.

**Movement of Corporate Guarantees given to related parties during the current year are as follows:**

*(Amount in INR lakhs)*

| Related parties                                     | As at<br>1 April 2018 | Given during<br>the financial<br>year | Settled /<br>expired during<br>the financial<br>year | As at<br>31 March 2019 |
|---|-----------------------|---------------------------------------|--|------------------------|
| 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                                | (700.00)   | 700.00                 |
| Terrier Security Services (India) Private Limited   | 2,200.00              | 2,200.00                              | (2,200.00)   | 2,200.00               |
| Excelus Learning Solutions Private Ltd              | 835.19                | 1,016.42                              | -  | 1,851.61               |
| Quesscorp Holdings Pte Ltd                          | 12,186.45             | -                                     | -  | 12,186.45              |
| Master Staffing Solutions Private Limited           | 1,000.00              | 1,000.00                              | (1,000.00)   | 1,000.00               |
| Golden Star Facilities and Services Private Limited | 1,500.00              | 3,500.00                              | (1,500.00)   | 3,500.00               |
| Quessglobal (Malaysia) SDN. BHD.                    | -                     | 168.85                                | -  | 168.85                 |
| Greenpiece Landscapes India Private Limited         | -                     | 1,600.00                              | -  | 1,600.00               |
| Qdigi Services Limited                              | -                     | 4,000.00                              | -  | 4,000.00               |
| Vedang Cellular Services Private Limited            | -                     | 1,500.00                              | -  | 1,500.00               |
| Quess Lanka Private Limited                         | -                     | 267.99                                | -  | 267.99                 |
| <b>Total</b>  | <b>25,220.47</b>      | <b>15,953.26</b>                      | <b>(5,400.00)</b>                                    | <b>35,773.73</b>       |

**Movement of Corporate Guarantee given to related parties during the previous year are as follows:**

*(Amount in INR lakhs)*

| Related parties                                     | As at<br>1 April 2017 | Given during<br>the financial<br>year | Settled /<br>expired during<br>the financial<br>year | As at<br>31 March 2018 |
|---|-----------------------|---------------------------------------|--|------------------------|
| Brainhunter Systems Limited, Canada                 | 6,198.83              | -                                     | -  | 6,198.83               |
| MFX Infotech Private Limited                        | 600.00                | 600.00                                | (600.00)   | 600.00                 |
| Aravon Services Private Limited                     | 700.00                | 700.00                                | (700.00)   | 700.00                 |
| Terrier Security Services (India) Private Limited   | 2,200.00              | 2,200.00                              | (2,200.00)   | 2,200.00               |
| Excelus Learning Solutions Private Ltd              | 788.47                | 46.72                                 | -  | 835.19                 |
| Inticore VJP Advance Systems Private Limited        | 500.00                | -                                     | (500.00)   | -                      |
| Quesscorp Holdings Pte Ltd                          | 12,186.45             | -                                     | -  | 12,186.45              |
| Master Staffing Solutions Private Limited           | 1,000.00              | 1,000.00                              | (1,000.00)   | 1,000.00               |
| Golden Star Facilities and Services Private Limited | 1,500.00              | 1,500.00                              | (1,500.00)   | 1,500.00               |
| <b>Total</b>  | <b>25,673.75</b>      | <b>6,046.72</b>                       | <b>(6,500.00)</b>                                    | <b>25,220.47</b>       |

**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 INR 10,000.00 per month to INR 21,000.00 per month [Section 2(13)] and the ceiling for computation of such salary or wages has been increased from INR 3,500.00 per month to INR 7,000.00 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.

For the period ended 31 March 2015, the Company has obtained a legal opinion from an external lawyer and was 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. Accordingly an amount of INR 3,258.77 lakhs being bonus for such retrospective period has been considered as contingent liability.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

- 40** On 28 February 2019, the Hon'ble Supreme Court of India delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. The Company has been legally advised that there are various interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is not practicable at this stage to reliably measure the contingencies relating to amounts payable if any on potential demands relating to PF.

### 41 Earnings per share

(Amount in INR lakhs except number of shares and per share data)

| Particulars  | For the year ended |               |
|--|--------------------|---------------|
|  | 31 March 2019      | 31 March 2018 |
| Nominal value of equity shares (INR per share)                                 | 10.00              | 10.00         |
| Net profit after tax for the purpose of earnings per share (INR in lakhs)      | 23,127.99          | 25,926.39     |
| Weighted average number of shares used in computing basic earnings per share   | 145,791,911        | 141,021,748   |
| <b>Basic earnings per share (INR)</b>  | <b>15.86</b>       | <b>18.38</b>  |
| Weighted average number of shares used in computing diluted earnings per share | 146,595,041        | 142,502,809   |
| <b>Diluted earnings per share (INR)</b>  | <b>15.77</b>       | <b>18.19</b>  |

#### Computation of weighted average number of shares

| Particulars  | For the year ended |                    |
|--|--------------------|--------------------|
|  | 31 March 2019      | 31 March 2018      |
| <b>Number of equity shares outstanding at the beginning of the year</b>  | <b>145,484,178</b> | <b>133,940,224</b> |
| <b>Add: Weighted average number of equity shares issued during the year</b>  |                    |                    |
| - 600,655 number of equity shares issued under ESOP scheme on 26 September 2018 for 187 days                         | 307,733            | -                  |
| - 10,924,029 number of equity shares issued under Institutional Placement Programme on 18 August 2017 for 226 days   | -                  | 6,763,919          |
| - 619,925 number of equity shares issued under ESOP scheme on 26 September 2017 for 187 days                         | -                  | 317,605            |
| <b>Weighted average number of shares outstanding at the end of the year for computing basic earnings per share</b>   | <b>145,791,911</b> | <b>141,021,748</b> |
| <b>Add: Impact of potentially dilutive equity shares</b>   |                    |                    |
| - 8,36,126 (31 March 2018: 1,495,599) number of ESOP's at fair value   | 803,130            | 1,481,061          |
| <b>Weighted average number of shares outstanding at the end of the year for computing diluted earnings per share</b> | <b>146,595,041</b> | <b>142,502,809</b> |

### 42 Related party disclosures

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

- |  |  |
|--|--|
| - Entities having significant influence      | Fairfax Financial Holdings Limited [till 28 February 2018]<br>Thomas Cook (India) Limited [till 28 February 2018, refer note 19.3]<br>National Collateral Management Services Limited<br>Fairfax (US) Inc.   |
| - Subsidiaries (including step subsidiaries) | Aravon Services Private Limited<br>Brainhunter Systems Limited<br>Mindwire Systems Limited<br>Brainhunter Companies LLC, USA<br>Coachieve Solutions Private Limited<br>MFX Infotech Private Limited<br>MFXchange (Ireland) Limited (dissolved w.e.f. 16 September 2017)<br>Quess (Philippines) Corp. |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

|   |   |
|---|---|
|   | Quess Corp (USA) Inc.<br>Quesscorp Holdings Pte Ltd<br>Quessglobal (Malaysia) SDN. BHD.<br>MFXchange Holdings Inc., Canada<br>MFXchange US, Inc.<br>Quesscorp Lanka Private Limited<br>Ikya Business Services (Private) Limited*<br>Inticore VJP Advance Systems Private Limited (till 28 August 2018)<br>Comtel Solutions Pte Ltd<br>Dependo Logistics Solutions Private Limited<br>Excelus Learning Solutions Private Limited<br>CentreQ Business Services Private Limited<br>Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Private Limited)<br>Vedang Cellular Services Private Limited<br>Master Staffing Solutions Private Limited<br>Golden Star Facilities and Services Private Limited<br>MFX Chile SpA<br>Comtelpro Pte. Ltd<br>Comtelink Sdn. Bhd<br>Monster.com.SG PTE Limited<br>Monster.com.HK Limited<br>Agensi Pekerjaan Monster Malaysia SDN. BHD (formerly known as: Monster Malaysia SDN. BHD)<br>Monster.com (India) Private Limited<br>Quess Corp Vietnam Limited Liability Company<br>Greenpiece Landscapes India Private Limited<br>Qdigi Services Limited (formerly known as HCL Computing Products Limited)<br>Quesscorp Manpower Supply Services LLC<br>Simpliance Technologies Private Limited<br>Quesscorp Management Consultancies (formerly known as Styracorp Management Services) |
| - Associates  | Terrier Security Services (India) Private Limited<br>Heptagon Technologies Private Limited<br>Quess Recruit, Inc.<br>Trimax Smart Infraprojects Private Limited<br>Quess East Bengal FC Private Limited<br>Agency Pekerjaan Quess Recruit SDN. BHD  |
| - Joint Venture   | Himmer Industrial Services (M) Sdn. Bhd.  |
| - Entities having common directors                                | Net Resources Investments Private Limited<br>Go Digit Infoworks Service Private Limited<br>Go Digit General Insurance Limited   |
| - Entity in which key managerial person has significant influence | Care Works Foundation   |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### Key executive management personnel

|                   |  |
|-------------------|--|
| Ajit Isaac        | Chairman & Managing Director & Chief Executive Officer (upto 23 January 2018)<br>Chairman & Managing Director (w.e.f 24 January 2018)      |
| Subrata Kumar Nag | Whole time Director & Chief Finance Officer (upto 23 January 2018)<br>Executive Director & Chief Executive Officer (w.e.f 24 January 2018) |
| Manoj Jain        | Chief Financial Officer (w.e.f 24 January 2018)  |
| Sudershan Pallap  | Company Secretary (upto 23 June 2018)  |
| Rajesh Kumar Modi | Company Secretary (w.e.f. 23 June 2018 upto 9 November 2018)   |
| Kundan K. Lal     | Company Secretary (w.e.f. 17 April 2019)   |

\* The subsidiary does not have any operation and is struck off from Register of Companies effective 11 March 2019.

### (ii) Related party transactions during the year

(Amount in INR lakhs)

| Nature of transaction and relationship                           | Name of related party                               | For the year ended |               |
|--|---|--------------------|---------------|
|  |   | 31 March 2019      | 31 March 2018 |
| <b>Revenue from operations</b>                                   |   |                    |               |
| -Entities having significant influence                           | Thomas Cook (India) Limited                         | 1,467.90           | 1,647.54      |
|  | National Collateral Management Services Limited     | 2,030.22           | 2,446.20      |
| -Subsidiaries  | MXF Infotech Private Limited                        | 730.00             | 303.50        |
|  | Master Staffing Solutions Private Limited           | 560.00             | 381.39        |
|  | Dependo Logistics Solutions Private Limited         | 393.49             | 240.58        |
|  | CentreQ Business Services Private Limited           | -                  | 32.50         |
|  | Vedang Cellular Services Private Limited            | 250.00             | 200.00        |
|  | Qdigi Services Limited                              | 233.78             | -             |
|  | Golden Star Facilities and Services Private Limited | 850.00             | -             |
|  | Coachieve Solutions Private Limited                 | 600.00             | -             |
|  | Aravon Services Private Limited                     | 375.00             | -             |
|  | Conneqt Business Solutions Limited                  | 574.87             | -             |
|  | Monster.com (India) Private Limited                 | 75.69              | -             |
|  | Quess Philippines Corp.                             | 120.00             | -             |
|  | Comtel Solutions Pte Limited                        | 275.00             | -             |
| -Associates  | Terrier Security Services (India) Private Limited   | 1,209.44           | 1,568.68      |
|  | Heptagon Technologies Private Limited               | 0.59               | -             |
|  | Trimax Smart Infraprojects Private Limited          | 3,767.42           | 748.30        |
| -Joint ventures  | Himmer Industrial Services (M) Sdn. Bhd.            | 193.55             | -             |
| -Entities having common directors                                | Go Digit Infoworks Service Private Limited          | 153.72             | 77.05         |
|  | Go Digit General Insurance Limited                  | 88.07              | 50.54         |
|  | Net Resources Investments Private Limited           | 11.74              | -             |
| -Entity in which key managerial person has significant influence | Careworks foundation                                | 125.51             | -             |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of transaction and relationship                               | Name of related party                               | For the year ended |               |
|--|---|--------------------|---------------|
|  |   | 31 March 2019      | 31 March 2018 |
| <b>Other expenses</b>  |   |                    |               |
| -Entities having significant influence                               | Thomas Cook (India) Limited                         | 171.67             | 561.65        |
| -Subsidiaries  | MFX Infotech Private Limited                        | -                  | 215.78        |
|  | Coachieve Solutions Private Limited                 | 782.29             | 490.44        |
|  | Master Staffing Solutions Private Limited           | 14,716.16          | 10,748.95     |
|  | Golden Star Facilities and Services Private Limited | 56.70              | 43.06         |
|  | Monster.com (India) Private Limited                 | 40.07              | 15.54         |
|  | Excelus Learning Solutions Private Limited          | -                  | 4.99          |
|  | Conneqt Business Solutions Limited                  | 36.79              | -             |
|  | Qdigi Services Limited                              | 84.43              | -             |
|  | Greenpiece Landscapes India Private Limited         | 2.87               | -             |
| -Associates  | Terrier Security Services (India) Private Limited   | 804.82             | 458.26        |
|  | Heptagon Technologies Private Limited               | 26.70              | -             |
| -Entities having common directors                                    | Net Resources Investments Private Limited           | 364.69             | 347.33        |
| <b>Intangible assets under development</b>                           |   |                    |               |
| -Subsidiaries  | MFX Infotech Private Limited                        | -                  | 385.43        |
| -Associates  | Heptagon Technologies Private Limited               | 227.98             | 189.68        |
| <b>Intangible assets</b>   |   |                    |               |
| -Associates  | Heptagon Technologies Private Limited               | 34.65              | -             |
| <b>Tangible assets</b>   |   |                    |               |
| -Associates  | Terrier Security Services (India) Private Limited   | 9.01               | -             |
| <b>Expenses incurred by the Company on behalf of related parties</b> |   |                    |               |
| -Subsidiaries  | Coachieve Solutions Private Limited                 | 362.41             | 96.31         |
|  | MFX Infotech Private Limited                        | 38.76              | 106.28        |
|  | Excelus Learning Solutions Private Limited          | 193.99             | 70.12         |
|  | Dependo Logistics Solutions Private Limited         | 122.74             | 245.01        |
|  | CentreQ Business Services Private Limited           | 4.13               | 3.14          |
|  | Inticore VJP Advance Systems Private Limited        | -                  | 14.28         |
|  | Aravon Services Private Limited                     | 48.46              | 2.81          |
|  | Qdigi Services Limited                              | 289.24             | -             |
|  | Conneqt Business Solutions Limited                  | 430.33             | -             |
|  | Monster.com (India) Private Limited                 | 8.00               | -             |
| -Associates  | Trimax Smart Infraprojects Private Limited          | 882.95             | 505.24        |

# Notes

to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of transaction and relationship                          | Name of related party                               | For the year ended |               |
|---|---|--------------------|---------------|
|   |   | 31 March 2019      | 31 March 2018 |
| <b>Payment made by related parties on behalf of the Company</b> |   |                    |               |
| -Subsidiaries   | Dependo Logistics Solutions Private Limited         | 47.11              | -             |
|   | Coachieve Solutions Private Limited                 | 17.85              | 1.53          |
|   | MFX Infotech Private Limited                        | 0.60               | 0.40          |
|   | Excelus Learning Solutions Private Limited          | 2.27               | -             |
| <b>Loans given to related parties</b>                           |   |                    |               |
| -Subsidiaries   | Coachieve Solutions Private Limited                 | 549.20             | 721.50        |
|   | MFX Infotech Private Limited                        | 50.00              | 1,200.00      |
|   | Dependo Logistics Solutions Private Limited         | 2,703.00           | 1,276.50      |
|   | Excelus Learning Solutions Private Limited          | 1,433.78           | 2,267.30      |
|   | Quess Corp (USA) Inc.                               | -                  | 515.83        |
|   | Vedang Cellular Services Private Limited            | 801.57             | 1,000.00      |
|   | Inticore VJP Advance Systems Private Limited        | -                  | 46.00         |
|   | Golden Star Facilities and Services Private Limited | 1,008.66           | 650.00        |
|   | Greenpiece Landscapes India Private Limited         | 450.00             | -             |
|   | Qdigi Services Limited                              | 2,968.00           | -             |
|   | Quesscorp Holdings Pte. Ltd                         | 10,664.00          | -             |
|   | Quess Corp Vietnam Limited Liability Company        | 70.14              | -             |
| -Associates   | Heptagon Technologies Private Limited               | 7,757.00           | -             |
|   | Terrier Security Services (India) Private Limited   | 2,250.00           | -             |
|   | Quess East Bengal FC Private Limited                | 1,253.71           | -             |
|   | Trimax Smart Infraprojects Private Limited          | 568.00             | 13,538.26     |
| <b>Repayment/ Adjustment of loans given to related parties</b>  |   |                    |               |
| -Subsidiaries   | Coachieve Solutions Private Limited                 | 646.82             | 403.96        |
|   | MFX Infotech Private Limited                        | 40.00              | 916.78        |
|   | Dependo Logistics Solutions Private Limited         | 1,631.00           | 1,551.50      |
|   | Golden Star Facilities and Services Private Limited | 1,298.66           | 360.00        |
|   | Inticore VJP Advance Systems Private Limited        | -                  | 46.00         |
|   | Vedang Cellular Services Private Limited            | 801.57             | 1,000.00      |
|   | Excelus Learning Solutions Private Limited          | 147.26             | 13.96         |
|   | Qdigi Services Limited                              | 2,968.00           | -             |
| -Associates   | Quess East Bengal FC Private Limited                | 509.54             | -             |
|   | Trimax Smart Infraprojects Private Limited          | 5,396.81           | 25.15         |
| <b>Interest on loans charged to related parties</b>             |   |                    |               |
| -Subsidiaries   | Coachieve Solutions Private Limited                 | 79.04              | 53.40         |
|   | MFX Infotech Private Limited                        | 75.16              | 63.36         |
|   | Excelus Learning Solutions Private Limited          | 268.89             | 89.75         |
|   | Dependo Logistics Solutions Private Limited         | 37.78              | 8.50          |
|   | Quess Corp (USA) Inc.                               | 40.28              | 32.82         |
|   | Inticore VJP Advance Systems Private Limited        | -                  | 0.27          |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of transaction and relationship                           | Name of related party                               | For the year ended |               |
|--|---|--------------------|---------------|
|  |   | 31 March 2019      | 31 March 2018 |
|  | Vedang Cellular Services Private Limited            | 4.42               | 19.89         |
|  | Golden Star Facilities and Services Private Limited | 18.59              | 9.62          |
|  | Qdigi Services Limited                              | 14.38              | -             |
|  | Greenpiece Landscapes India Private Limited         | 28.45              | -             |
|  | Quesscorp Holdings Pte. Ltd                         | 339.24             | -             |
|  | Quess Corp Vietnam Limited Liability Company        | 1.91               | -             |
| -Associates  | Heptagon Technologies Private Limited               | 642.79             | -             |
|  | Terrier Security Services (India) Private Limited   | 82.45              | -             |
|  | Quess East Bengal FC Private Limited                | 27.80              | -             |
|  | Trimax Smart Infraprojects Private Limited          | 891.08             | 251.70        |
| <b>Guarantees provided to banks on behalf of related parties</b> |   |                    |               |
| -Subsidiaries  | Excelus Learning Solutions Private Limited          | 1,016.42           | 46.72         |
|  | Master Staffing Solutions Private Limited           | 1,000.00           | 1,000.00      |
|  | Golden Star Facilities and Services Private Limited | 3,500.00           | 1,500.00      |
|  | MFX Infotech Private Limited                        | -                  | 600.00        |
|  | Aravon Services Private Limited                     | 700.00             | 700.00        |
|  | Vedang Cellular Services Private Limited            | 1,500.00           | -             |
|  | Qdigi Services Limited                              | 4,000.00           | -             |
|  | Greenpiece Landscapes India Private Limited         | 1,600.00           | -             |
|  | Quessglobal (Malaysia) SDN. BHD.                    | 168.85             | -             |
|  | Quesscorp Lanka Private limited                     | 267.99             | -             |
| -Associates  | Terrier Security Services (India) Private Limited   | 2,200.00           | 2,200.00      |

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

(Amount in INR lakhs)

| Nature of balance and relationship                 | Name of related party                                      | As at         | As at         |
|--|--|---------------|---------------|
|  |  | 31 March 2019 | 31 March 2018 |
| <b>Trade receivables (gross of loss allowance)</b> |  |               |               |
| -Entities having significant influence             | Thomas Cook (India) Limited                                | 67.79         | 547.22        |
|  | National Collateral Management Services Limited            | -             | 0.14          |
| -Subsidiaries                                      | MFX Infotech Private Limited                               | 1,112.40      | -             |
|  | Dependo Logistics Solutions Private Limited                | -             | 265.84        |
|  | Master Staffing Solutions Private Limited                  | -             | 77.23         |
|  | Qdigi Services Limited                                     | 32.20         | -             |
|  | Conneqt Business Solutions Limited                         | 120.22        | -             |
|  | Monster.com (India) Private Limited                        | 14.71         | -             |
|  | Quess Philippines Corp.                                    | 120.00        | -             |
|  | Comtel Solutions Pte Ltd                                   | 275.00        | -             |
| -Associates  | Terrier Security Services (India) Private Limited          | 3,223.14      | 1,676.64      |
|  | Trimax Smart Infraprojects Private limited (refer note 53) | 4,763.85      | -             |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of balance and relationship                                | Name of related party                               | For the year ended |               |
|---|---|--------------------|---------------|
|   |   | 31 March 2019      | 31 March 2018 |
| - Joint ventures  | Himmer Industrial Services (M) Sdn. Bhd.            | 83.09              | -             |
| - Entities having common directors                                | Go Digit Infoworks Service Private Limited          | 2.58               | 28.06         |
|   | Go Digit General Insurance Limited                  | 18.37              | 9.93          |
| - Entity in which key managerial person has significant influence | Careworks foundation                                | 148.10             | -             |
| <b>Trade payables</b>   |   |                    |               |
| - Entities having significant influence                           | Thomas Cook (India) Limited                         | 25.74              | 19.38         |
| - Subsidiaries  | Master Staffing Solutions Private Limited           | 3,565.02           | 3,968.34      |
|   | Monster.com (India) Private Limited                 | 20.43              | 12.17         |
|   | Golden Star Facilities and Services Private Limited | 11.24              | 0.31          |
|   | Coachieve Solutions Private Limited                 | 349.26             | -             |
|   | Dependo Logistics Solutions Private Limited         | 0.02               | -             |
|   | Qdigi Services Limited                              | 45.40              | -             |
| - Associates  | Terrier Security Services (India) Private Limited   | 56.78              | 232.55        |
|   | Heptagon Technologies Private Limited               | 27.82              | 0.54          |
| <b>Unbilled revenue</b>   |   |                    |               |
| - Entities having significant influence                           | Thomas Cook (India) Limited                         | 45.78              | 70.96         |
| - Subsidiaries  | MFX Infotech Private Limited                        | -                  | 300.00        |
|   | Vedang Cellular Services Private Limited            | -                  | 200.00        |
|   | Master Staffing Solutions Private Limited           | -                  | 300.00        |
|   | CentreQ Business Services Private Limited           | -                  | 32.50         |
|   | Golden Star Facilities and Services Private Limited | 200.00             | -             |
|   | Monster.com (India) Private Limited                 | 4.09               | -             |
|   | Coachieve Solutions Private Limited                 | 270.00             | -             |
|   | Conneqt Business Solutions Limited                  | 37.72              | -             |
|   | Qdigi Services Limited                              | 13.38              | -             |
| - Associates  | Trimax Smart Infraprojects Private limited          | 415.00             | 748.30        |
| <b>Loans</b>  |   |                    |               |
| - Subsidiaries  | Coachieve Solutions Private Limited                 | 736.89             | 895.03        |
|   | MFX Infotech Private Limited                        | 964.44             | 1,060.30      |
|   | Dependo Logistics Solutions Private Limited         | 1,072.00           | -             |
|   | Excelus Learning Solutions Private Limited          | 3,776.47           | 2,494.82      |
|   | Quess Corp (USA) Inc.                               | 515.83             | 521.60        |
|   | Golden Star Facilities and Services Private Limited | -                  | 290.00        |
|   | Greenpiece Landscape India Private Limited          | 450.00             | -             |
|   | Quess Corp Holdings Pte Ltd                         | 10,207.50          | -             |
|   | Quess Corp Vietnam Limited Liability Company        | 70.14              | -             |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of balance and relationship                       | Name of related party                                      | For the year ended |               |
|--|--|--------------------|---------------|
|  |  | 31 March 2019      | 31 March 2018 |
| -Associates  | Heptagon Technologies Private Limited                      | 7,757.00           | -             |
|  | Quess East Bengal FC Private Limited                       | 744.18             | -             |
|  | Terrier Security Services (India) Private Limited          | 2,250.00           | -             |
|  | Trimax Smart Infraprojects Private Limited (refer note 53) | 8,935.98           | 14,018.35     |
| <b>Other financial assets (interest receivable)</b>      |  |                    |               |
| -Subsidiaries  | Coachieve Solutions Private Limited                        | 71.13              | -             |
|  | MXF Infotech Private Limited                               | 67.65              | -             |
|  | Dependo Logistics Solutions Private Limited                | 34.00              | -             |
|  | Excelus Learning Solutions Private Limited                 | -                  | 89.75         |
|  | Vedang Cellular Services Private Limited                   | -                  | 1.57          |
|  | Golden Star Facilities and Services Private Limited        | -                  | 8.66          |
|  | Quess Corp (USA) Inc.                                      | 73.10              | 32.81         |
|  | Qdigi Services Limited                                     | 0.43               | -             |
|  | Greenpiece Landscape India Private Limited                 | 25.61              | -             |
|  | Quesscorp Holdings Pte. Ltd                                | 333.18             | -             |
| Quess Corp Vietnam Limited Liability Company             | 1.91   | -                  |               |
| -Associates  | Heptagon Technologies Private Limited                      | 578.50             | -             |
|  | Terrier Security Services (India) Private Limited          | 74.21              | -             |
|  | Quess East Bengal FC Private Limited                       | 25.02              | -             |
|  | Trimax Smart Infraprojects Private limited (refer note 53) | 403.78             | -             |
| <b>Other financial assets (Due from related parties)</b> |  |                    |               |
| -Subsidiaries  | Dependo Logistics Solutions Private Limited                | 40.39              | 2.44          |
|  | CentreQ Business Services Private Limited                  | 5.99               | 1.86          |
|  | Master Staffing Solutions Private Limited                  | -                  | 88.08         |
|  | Coachieve Solutions Private Limited                        | 370.40             | -             |
|  | MXF Infotech Private Limited                               | 144.02             | -             |
|  | Qdigi Services Limited                                     | 5.13               | -             |
|  | Conneqt Business Solutions Limited                         | 430.33             | -             |
|  | Excelus Learning Solutions Private Limited                 | 4.87               | -             |
|  | Monster.com (India) Private Limited                        | 2.44               | -             |
| -Associates  | Trimax Smart Infraprojects Private limited (refer note 53) | 1,136.51           | -             |
| <b>Other current financial liabilities</b>               |  |                    |               |
| -Subsidiaries  | Brainhunter Systems Limited                                | 33.68              | 30.94         |
|  | Conneqt Business Solutions Limited                         | 8.89               | -             |
|  | Qdigi Services Limited                                     | 25.34              | -             |
|  | Monster.com (India) Private Limited                        | 22.32              | -             |
|  | Coachieve Solutions Private Limited                        | 42.19              | 75.00         |
|  | Master Staffing Solutions Private Limited                  | 68.69              | -             |
| -Associates  | Terrier Security Services (India) Private Limited          | 461.76             | -             |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of balance and relationship | Name of related party                               | For the year ended |               |
|------------------------------------|---|--------------------|---------------|
|                                    |   | 31 March 2019      | 31 March 2018 |
| <b>Guarantees outstanding</b>      |   |                    |               |
| -Subsidiaries                      | Brainhunter Systems Limited                         | 6,198.83           | 6,198.83      |
|                                    | MFX Infotech Private Limited                        | 600.00             | 600.00        |
|                                    | Aravon Services Private Limited                     | 700.00             | 700.00        |
|                                    | Excelus Learning Solutions Private Limited          | 1,851.61           | 835.19        |
|                                    | Quesscorp Holdings Pte. Ltd                         | 12,186.45          | 12,186.45     |
|                                    | Master Staffing Solutions Private Limited           | 1,000.00           | 1,000.00      |
|                                    | Golden Star Facilities and Services Private Limited | 3,500.00           | 1,500.00      |
|                                    | Vedang Cellular Services Private Limited            | 1,500.00           | -             |
|                                    | Qdigi Services Limited                              | 4,000.00           | -             |
|                                    | Greenpiece Landscape India Private Limited          | 1,600.00           | -             |
|                                    | Quessglobal (Malaysia) SDN. BHD.                    | 168.85             | -             |
|                                    | Quesscorp Lanka Private limited                     | 267.99             | -             |
| -Associates                        | Terrier Security Services (India) Private Limited   | 2,200.00           | 2,200.00      |

#### (iv) Compensation of key managerial personnel\*

(Amount in INR lakhs)

| Particulars   | For the year ended |                 |
|---|--------------------|-----------------|
|   | 31 March 2019      | 31 March 2018   |
| Salaries and other employee benefits to whole-time directors and executive officers | 1,196.35           | 1,046.50        |
|   | <b>1,196.35</b>    | <b>1,046.50</b> |

\*Managerial remuneration does not include cost of employee benefits such as gratuity, compensated absences and employee share-based payments 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.

#### 43 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 INR lakhs)

| Particulars                | As at         | As at         |
|----------------------------|---------------|---------------|
|                            | 31 March 2019 | 31 March 2018 |
| Payable within 1 year      | 565.04        | 142.51        |
| Payable between 1-5 years  | 1,185.07      | 570.05        |
| Payable later than 5 years | -             | 71.26         |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars                                      | For the year ended |               |
|--|--------------------|---------------|
|  | 31 March 2019      | 31 March 2018 |
| Total rental expense relating to operating lease | 2,989.73           | 2,742.19      |
| - Non-cancellable                                | 502.87             | 256.96        |
| - Cancellable                                    | 2,486.86           | 2,485.23      |

#### 44. Assets and liabilities relating to employee benefits

(Amount in INR lakhs)

| Particulars                                  | As at           | As at           |
|--|-----------------|-----------------|
|  | 31 March 2019   | 31 March 2018   |
| Net defined benefit liability, gratuity plan | 6,557.18        | 4,261.78        |
| Liability for compensated absences           | 248.84          | 339.68          |
| <b>Total employee benefit liability</b>      | <b>6,806.02</b> | <b>4,601.46</b> |
| Current (refer note 26)                      | 248.84          | 339.68          |
| Non-current (refer note 22)*                 | 6,557.18        | 4,261.78        |
|  | <b>6,806.02</b> | <b>4,601.46</b> |

\*The Company has reviewed and reassessed the presentation of defined benefit obligations. Consequently, an amount of INR 2,507.57 lakhs representing provision for gratuity as at 31 March 2018, earlier classified under "current provisions" has been reclassified to "non-current provisions".

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, 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.

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.

The Company expects to pay INR 286.20 lakhs contributions to its defined benefit plans in FY 2019-20

#### B Reconciliation of net defined benefit liability/assets

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

(Amount in INR lakhs)

| Particulars  | As at         | As at         |
|--|---------------|---------------|
|  | 31 March 2019 | 31 March 2018 |
| <b>Reconciliation of present value of defined benefit obligation</b> |               |               |
| Obligation at the beginning of the year                              | 5,354.34      | 3,864.91      |
| Current service cost   | 1,627.02      | 1,137.25      |
| Interest cost  | 362.85        | 248.11        |
| Past service cost  | -             | 28.24         |
| Benefits settled   | (472.45)      | (491.23)      |
| Actuarial (gains)/ losses recognised in other comprehensive income   |               |               |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars  | As at           | As at           |
|--|-----------------|-----------------|
|  | 31 March 2019   | 31 March 2018   |
| - Changes in experience adjustments                            | 985.36          | 505.34          |
| - Changes in demographic assumptions                           | (580.20)        | 44.71           |
| - Changes in financial assumptions                             | 37.95           | (14.28)         |
| Transfer in  | 25.84           | 31.29           |
| <b>Obligation at the end of the year</b>                       | <b>7,340.71</b> | <b>5,354.34</b> |
| <b>Reconciliation of present value of plan assets</b>          |                 |                 |
| Plan assets at the beginning of the year, at fair value        | 1,092.56        | 630.21          |
| Interest income on plan assets                                 | 78.61           | 42.07           |
| Return on plan assets recognised in other comprehensive income | (22.03)         | 15.51           |
| Contributions  | 106.75          | 896.00          |
| Benefits settled   | (472.36)        | (491.23)        |
| <b>Plan assets at the end of the year, at fair value</b>       | <b>783.53</b>   | <b>1,092.56</b> |
| <b>Net defined benefit liability</b>                           | <b>6,557.18</b> | <b>4,261.78</b> |

### C (i) Expense recognised in profit or loss

(Amount in INR lakhs)

| Particulars              | For the year ended |                 |
|--------------------------|--------------------|-----------------|
|                          | 31 March 2019      | 31 March 2018   |
| Current service cost     | 1,627.02           | 1,137.25        |
| Interest cost            | 362.85             | 248.11          |
| Past service cost        | -                  | 28.24           |
| Interest income          | (78.61)            | (42.07)         |
| <b>Net gratuity cost</b> | <b>1,911.26</b>    | <b>1,371.53</b> |

### (ii) Remeasurement recognised in other comprehensive income

(Amount in INR lakhs)

| Particulars  | For the year ended |               |
|--|--------------------|---------------|
|  | 31 March 2019      | 31 March 2018 |
| Remeasurement of the net defined benefit liability | 443.11             | 535.77        |
| Remeasurement of the net defined benefit asset     | 22.03              | (15.51)       |
|  | <b>465.14</b>      | <b>520.26</b> |

### D Plan assets

(Amount in INR lakhs)

| Particulars              | As at         | As at           |
|--------------------------|---------------|-----------------|
|                          | 31 March 2019 | 31 March 2018   |
| Funds managed by insurer | 783.53        | 1,092.56        |
|                          | <b>783.53</b> | <b>1,092.56</b> |

### E Defined benefit obligation - Actuarial Assumptions

For the year ended

| Particulars   | 31 March 2019   | 31 March 2018   |
|---|-----------------|-----------------|
|   | Discount rate   | 6.54% - 6.60%   |
| Future salary growth                                      | 6.00% - 7.50%   | 6.00% - 7.50%   |
| Attrition rate  | 50.00% - 80.00% | 30.00% - 70.00% |
| Average duration of defined benefit obligation (in years) | 1.50            | 3.00            |

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### F Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, the defined benefit obligation would be as shown below:

#### Core employees

(Amount in INR lakhs)

| Particulars                        | As at         |          |               |          |
|------------------------------------|---------------|----------|---------------|----------|
|                                    | 31 March 2019 |          | 31 March 2018 |          |
|                                    | Decrease      | Increase | Decrease      | Increase |
| Discount rate (1% movement)        | 984.85        | 946.17   | 903.61        | 845.99   |
| Future salary growth (1% movement) | 946.75        | 983.86   | 846.35        | 902.39   |
| Attrition rate (10% movement)      | 985.75        | 946.78   | 889.57        | 859.19   |
| Mortality rate (10% movement)      | 965.05        | 965.22   | 873.84        | 873.96   |

#### Associate employees

(Amount in INR lakhs)

| Particulars                        | As at         |          |               |          |
|------------------------------------|---------------|----------|---------------|----------|
|                                    | 31 March 2019 |          | 31 March 2018 |          |
|                                    | Decrease      | Increase | Decrease      | Increase |
| Discount rate (1% movement)        | 6,458.95      | 6,294.33 | 4,409.93      | 4,553.01 |
| Future salary growth (1% movement) | 6,293.15      | 6,458.59 | 4,552.80      | 4,408.81 |
| Attrition rate (10% movement)      | 6,747.95      | 6,086.11 | 4,214.89      | 4,804.94 |
| Mortality rate (10% movement)      | 6,373.76      | 6,377.40 | 4,481.76      | 4,478.96 |

### 45 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 2019 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.

(Amount in INR lakhs)

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

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 46 Share-based payments

#### A Description of share based payment arrangement

At 31 March 2019, the Company has following the share-based payment arrangements:

##### Share option plans (equity settled)

##### IKYA Employee Stock Option Scheme 2009 ("Scheme 2009")

The Board of Directors in its meeting held on 19 November 2009 approved the 'IKYA Employee Stock Option Scheme 2009' ('Scheme 2009'), under which stock options are granted to specified employees of the Company. The Scheme 2009 provides for the issue of 52,00,000 bonus adjusted options with an exercise price of INR 10.00 each that would eventually convert into 52,00,000 equity shares of INR 10.00 each. The options vest over a period of three years and are exercisable only on occurrence of the liquidity event. The Scheme 2009 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. All outstanding options were vested as at 31 March 2015. As at 31 March 2019, the Company has 6,71,340 exercisable options outstanding. (31 March 2018: 12,71,995).

##### Quess Corp Limited Employee Stock Option Scheme 2015 ("Scheme 2015")

The Board of Directors in its meeting held on 22 December 2015 approved the 'Quess Corp Limited Employee Stock Option Scheme 2015' ('Scheme 2015'), under which stock options are granted to specified employees of the Company. The Scheme 2015 provides for the issue of not more than 4,75,000 options (19,00,000 bonus adjusted options) with an exercise price of INR 10.00 each that would eventually convert into equity shares of INR 10.00 each. The options vest over a period of three years and are exercisable over a period of three years from the vesting date of each tranche. As at 31 March 2019, the Company has Nil exercisable options outstanding (31 March 2018: Nil).

#### B Measurement of fair values

##### Scheme 2009

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 carried out.

##### Scheme 2015

The fair value of Employee Stock Options has been measured using Black Scholes Model of pricing.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

| Particulars                     | 31 March 2019 | 31 March 2018 |
|---------------------------------|---------------|---------------|
| Share price at grant date (INR) | 893.95        | 893.95        |
| Exercise price (INR)            | 10.00         | 10.00         |
| Risk free rate of interest      | 6.20%         | 6.20%         |
| Expected volatility             | 33.40%        | 33.40%        |
| Expected dividend               | -             | -             |
| Term to maturity                | 1 - 3 years   | 1 - 3 years   |

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

#### Scheme 2009

(Share price in INR)

| Particulars  | For the year ended      |                                 |                         |                                 |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
|  | 31 March 2019           |                                 | 31 March 2018           |                                 |
|  | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| <b>Outstanding options as at the beginning of the year</b> | <b>1,271,995</b>        | <b>10.00</b>                    | <b>1,891,920</b>        | <b>10.00</b>                    |
| Add: Granted during the year                               | -                       | -                               | -                       | -                               |
| Less: Exercised during the year                            | (600,655)               | 10.00                           | (619,925)               | 10.00                           |
| Less: Lapsed/forfeited during the year                     | -                       | -                               | -                       | -                               |
| <b>Outstanding options as at the end of the year</b>       | <b>671,340</b>          | <b>10.00</b>                    | <b>1,271,995</b>        | <b>10.00</b>                    |

The options outstanding as at 31 March 2019 have an exercise price of INR 10.00 (31 March 2018: INR 10.00) and a weighted average remaining contractual life of 2.17 years (31 March 2018: 3.17 years).

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2019 is INR 10.00 (31 March 2018: INR 10.00).

#### Grant date of options issued under ESOP 2009 Scheme:

| Grant date                                       | Exercise price (in INR) | Number of options outstanding |
|--|-------------------------|-------------------------------|
| 1 December 2009                                  | 10.00                   | 294,800.00                    |
| 1 October 2010                                   | 10.00                   | 377,103.00                    |
| 21 May 2011                                      | 10.00                   | 428,995.00                    |
| 31 May 2012                                      | 10.00                   | 686,690.00                    |
| 31 December 2013                                 | 10.00                   | 104,332.00                    |
| <b>Total</b>                                     |                         | <b>1,891,920</b>              |
| Less: Options exercised during FY 2017-18        |                         | (619,925)                     |
| Less: Options exercised during FY 2018-19        |                         | (600,655)                     |
| <b>Closing options as at the end of the year</b> |                         | <b>671,340</b>                |

#### Scheme 2015

(Share price in INR)

| Particulars  | For the year ended      |                                 |                         |                                 |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
|  | 31 March 2019           |                                 | 31 March 2018           |                                 |
|  | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| <b>Outstanding options as at the beginning of the year</b> | <b>223,604</b>          | <b>10.00</b>                    | -                       | -                               |
| Add: Granted during the year                               | -                       | -                               | 230,680                 | 10.00                           |
| Less: Exercised during the year                            | -                       | -                               | -                       | -                               |
| Less: Lapsed/forfeited during the year                     | (58,818)                | -                               | (7,076)                 | -                               |
| <b>Outstanding options as at the end of the year</b>       | <b>164,786</b>          | <b>10.00</b>                    | <b>223,604</b>          | <b>10.00</b>                    |

The options outstanding as at 31 March 2019 have an exercise price of INR 10.00 (31 March 2018: INR 10.00) and a weighted average remaining contractual life of 0.58 years (31 March 2018: 1.38 years).

### D Expense recognised in standalone statement of profit and loss

For details on the employee benefits expense, refer note 31.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

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

#### Investment in equity instruments

(Amount in INR lakhs except number of shares data)

| Subsidiaries/Associates                       | Number of shares acquired | Value per share including premium | As at 1 April 2018 | Purchased during the year | Sold/adjusted during the year | Adjustment on account of corporate guarantee | As at 31 March 2019 |
|---|---------------------------|-----------------------------------|--------------------|---------------------------|-------------------------------|--|---------------------|
| Ques Corp Holdings Pte Ltd                    | 6,789,645                 | SGD 1                             | 16,933.82          | 3,600.00                  | -                             | -  | 20,533.82           |
| Vedang Cellular Services Private Limited      | -                         | -                                 | 3,990.00           | -                         | -                             | 7.50   | 3,997.50            |
| Conneqt Business Services Private Limited     | -                         | -                                 | 15,272.82          | -                         | (50.79)                       | -  | 15,222.03           |
| Simpliance Technologies Private Limited       | 3,405                     | 5,873.72                          | 250.00             | 200.00                    | -                             | -  | 450.00              |
| Greenpiece Landscapes India Private Limited   | 720,000                   | 300.00                            | -                  | 2,160.00                  | -                             | 8.00   | 2,168.00            |
| Qdigi Services Limited                        | 5,000,000                 | 60.00                             | -                  | 3,000.00                  | -                             | 20.00  | 3,020.00            |
| Ques Corp Vietnam Limited Liability Company   | -                         | -                                 | -                  | 130.60                    | -                             | -  | 130.60              |
| Inticore VJP Advanced Systems Private Limited | 28,400                    | -                                 | 352.39             | -                         | (349.89)                      | (2.50)                                       | -                   |
| Ques East Bengal FC Private Limited           | 1,035,000                 | 96.96                             | -                  | 1,003.50                  | -                             | -  | 1,003.50            |
| Heptagon Technologies Private Limited         | 834                       | 17,985.61                         | 977.00             | 150.00                    | -                             | -  | 1,127.00            |

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

#### Investment in equity instruments

(Amount in INR lakhs except number of shares data)

| Subsidiaries/Associates                    | Number of shares acquired | Value per share including premium | As at 1 April 2017 | Purchased during the year | Sold during the year | Adjustment on account of corporate guarantee | As at 31 March 2018 |
|--|---------------------------|-----------------------------------|--------------------|---------------------------|----------------------|--|---------------------|
| Ques Corp Holdings Pte Ltd                 | 22,148,358                | SGD 1                             | 6,214.82           | 10,719.00                 | -                    | -  | 16,933.82           |
| Vedang Cellular Services Private Limited   | 127,488                   | 3,129.71                          | -                  | 3,990.00                  | -                    | -  | 3,990.00            |
| Conneqt Business Services Private Limited  | 46,669,330                | 32.73                             | -                  | 15,272.82                 | -                    | -  | 15,272.82           |
| Monster.com (India) Private Limited        | 49,994                    | 18,960.84                         | -                  | 9,479.28                  | -                    | -  | 9,479.28            |
| Trimax Smart Infraprojects Private Limited | 5,100                     | 10.00                             | -                  | 0.51                      | -                    | -  | 0.51                |
| Simpliance Technologies Private Limited    | 4,932                     | 2,777.78                          | 113.00             | 137.00                    | -                    | -  | 250.00              |
| Heptagon Technologies Private Limited      | 12,778                    | 7,645.95                          | -                  | 977.00                    | -                    | -  | 977.00              |

48 In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated financial statements of the Company and no separate disclosure on segment information is given in these standalone financial statements.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 49 Details of loans given during the year under Section 186(4) of the Act:

#### Movement for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars   | Balance as at<br>1 April 2018 | Loans given<br>during the year | Repaid/adjusted<br>during the year | Balance as at<br>31 March 2019 |
|---|-------------------------------|--------------------------------|------------------------------------|--------------------------------|
| MFX Infotech Private Limited                        | 1,060.30                      | 88.76                          | (40.60)                            | 1,108.46                       |
| Coachieve Solutions Private Limited                 | 895.03                        | 911.61                         | (699.36)                           | 1,107.28                       |
| Golden Star Facilities and Services Private Limited | 290.00                        | 1,008.66                       | (1,298.66)                         | -                              |
| Excelus Learning Solutions Private Limited          | 2,494.82                      | 1,627.77                       | (341.25)                           | 3,781.34                       |
| Qess Corp (USA) Inc.                                | 521.60                        | -                              | (5.77)                             | 515.83                         |
| Trimax Smart Infraprojects Private Limited          | 14,018.35                     | 1,450.95                       | (5,396.81)                         | 10,072.49                      |
| Dependo Logistics Solutions Private Limited         | -                             | 2,828.18                       | (1,715.79)                         | 1,112.39                       |
| Vedang Cellular Services Private Limited            | -                             | 801.57                         | (801.57)                           | -                              |
| Greenpiece Landscape India Private Limited          | -                             | 450.00                         | -                                  | 450.00                         |
| Qdigi Services Limited                              | -                             | 3,257.24                       | (3,252.10)                         | 5.14                           |
| Heptagon Technologies Private Limited               | -                             | 7,757.00                       | -                                  | 7,757.00                       |
| Qess Corp Holdings Pte Ltd                          | -                             | 10,664.00                      | (456.50)                           | 10,207.50                      |
| Qess Corp Vietnam Limited Liability Company         | -                             | 70.14                          | -                                  | 70.14                          |
| Terrier Security Services (India) Private Limited   | -                             | 2,250.00                       | -                                  | 2,250.00                       |
| Qess East Bengal FC Private Limited                 | -                             | 1,253.71                       | (509.54)                           | 744.17                         |
| Aravon Services Private Limited                     | -                             | 48.46                          | (48.46)                            | -                              |
| Conneqt Business Solutions Limited                  | -                             | 430.33                         | -                                  | 430.33                         |
| Monster.com (India) Private Limited                 | -                             | 8.00                           | (5.55)                             | 2.45                           |
| CentreQ Business Services Private Limited           | -                             | 5.99                           | -                                  | 5.99                           |
| <b>Total</b>  | <b>19,280.10</b>              | <b>34,912.37</b>               | <b>(14,571.96)</b>                 | <b>39,620.51</b>               |

#### Movement for the year ended 31 March 2018

(Amount in INR lakhs)

| Particulars   | Balance as at<br>1 April 2017 | Loans given<br>during the year | Repaid/adjusted<br>during the year | Balance as at<br>31 March 2018 |
|---|-------------------------------|--------------------------------|------------------------------------|--------------------------------|
| MFX Infotech Private Limited                        | 662.20                        | 1,200.00                       | (801.90)                           | 1,060.30                       |
| Coachieve Solutions Private Limited                 | 461.13                        | 721.50                         | (287.60)                           | 895.03                         |
| Dependo Logistics Solutions Private Limited         | 32.96                         | 1,276.50                       | (1,309.46)                         | -                              |
| Excelus Learning Solutions Private Limited          | 170.00                        | 2,267.30                       | 57.52                              | 2,494.82                       |
| Qess Corp (USA) Inc.                                | -                             | 515.83                         | 5.77                               | 521.60                         |
| Trimax Smart Infraprojects Private Limited          | -                             | 13,538.26                      | 480.09                             | 14,018.35                      |
| Vedang Cellular Services Private Limited            | -                             | 1,000.00                       | (1,000.00)                         | -                              |
| Inticore VJP Advance Systems Private Limited        | -                             | 46.00                          | (46.00)                            | -                              |
| Golden Star Facilities and Services Private Limited | -                             | 650.00                         | (360.00)                           | 290.00                         |
| <b>Total</b>  | <b>1,326.29</b>               | <b>21,215.39</b>               | <b>(3,261.58)</b>                  | <b>19,280.10</b>               |

The above unsecured loans are given to subsidiaries at an interest rate equivalent to Government Bond rate. Loans do not have any fixed term and are receivable on demand. The above loans were given for the purpose of working capital requirements.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 50 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.

**51** During the year ended 31 March 2019, the Company entered into a Composite Scheme of Arrangement and Amalgamation ("the Scheme") with Thomas Cook India Limited ("TCIL"), Travel Corporation (India) Limited, TC Travel and Services Limited, TC Forex Services Limited and SOTC Travel Management Private Limited and their respective shareholders and creditors, wherein TCIL will demerge its Human Resource Services business (including investment in shares of Ques Corp Limited) into the Company on a going concern basis. The Board vide its meeting dated 23 April 2018 approved the Scheme and filed the Scheme with BSE and NSE and is awaiting approval. As a part of consideration, the Company will issue its own shares to the shareholders of TCIL. The anticipated issue of shares to TCIL pursuant to the scheme of arrangement set out above is not expected to create a parent subsidiary or associate relationship with TCIL.

**52** The Board of Directors of the Company at its Meeting held on 25 October 2018, approved the Scheme of Amalgamation ("Scheme") among Ques Corp Ltd ("Transferee Company") with four of its wholly owned subsidiaries viz. Aravon Services Private Limited ("ASPL"), CentreQ Business Services Private Limited ("CBSP"), Coachieve Solutions Private Limited ("COAL"), and Master Staffing Solutions Private Limited ("MSSP") together known as ("Transferor Companies") and their respective shareholders and creditors. Upon the Scheme becoming effective, the Transferor Companies stand dissolved, all the assets and liabilities of these Transferor Companies will be recorded at the carrying values in the consolidated financial statements. The carrying amount of the Transferee Company's investment in the shares of the Transferor Companies, which shall stand cancelled in the terms of this Scheme, and the aggregate face value of such shares shall, subject to other provisions contained in the Scheme, be adjusted and reflected in the Capital Reserve of the Transferee Company. The Scheme upon approval by the Administration and Investment committee has been filed with NSE and BSE on 27 March 2019. The Scheme of amalgamation shall be subject to receipt of necessary approvals of shareholders and creditors, SEBI, Stock Exchanges, Regional Director and other regulatory authorities as may be required.

**53** The Company through a subcontracting arrangement with its associate, Trimax Smart Infraprojects Private limited (TSIPL) provides hardware, software, maintenance and technical support to Trimax IT Infrastructure & Services Limited ("Trimax"). The joint venture partner is Trimax. Trimax executed an agreement with Smart City Ahmedabad Development Limited ("SCADL") a government undertaking, in 2017 for supply, installation, commissioning and operation and maintenance for a Pan CIT infrastructure and intelligent command and control centre for the Ahmedabad Smart City ("Project").

On 21 February 2019, the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench ordered the commencement of Corporate Insolvency Resolution Process for Trimax based on a petition filed by Corporation Bank which had declared Trimax as an NPA on 31 March 2018.

At 31 March 2019, the Company has an outstanding trade receivable of INR 4,763.85 lakhs, advance receivable of INR 1,136.51 lakhs and loan and interest receivable of INR 9,339.76 lakhs recoverable from TSIPL. Similarly, TSIPL and therefore Trimax has an outstanding trade receivable of INR 15,100.00 lakhs from Trimax and SCADL respectively.

As at 31 March 2019, the resolution professional handling the Insolvency process for Trimax, has acknowledged INR 15,100.00 lakhs as debts due to TSIPL. Further as per the Tripartite agreement between TSIPL, Trimax and Axis Bank ("Escrow Agent"), amounts recoverable from SCADL will be deposited into an escrow account and 99.00% of the money received will be paid to TSIPL. TSIPL will utilize the proceeds to settle the obligation of the Company. Currently, the Company considers the amounts due from Trimax as recoverable, based on an independent legal opinion, which provides that 99.00% of the amounts due from SCADL will be transferred to the Escrow account during the Insolvency process extending over 180 days from 21 February 2019.

Based on the current facts and circumstances, the Company considers the amounts outstanding to be eventually recoverable, although such recovery is contingent on the inherent uncertainties over the outcome and timing of the ongoing Insolvency process before the NCLT.

# Notes

## to the standalone financial statements for the year ended 31 March 2019

### 54 Subsequent events

- (a) Subsequent to 31 March 2019, the Company ("PAC") through its subsidiary Conneqt Business Solutions Limited ("Acquirer") has entered into a Share Purchase Agreement ("SPA") with Mr. Ramamoorthy Jagadish and Mr. Adisheshan Saravanan ("SPA1") and First Carlyle Ventures Mauritius ("SPA2") and shareholders of Allsec Technologies Limited ("Target") to acquire 1,33,11,060 fully paid equity shares. On 17 April 2019, the Acquirer has entered into a SPA with SPA1 to acquire 53,87,155 shares at INR 320.00 per share amounting to INR 17,238.90 lakhs and with SPA2 to acquire 39,61,940 shares at INR 250.00 per share amounting to INR 9,904.85 lakhs. Pursuant to Regulations 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011, as amended ("SEBI SAST Regulations") the Acquirer along with the PAC have made a Public Announcement ("PA") for Open Offer ("Offer") to the shareholders of the Target Company to acquire up to 39,61,965 fully paid equity shares of INR 10.00 each at a price of INR 320.00 per share, payable in cash. On 3 May 2019 the Draft Letter of Offer is filed with Securities and Exchange Board of India ("SEBI"). The Acquirer and the PAC have appointed Axis Capital Limited as the Managers to the Open Offer, in terms of Regulation 12 of the SEBI SAST Regulations.
- (b) Subsequent to 31 March 2019, the Board of Directors of the Company at its meeting held on 17 April 2019, considered and approved additional investment of (a) INR 19,310.00 lakhs by way of subscription to equity shares to be issued and allotted by Conneqt Business Solutions Limited ("CBSL") ("the Equity Subscription") and (b) Not exceeding INR 21,000.00 lakhs by way of subscription to compulsorily convertible debentures ("CCDs") to be issued and allotted by CBSL. Pursuant to the Equity Subscription, the total shareholding of the Company in CBSL will increase from 51.00% to 70.00%. The foregoing shareholding of Quess in CBSL may further increase on conversion of the CCDs.
- (c) Subsequent to 31 March 2019, on 7 May 2019 the Company acquired balance 10.00% equity stake in GLIPL at a consideration of INR 280.00 lakhs and GLIPL has become 100.00% subsidiary of the Company.

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018

**Anand Subramanian**

Partner

Membership No.: 110815

Place: Bengaluru

Date: 22 May 2019

for and on behalf of the Board of Directors of

**Quess Corp Limited**

**Ajit Isaac**

Chairman &  
Managing Director  
DIN : 00087168

**Manoj Jain**

Chief Financial Officer

Place: Bengaluru

Date: 22 May 2019

**Subrata Kumar Nag**

Executive Director &  
Chief Executive Officer  
DIN: 02234000

**Kundan K. Lal**

Company Secretary  
Membership No.: F8393

# Independent Auditor's Report

## To The Members of Qess Corp Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Qess Corp Limited ("the Company") and its subsidiaries, (the Company and its subsidiaries together referred to as "the Group") which includes the Group's share of profit / (loss) in its associates and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 the other auditors on separate financial statements of the subsidiaries, associates and joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, and their consolidated profit, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of

the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Emphasis of Matter

We draw attention to Note 57 of the consolidated financial statements, which describes the effects on the collectability arising from uncertainty on the outcome of insolvency resolution process relating to certain trade receivables recoverable from a related party.

We draw attention to Note 44 of the consolidated financial statements, which describes the impracticability of applying the judgement of Supreme Court retrospectively and reliably measure the contingencies related to amounts payable if any on potential demands on Provident Fund.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter   | Auditor's Response  |
|---------|--|---|
| 1       | <p><b>Revenue Recognition:</b></p> <p>Revenue relating to Staffing services in the People Services reportable segment, Technology Solutions reportable segment and Facility Management reportable segment is recognised as the related services are performed in accordance with contractual terms. Revenues from staffing services from these reportable segments comprise 93% of the overall revenues of the Company for the year ended 31 March 2019.</p> | <p><b>Principal Audit procedures:</b></p> <p>Our audit approach was a combination of test of controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to recording of revenues at reporting periods.</li> <li>• Selected a sample of invoices and contracts and assessed design of controls tested the operating effectiveness of internal controls relating to revenue cut offs, including confirmation of attendance / time records from customers.</li> </ul> |

| Sr. No. | Key Audit Matter  | Auditor's Response  |
|---------|---|---|
|         | <p>The Company's monthly billing cycles is on contractual pre-determined dates. Revenue for the post billing period each month is recognized as per contractual terms as unbilled revenues.</p> <p>We consider cut offs relating to revenue from the staffing services to be a key audit matter as inappropriate revenue recognition can result in incorrect reporting of revenue for the year.</p> <p>Refer Note 2.11 and note 32 to the Consolidated Financial Statements.</p>  | <ul style="list-style-type: none"> <li>• Tested a sample of invoices using a combination of approved attendance / time records, customer acceptances and pricing agreed as per contractual terms.</li> <li>• Reviewed a sample of contracts in unbilled revenues with subsequent invoicing / collections.</li> </ul>  |
| 2       | <p><b>Evaluation of Impairment Assessment of Goodwill</b></p> <p>As at 31 March 2019 Goodwill of INR 63,351.21 lakhs is allocated to the Facility Management cash generating unit (CGU) and goodwill of INR 39,218.63 lakhs is allocated to Technology Solutions CGU.</p> <p>Goodwill is tested by management for impairment atleast on an annual basis and whenever there is an indication that goodwill maybe impaired. The recoverable amount of the CGU is determined based on value in use calculations. Value in use is the present value of future cash flows expected to be derived from the CGU. The key inputs used in the present value calculations includes the expected future growth in operating revenues and margins in the forecast period, long term growth rates and discount rates which are based on significant management assumptions and judgements.</p> <p>Refer note 2.3 (v), note 2.5, note 2.8 and note 4 to the Consolidated financial statements.</p>  | <p><b>Principal Audit procedures:</b></p> <p>Our audit procedures comprised understanding and assessing management's key assumptions relating to business projections and other inputs used by the external valuer in computing the value in use to determine the recoverable amounts. We also involved our internal valuation specialists to challenge assumptions relating to valuation. Additionally, we have considered the sensitivity to reasonable possibility of changes in key assumptions and inputs to ascertain whether these possible changes have a material effect on the recoverable amounts.</p> |
| 3       | <p><b>Recoverability of deferred tax assets on Minimum Alternate Tax (MAT) credit</b></p> <p>The Company avails of the deductions under section 80JJAA of the Income Tax Act since 2016-17, based on an independent external opinion establishing its eligibility and after fulfilling the conditions for claiming such deduction as set out in that section.</p> <p>The Company recognises the Minimum Alternate Tax (MAT) credit on the premise that the growth in taxable profits in future years will outpace the quantum of deduction claimed under section 80JJAA of the Income Tax Act, thereby enabling the Company to utilise such MAT Credits.</p> <p>The cumulative deferred tax (MAT) asset balance at 31 March 2019 is INR 12,658.65 lakhs. The ability of the Company to avail of the deferred tax assets involves several forward looking assumptions relating to growth in taxable profits and increase in employees over an extended period of time and therefore involves significant judgement.</p> <p>Refer note 2.3(i), note 2.17 and note 9 to the Consolidated financial statements.</p> | <p><b>Principal Audit procedures:</b></p> <p>Our audit procedures consisted of understanding and assessing management's key assumptions relating to estimation of future taxable profits available for utilisation of MAT credit. We have also considered the sensitivity to reasonable possibility of changes in key assumptions to ascertain whether these possible changes have a material effect on the availability of future taxable profits within the period available for utilization of deferred tax assets pertaining to MAT credit.</p>   |

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Chairman and Managing Director's statement, Board's report, Financial performance highlights (including segment wise performance), Management discussion and analysis and Report on corporate governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, joint venture and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, joint venture and associates, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. 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 the assets of the Group and its associates and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free

from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most

significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

- Corresponding figures of the Group for the year ended 31 March 2018 have been audited by another auditor who expressed an unmodified opinion dated 17 May 2018 on the consolidated financial statements of the Company for the year ended 31 March 2018.
- We did not audit the financial statements of thirty three subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of INR 202,396.10 lakhs as at 31 March 2019, total revenues of INR 294,197.48 lakhs, total net profit after tax of INR 2,911.64 lakhs and total comprehensive income of INR 3,666.45 lakhs for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net (loss) of INR 880.85 lakhs and total comprehensive (loss) of INR 162.42 lakhs for the year ended 31 March 2019, as considered in the consolidated financial results, in respect of six associates and one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, is based solely on the reports of the other auditors.
- The consolidated financial results includes the unaudited financial statements of one subsidiary, whose financial statements reflect total assets of INR 1,754.67 lakhs as at 31 March 2019, total revenue of INR 2,232.08 lakhs, total net profit after tax of INR 84.92 lakhs and total comprehensive income of INR 104.06 lakhs for the year ended 31 March 2019, as considered in the consolidated financial results. This financial statement is unaudited and has been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statement. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

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

## 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 the reports of the other auditors on the separate financial statements of the subsidiaries, associates and joint venture referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the 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 Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Company as on 31 March 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies, to the extent of such companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies, to the extent of such companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company, subsidiary companies, associate companies and

joint venture companies, to the extent of such companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

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

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture;
  - ii. The Group, its associates and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies, associate companies and joint venture companies, to the extent of such companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Anand Subramanian**  
Partner  
(Membership No. 110815)

Bengaluru  
22 May 2019

# Annexure “A”

## to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of Qess Corp Limited of even date)

### Report on the Internal Financial Controls Over Financial Reporting 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 the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of Qess Corp Limited (hereinafter referred to as “Company”) and its Indian incorporated subsidiary companies, its Indian incorporated associate companies and Indian incorporated joint venture as of that date.

#### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company, its Indian incorporated subsidiary companies, its Indian incorporated associate companies and Indian incorporated joint venture are responsible for establishing and maintaining internal financial controls 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its Indian incorporated subsidiary companies, its Indian incorporated associate companies and its Indian incorporated joint venture based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Indian incorporated subsidiary companies, Indian incorporated associate companies and Indian incorporated joint venture in terms of their reports 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 Company, its subsidiary companies, its associate companies and its joint venture, which are 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 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors furnished to us, and referred to in the Other Matters paragraph below, the Company, its Indian incorporated subsidiary companies, its Indian incorporated associate companies and Indian incorporated joint venture 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 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### 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 fourteen subsidiary companies and four associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Anand Subramanian**  
Partner  
(Membership No. 110815)

Bengaluru,  
22 May 2019

# Consolidated Balance Sheet

as at 31 March 2019

(Amount in INR lakhs)

| Particulars   | Note | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------|------------------------|------------------------|
| <b>ASSETS</b>   |      |                        |                        |
| <b>Non-current assets</b>   |      |                        |                        |
| Property, plant and equipment                                     | 3    | 23,544.26              | 23,249.12              |
| Capital work-in-progress  | 3    | 33.71                  | 18.87                  |
| Goodwill  | 4    | 117,686.43             | 109,593.33             |
| Other intangible assets   | 5    | 24,405.39              | 30,320.77              |
| Intangible assets under development                               | 5    | 1,437.80               | 215.79                 |
| Investments in equity accounted investees                         | 6    | 8,832.74               | 8,578.78               |
| <b>Financial assets</b>   |      |                        |                        |
| Investments   | 6    | 165.50                 | 297.74                 |
| Loans   | 7    | 24,243.29              | 5,150.58               |
| Other financial assets  | 8    | 8,032.24               | 5,258.21               |
| Deferred tax assets (net)   | 9    | 19,264.59              | 15,556.23              |
| Income tax assets (net)   | 9    | 31,195.31              | 20,918.27              |
| Other non-current assets  | 10   | 1,831.03               | 1,792.41               |
| <b>Total non-current assets</b>                                   |      | <b>260,672.29</b>      | <b>220,950.10</b>      |
| <b>Current assets</b>   |      |                        |                        |
| Inventories   | 11   | 2,208.18               | 849.45                 |
| <b>Financial assets</b>   |      |                        |                        |
| Investments   | 12   | 3,846.82               | 19,740.20              |
| Trade receivables   | 13   | 91,319.04              | 92,067.85              |
| Cash and cash equivalents   | 14   | 50,477.39              | 56,611.15              |
| Bank balances other than cash and cash equivalents above          | 15   | 8,072.35               | 27,040.22              |
| Loans   | 16   | 3,797.30               | 17,431.63              |
| Unbilled revenue  | 17   | 70,321.95              | 47,287.46              |
| Other financial assets  | 18   | 219.51                 | 1,724.37               |
| Other current assets  | 19   | 10,232.50              | 6,160.90               |
| <b>Total current assets</b>                                       |      | <b>240,495.04</b>      | <b>268,913.23</b>      |
| <b>Total Assets</b>   |      | <b>501,167.33</b>      | <b>489,863.33</b>      |
| <b>EQUITY AND LIABILITIES</b>                                     |      |                        |                        |
| <b>Equity</b>   |      |                        |                        |
| Equity share capital  | 20   | 14,608.48              | 14,548.42              |
| Other equity  | 21   | 257,950.09             | 231,527.90             |
| <b>Total equity attributable to equity holders of the Company</b> |      | <b>272,558.57</b>      | <b>246,076.32</b>      |
| Non-controlling interests   | 22   | 309.93                 | 157.78                 |
| <b>Total equity</b>   |      | <b>272,868.50</b>      | <b>246,234.10</b>      |

# Consolidated Balance Sheet

as at 31 March 2019

(Amount in INR lakhs)

| Particulars  | Note | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------|------------------------|------------------------|
| <b>Liabilities</b>   |      |                        |                        |
| <b>Non-current liabilities</b>   |      |                        |                        |
| <b>Financial liabilities</b>   |      |                        |                        |
| Borrowings   | 23   | 20,901.93              | 26,860.08              |
| Other financial liabilities  | 24   | 20,635.15              | 19,569.04              |
| Deferred tax liabilities (net)   | 9    | 9.02                   | 22.40                  |
| Non-current provisions   | 25   | 11,486.85              | 9,102.81               |
| <b>Total non-current liabilities</b>   |      | <b>53,032.95</b>       | <b>55,554.33</b>       |
| <b>Current liabilities</b>   |      |                        |                        |
| <b>Financial liabilities</b>   |      |                        |                        |
| Borrowings   | 26   | 54,113.97              | 69,760.56              |
| Trade payables   |      |                        |                        |
| Total outstanding dues of micro enterprises and small enterprises                      | 50   | -                      | -                      |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 27   | 17,291.75              | 14,812.32              |
| Other financial liabilities  | 28   | 75,088.01              | 78,395.08              |
| Income tax liabilities (net)   | 29   | 853.75                 | 961.19                 |
| Current provisions   | 30   | 994.46                 | 1,438.46               |
| Other current liabilities  | 31   | 26,923.94              | 22,707.29              |
| <b>Total current liabilities</b>   |      | <b>175,265.88</b>      | <b>188,074.90</b>      |
| <b>Total Liabilities</b>   |      | <b>228,298.83</b>      | <b>243,629.23</b>      |
| <b>Total Equity and Liabilities</b>  |      | <b>501,167.33</b>      | <b>489,863.33</b>      |

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018

**Anand Subramanian**

Partner

Membership No.: 110815

Place: Bengaluru

Date: 22 May 2019

for and on behalf of the Board of Directors of

**Qess Corp Limited**

**Ajit Isaac**

Chairman &

Managing Director

DIN : 00087168

**Manoj Jain**

Chief Financial Officer

Place: Bengaluru

Date: 22 May 2019

**Subrata Kumar Nag**

Executive Director &

Chief Executive Officer

DIN: 02234000

**Kundan K. Lal**

Company Secretary

Membership No.: F8393

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(Amount in INR lakhs, except per share data)

| Particulars   | Note | For the year ended |                   |
|---|------|--------------------|-------------------|
|   |      | 31 March 2019      | 31 March 2018     |
| <b>Income</b>   |      |                    |                   |
| Revenue from operations   | 32   | 852,699.28         | 616,726.07        |
| Other income  | 33   | 7,122.57           | 5,692.16          |
| <b>Total income</b>   |      | <b>859,821.85</b>  | <b>622,418.23</b> |
| <b>Expenses</b>   |      |                    |                   |
| Cost of material and stores and spare parts consumed                                  | 34   | 26,240.51          | 14,221.87         |
| Employee benefit expenses   | 35   | 671,321.16         | 507,931.79        |
| Finance costs   | 36   | 11,439.94          | 7,545.39          |
| Depreciation and amortisation expense   | 37   | 12,315.04          | 7,474.01          |
| Other expenses  | 38   | 108,679.77         | 59,136.01         |
| <b>Total expenses</b>   |      | <b>829,996.42</b>  | <b>596,309.07</b> |
| <b>Profit before share of profit of equity accounted investees and income tax</b>     |      | <b>29,825.43</b>   | <b>26,109.16</b>  |
| Share of profit/(loss) of equity accounted investees (net of income tax)              | 6    | (880.85)           | 36.49             |
| <b>Profit before tax</b>  |      | <b>28,944.58</b>   | <b>26,145.65</b>  |
| <b>Tax (expense)/credit</b>   |      |                    |                   |
| Current tax: Minimum Alternative Tax ('MAT') for the year                             | 9    | (8,065.33)         | (6,260.55)        |
| Tax relating to earlier years   | 9    | (384.02)           | 5,651.55          |
| Deferred tax (including MAT credit entitlement)                                       | 9    | 5,159.69           | 5,439.54          |
| <b>Total tax (expenses)/credit</b>  |      | <b>(3,289.66)</b>  | <b>4,830.54</b>   |
| <b>Profit for the year</b>  |      | <b>25,654.92</b>   | <b>30,976.19</b>  |
| <b>Other comprehensive income</b>   |      |                    |                   |
| <i>Items that will not be reclassified subsequently to profit or loss</i>             |      |                    |                   |
| Re-measurement losses on defined benefit plans  | 49   | (346.50)           | (470.85)          |
| Share of other comprehensive income of equity accounted investees (net of income tax) | 6    | 162.42             | 15.40             |
| Income tax relating to items that will not be reclassified to profit or loss          | 9    | 184.33             | 152.46            |
| <i>Items that will be reclassified subsequently to profit or loss</i>                 |      |                    |                   |
| Exchange differences on translating financial statements of foreign operations        |      | 634.43             | (83.38)           |
| <b>Other comprehensive income/(loss) for the year, net of income tax</b>              |      | <b>634.68</b>      | <b>(386.37)</b>   |
| <b>Total comprehensive income for the year</b>  |      | <b>26,289.60</b>   | <b>30,589.82</b>  |
| <b>Profit attributable to</b>   |      |                    |                   |
| Owners of the Company   |      | 25,674.11          | 31,098.72         |
| Non-controlling interests   |      | (19.19)            | (122.53)          |
| <b>Total profit for the year</b>  |      | <b>25,654.92</b>   | <b>30,976.19</b>  |

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(Amount in INR lakhs, except per share data)

| Particulars   | Note | For the year ended |                  |
|---|------|--------------------|------------------|
|   |      | 31 March 2019      | 31 March 2018    |
| <b>Other comprehensive income attributable to</b>               |      |                    |                  |
| Owners of the Company   |      | 634.68             | (386.37)         |
| Non-controlling interests                                       |      | -                  | -                |
| <b>Total other comprehensive income for the year</b>            |      | <b>634.68</b>      | <b>(386.37)</b>  |
| <b>Total comprehensive income attributable to :</b>             |      |                    |                  |
| Owners of the Company   |      | 26,308.79          | 30,712.35        |
| Non-controlling interests                                       |      | (19.19)            | (122.53)         |
| <b>Total comprehensive income for the year</b>                  |      | <b>26,289.60</b>   | <b>30,589.82</b> |
| <b>Earnings per equity share (face value of INR 10.00 each)</b> |      |                    |                  |
| Basic (in INR)  | 45   | 17.61              | 22.05            |
| Diluted (in INR)  | 45   | 17.51              | 21.82            |

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached  
for **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No.: 117366W/W-100018

**Anand Subramanian**  
Partner  
Membership No.: 110815

Place: Bengaluru  
Date: 22 May 2019

for and on behalf of the Board of Directors of  
**Ques Corp Limited**

**Ajit Isaac**  
Chairman &  
Managing Director  
DIN : 00087168

**Manoj Jain**  
Chief Financial Officer

Place: Bengaluru  
Date: 22 May 2019

**Subrata Kumar Nag**  
Executive Director &  
Chief Executive Officer  
DIN: 02234000

**Kundan K. Lal**  
Company Secretary  
Membership No.: F8393

# Consolidated Statement of Changes in Equity

for the period ended 31 March 2019

(A) Equity share capital

| Particulars                     | Note | (Amount in INR lakhs) |                  |
|---------------------------------|------|-----------------------|------------------|
|                                 |      | 31 March 2019         | 31 March 2018    |
| Opening balance                 |      | 14,548.42             | 12,679.10        |
| Changes in equity share capital | 20   | 60.06                 | 1,869.32         |
| <b>Closing balance</b>          |      | <b>14,608.48</b>      | <b>14,548.42</b> |

(B) Other equity

| Particulars  | Note | Reserves and surplus |                   |                 |                 |                            | Items of other comprehensive income |                         |                                      | Total attributable to equity holders of the Company | Attributable to non-controlling interests | Total           |                                      |
|--|------|----------------------|-------------------|-----------------|-----------------|----------------------------|-------------------------------------|-------------------------|--------------------------------------|---|---|-----------------|--------------------------------------|
|  |      | Securities premium   | Retained earnings | Capital reserve | General reserve | Capital redemption reserve | Stock options outstanding account   | Debt redemption reserve | Foreign currency translation reserve |   |   |                 |                                      |
|  |      |                      |                   |                 |                 |                            |                                     |                         | Others                               |   |   |                 | Foreign currency translation reserve |
| Balance as at 1 April 2017   |      | 40,205.60            | 31,291.02         | -               | 126.56          | -                          | 89.02                               | 187.50                  | (334.59)                             | 201.97  | 71,767.08                                 | 88.20           | 71,855.28                            |
| <b>Total comprehensive income for the year ended 31 March 2018</b> |      | -                    | 31,098.72         | -               | -               | -                          | -                                   | -                       | (83.38)                              | (302.99)  | (386.37)                                  | (122.53)        | 30,976.19                            |
| Profit for the year  |      | -                    | 31,098.72         | -               | -               | -                          | -                                   | -                       | (83.38)                              | (302.99)  | (386.37)                                  | (122.53)        | (386.37)                             |
| Other comprehensive income (net of tax)                            |      | -                    | -                 | -               | -               | -                          | -                                   | -                       | (83.38)                              | (302.99)  | (386.37)                                  | (122.53)        | (386.37)                             |
| <b>Total comprehensive income</b>                                  |      | -                    | <b>31,098.72</b>  | -               | -               | -                          | -                                   | -                       | <b>(83.38)</b>                       | <b>(302.99)</b>                                     | <b>(386.37)</b>                           | <b>(122.53)</b> | <b>30,589.82</b>                     |
| Transferred to debt redemption reserve                             | 21   | -                    | (750.00)          | -               | -               | -                          | -                                   | 750.00                  | -                                    | -   | -   | -               | -                                    |
| Transferred to general reserve                                     | 21   | -                    | -                 | -               | 87.90           | -                          | (87.90)                             | -                       | -                                    | -   | -   | -               | -                                    |
| Appropriation to capital redemption reserve                        | 21   | -                    | (1,500.00)        | -               | -               | 1,500.00                   | -                                   | -                       | -                                    | -   | -   | -               | -                                    |
| Non-controlling interests on acquisition of subsidiaries           |      | -                    | -                 | -               | -               | -                          | -                                   | -                       | -                                    | -   | -   | 192.11          | 192.11                               |
| Arising on account of merger                                       |      | -                    | -                 | 44.74           | -               | -                          | -                                   | -                       | -                                    | -   | 44.74                                     | -               | 44.74                                |
| <b>Transactions with owners, recorded directly in equity</b>       |      | -                    | -                 | 44.74           | -               | -                          | -                                   | -                       | -                                    | -   | 44.74                                     | -               | 44.74                                |
| <b>Contributions by owners</b>                                     |      | -                    | -                 | -               | -               | -                          | -                                   | -                       | -                                    | -   | -   | -               | -                                    |
| Share based payments   | 21   | -                    | -                 | -               | -               | -                          | 698.46                              | -                       | -                                    | -   | 698.46                                    | -               | 698.46                               |
| Premium on issue of equity shares pursuant to merger               | 21   | 45,315.60            | -                 | -               | -               | -                          | -                                   | -                       | -                                    | -   | 45,315.60                                 | -               | 45,315.60                            |
| Premium on issue of equity shares - IPP                            | 22   | 86,299.83            | -                 | -               | -               | -                          | -                                   | -                       | -                                    | -   | 86,299.83                                 | -               | 86,299.83                            |
| Share issue expenses   | 21   | (3,310.16)           | -                 | -               | -               | -                          | -                                   | -                       | -                                    | -   | (3,310.16)                                | -               | (3,310.16)                           |
| <b>Total contributions by owners</b>                               |      | <b>128,305.27</b>    | -                 | -               | -               | -                          | <b>698.46</b>                       | -                       | -                                    | -   | <b>129,003.73</b>                         | -               | <b>129,003.73</b>                    |
| <b>Balance as at 31 March 2018</b>                                 |      | <b>168,510.87</b>    | <b>60,139.74</b>  | <b>44.74</b>    | <b>214.46</b>   | <b>1,500.00</b>            | <b>699.58</b>                       | <b>937.50</b>           | <b>(417.97)</b>                      | <b>(101.02)</b>                                     | <b>231,527.90</b>                         | <b>157.78</b>   | <b>231,685.68</b>                    |

# Consolidated Statement of Changes in Equity

for the period ended 31 March 2019

(Amount in INR lakhs)

| Particulars  | Note | Reserves and surplus |                   |                 |                 | Items of other comprehensive income |                                   |                         | Total attributable to equity holders of the Company | Attributable to non-controlling interests | Total      |                                      |            |
|--|------|----------------------|-------------------|-----------------|-----------------|-------------------------------------|-----------------------------------|-------------------------|---|---|------------|--------------------------------------|------------|
|  |      | Securities premium   | Retained earnings | Capital reserve | General reserve | Capital redemption reserve          | Stock options outstanding account | Debt redemption reserve |   |   |            | Foreign currency translation reserve | Others     |
| Balance as at 1 April 2018   |      | 168,510.87           | 60,139.74         | 44.74           | 214.46          | 1,500.00                            | 699.58                            | 937.50                  | (417.97)  | (101.02)                                  | 231,527.90 | 157.78                               | 231,685.68 |
| <b>Total comprehensive income for the year ended 31 March 2019</b> |      | -                    | 25,674.11         | -               | -               | -                                   | -                                 | -                       | -   | -   | 25,674.11  | (19.19)                              | 25,654.92  |
| Profit for the year  |      | -                    | 25,674.11         | -               | -               | -                                   | -                                 | -                       | -   | -   | 25,674.11  | (19.19)                              | 25,654.92  |
| Other comprehensive income (net of tax)                            |      | -                    | -                 | -               | -               | -                                   | -                                 | -                       | 634.43  | 0.25                                      | 634.68     | -                                    | 634.68     |
| <b>Total comprehensive income</b>                                  |      | -                    | 25,674.11         | -               | -               | -                                   | -                                 | -                       | 634.43  | 0.25                                      | 26,308.79  | (19.19)                              | 26,289.60  |
| Transferred to debenture redemption reserve                        | 21   | -                    | (750.00)          | -               | -               | -                                   | -                                 | 750.00                  | -   | -   | -          | -                                    | -          |
| Transferred to general reserve                                     | 21   | -                    | -                 | -               | 1.12            | -                                   | (1.12)                            | -                       | -   | -   | -          | -                                    | -          |
| Non-controlling interests on acquisition of subsidiaries           | 21   | -                    | -                 | -               | -               | -                                   | -                                 | -                       | -   | -   | -          | 135.76                               | 135.76     |
| <b>Transactions with owners, recorded directly in equity</b>       |      |                      |                   |                 |                 |                                     |                                   |                         |   |   |            |                                      |            |
| <b>Contributions by owners</b>                                     |      |                      |                   |                 |                 |                                     |                                   |                         |   |   |            |                                      |            |
| Share based payments   | 21   | -                    | -                 | -               | -               | -                                   | 463.68                            | -                       | -   | -   | 463.68     | -                                    | 463.68     |
| Non-controlling interests on acquisition of subsidiaries           | 21   | -                    | -                 | -               | -               | -                                   | -                                 | -                       | -   | -   | -          | -                                    | -          |
| Transaction with Non-Controlling Interest                          | 22   | -                    | (350.28)          | -               | -               | -                                   | -                                 | -                       | -   | -   | (350.28)   | 35.58                                | (314.70)   |
| <b>Total contributions by owners</b>                               |      | -                    | (350.28)          | -               | -               | -                                   | 463.68                            | -                       | -   | -   | 113.40     | 35.58                                | 148.98     |
| Balance as at 31 March 2019  |      | 168,510.87           | 84,713.57         | 44.74           | 215.58          | 1,500.00                            | 1,162.14                          | 1,687.50                | 216.46  | (100.77)                                  | 257,950.09 | 309.93                               | 258,260.02 |

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached for **Deloitte Haskins & Sells LLP** Chartered Accountants Firm's Registration No.: 117366W/W-100018

**Anand Subramanian**  
Partner  
Membership No.: 110815

**Ajit Isaac**  
Chairman &  
Managing Director  
DIN : 00087168

**Manoj Jain**  
Chief Financial Officer

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

**Subrata Kumar Nag**  
Executive Director &  
Chief Executive Officer  
DIN: 02234000

**Kundan K. Lal**  
Company Secretary  
Membership No.: F8393

Place: Bengaluru  
Date: 22 May 2019

Place: Bengaluru  
Date: 22 May 2019

# Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars   | For the year ended |                    |
|---|--------------------|--------------------|
|   | 31 March 2019      | 31 March 2018      |
| <b>Cash flows from operating activities</b>   |                    |                    |
| Profit after tax  | 25,654.92          | 30,976.19          |
| <b>Adjustments for:</b>   |                    |                    |
| Tax expenses  | 3,289.66           | (4,830.54)         |
| Interest income on term deposits  | (1,590.42)         | (1,545.01)         |
| Interest income on present valuation of financial instruments   | (192.98)           | (128.96)           |
| (Profit)/ Loss on sale of property, plant and equipment, net  | 25.67              | (32.73)            |
| Dividend income on mutual fund units  | -                  | (27.55)            |
| Interest on loans given to related parties  | (1,669.29)         | (277.70)           |
| Net gain on sale of investments in mutual funds   | (815.27)           | (20.55)            |
| Liabilities no longer required written back   | (47.98)            | (187.82)           |
| Bad debts recovered   | (12.93)            | (0.57)             |
| Change in fair value of contingent consideration  | (1,495.73)         | (1,228.23)         |
| Net gain on financial assets designated at fair value through profit or loss                            | (27.44)            | (1,639.89)         |
| Expense on employee stock option scheme   | 463.68             | 698.46             |
| Finance costs   | 11,439.94          | 7,545.39           |
| Depreciation and amortisation expense   | 12,315.04          | 7,474.01           |
| Loss allowance on financial assets, net   | 2,143.03           | 680.24             |
| Deposits written off  | 40.65              | -                  |
| Foreign exchange gain, net  | (261.16)           | -                  |
| Share of (profit)/loss of equity accounted investees  | 880.85             | (36.49)            |
| <b>Operating cash flows before working capital changes</b>  | <b>50,140.24</b>   | <b>37,418.25</b>   |
| <b>Changes in operating assets and liabilities</b>  |                    |                    |
| Changes in inventories  | (707.22)           | (140.79)           |
| Changes in trade receivables and unbilled revenue   | (18,700.65)        | (21,875.38)        |
| Changes in loans, other financial assets and other assets   | (3,841.03)         | (2,978.25)         |
| Changes in trade payables   | 15.37              | (276.44)           |
| Changes in other financial liabilities, other liabilities and provisions                                | 10,755.09          | 6,694.61           |
| <b>Cash generated from operations</b>   | <b>37,661.80</b>   | <b>18,842.00</b>   |
| Income taxes paid, net of refund  | (17,503.36)        | (7,975.05)         |
| <b>Net cash flows from operating activities (A)</b>   | <b>20,158.44</b>   | <b>10,866.95</b>   |
| <b>Cash flows from investing activities</b>   |                    |                    |
| Expenditure on property, plant and equipment and intangibles, net of sale proceeds                      | (9,571.90)         | (8,483.49)         |
| Acquisition of shares in subsidiaries net of acquisition date cash and cash equivalents of subsidiaries | (3,028.90)         | (27,468.24)        |
| Investment in associates  | (1,174.15)         | (1,117.56)         |
| Investments in mutual fund, net   | -                  | (75,400.00)        |
| Proceeds from sale of mutual fund units   | 16,386.67          | 57,320.24          |
| Dividend received on mutual fund investment   | -                  | 27.55              |
| Bank deposits (having original maturity of more than three months),net                                  | 18,528.08          | (11,822.23)        |
| Loans given to related parties  | (12,711.66)        | (14,602.93)        |
| Repayment of loans by related parties   | 8,112.16           | 372.68             |
| Interest received on term deposits  | 1,478.90           | 1,494.20           |
| <b>Net cash from/(used in) in investing activities (B)</b>  | <b>18,019.20</b>   | <b>(79,679.78)</b> |

# Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars  | For the year ended |                  |
|--|--------------------|------------------|
|  | 31 March 2019      | 31 March 2018    |
| <b>Cash flows from financing activities</b>                                |                    |                  |
| Proceeds from/(repayment of) vehicle loan, net                             | (1.84)             | 363.75           |
| Payment of finance lease obligations                                       | (923.47)           | (969.04)         |
| Proceeds from term loans   | (4,289.48)         | (538.21)         |
| Proceeds from short-term borrowings, net of transaction costs & repayments | (17,914.13)        | 19,950.91        |
| Redemption of preference shares  | -                  | (1,800.00)       |
| Payment towards acquisition of non-controlling interest                    | (12,990.71)        | (500.00)         |
| Loans received from/ (repayment to) related parties                        | 182.46             | 47.72            |
| Proceeds from issue of equity shares                                       | -                  | 87,392.23        |
| Transaction costs related to issue of equity shares                        | -                  | (2,602.46)       |
| Proceeds from exercise of share options                                    | 60.06              | 61.99            |
| Interest paid  | (8,648.27)         | (6,652.94)       |
| <b>Net cash (used in)/from in financing activities (C)</b>                 | <b>(44,525.38)</b> | <b>94,753.95</b> |
| Net increase in cash and cash equivalents (A+B+C)                          | (6,347.74)         | 25,941.12        |
| Cash and cash equivalents at the beginning of the year                     | 56,611.15          | 30,355.49        |
| Effect of exchange rate fluctuations on cash and cash equivalents          | 213.98             | 314.54           |
| <b>Cash and cash equivalents at the end of the year (refer note 14)</b>    | <b>50,477.39</b>   | <b>56,611.15</b> |

## Components of cash and cash equivalents (refer note 14)

(Amount in INR lakhs)

| Particulars  | As at            |                  |
|--|------------------|------------------|
|  | 31 March 2019    | 31 March 2018    |
| <b>Cash and cash equivalents</b>   |                  |                  |
| Cash in hand   | 55.36            | 45.55            |
| Cheque in hand   |                  |                  |
| Balances with banks  |                  |                  |
| In current accounts  | 49,643.36        | 45,307.94        |
| In EEFC accounts   | 53.06            | 244.43           |
| In deposit accounts (with original maturity of less than 3 months)         | 725.61           | 11,013.23        |
| <b>Cash and cash equivalents in consolidated balance sheet</b>             | <b>50,477.39</b> | <b>56,611.15</b> |
| Bank overdraft used for cash management purpose                            | -                | -                |
| <b>Cash and cash equivalent in the consolidated statement of cash flow</b> | <b>50,477.39</b> | <b>56,611.15</b> |

# Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(Amount in INR lakhs)

## Reconciliation of movements of liabilities to cash flows arising from financing activities

| Particulars                                      | Debentures       | Vehicle loan  | Finance lease obligations | Other term loans | Short-term borrowings | Total             |
|--|------------------|---------------|---------------------------|------------------|-----------------------|-------------------|
| <b>Debt as at 1 April 2018</b>                   | <b>14,862.65</b> | <b>455.90</b> | <b>2,336.13</b>           | <b>12,664.01</b> | <b>71,560.56</b>      | <b>101,879.25</b> |
| Interest accrued but not due as at 1 April 2018  | -                | -             | -                         | 46.13            | 272.49                | 318.62            |
| Cash flows                                       | -                | (1.84)        | (923.47)                  | (4,289.48)       | (17,731.67)           | (22,946.46)       |
| Other changes:                                   |                  |               |                           |                  |                       |                   |
| - Acquisition through business combinations      | -                | -             | -                         | -                | 1,885.20              | 1,885.20          |
| - Transaction costs for short-term borrowings    | -                | -             | -                         | 15.64            | 209.93                | 225.57            |
| - Transaction costs paid                         | -                | -             | -                         | (15.64)          | (209.93)              | (225.57)          |
| - Interest expense                               | 1,269.53         | 71.94         | 136.75                    | 1,014.55         | 6,445.03              | 8,937.80          |
| - Interest paid                                  | (1,237.50)       | (71.94)       | (136.75)                  | (1,001.32)       | (6,200.76)            | (8,648.27)        |
| Interest accrued but not due as at 31 March 2019 | -                | -             | -                         | (60.37)          | (316.89)              | (377.26)          |
| <b>Debt as at 31 March 2019</b>                  | <b>14,894.68</b> | <b>454.06</b> | <b>1,412.66</b>           | <b>8,373.52</b>  | <b>55,913.97</b>      | <b>81,048.89</b>  |

(Amount in INR lakhs)

| Particulars                                      | Debentures       | Vehicle loan  | Finance lease obligations | Other term loans | Short-term borrowings | Total             |
|--|------------------|---------------|---------------------------|------------------|-----------------------|-------------------|
| <b>Debt as at 1 April 2017</b>                   | <b>14,833.13</b> | <b>92.15</b>  | <b>3,305.17</b>           | <b>12,668.30</b> | <b>46,956.42</b>      | <b>77,855.17</b>  |
| Interest accrued but not due as at 1 April 2017  | -                | -             | -                         | 46.44            | 358.64                | 405.08            |
| Cash flows                                       | -                | 363.75        | (969.04)                  | (538.21)         | 19,998.62             | 18,855.12         |
| Other changes:                                   |                  |               |                           |                  |                       |                   |
| - Acquisition through business combinations      | -                | -             | -                         | 533.92           | 4,639.73              | 5,173.65          |
| - Transaction costs for short-term borrowings    | -                | -             | -                         | -                | 132.26                | 132.26            |
| - Transaction costs paid                         | -                | -             | -                         | -                | (132.26)              | (132.26)          |
| - Interest expense                               | 1,267.02         | 49.37         | 162.50                    | 790.94           | 4,291.96              | 6,561.79          |
| - Interest paid                                  | (1,237.50)       | (49.37)       | (162.50)                  | (791.25)         | (4,412.32)            | (6,652.94)        |
| Interest accrued but not due as at 31 March 2018 | -                | -             | -                         | (46.13)          | (272.49)              | (318.62)          |
| <b>Debt as at 31 March 2018</b>                  | <b>14,862.65</b> | <b>455.90</b> | <b>2,336.13</b>           | <b>12,664.01</b> | <b>71,560.56</b>      | <b>101,879.25</b> |

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached  
for **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No.: 117366W/W-100018

**Anand Subramanian**  
Partner  
Membership No.: 110815

Place: Bengaluru  
Date: 22 May 2019

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

**Ajit Isaac**  
Chairman &  
Managing Director  
DIN : 00087168

**Manoj Jain**  
Chief Financial Officer

Place: Bengaluru  
Date: 22 May 2019

**Subrata Kumar Nag**  
Executive Director &  
Chief Executive Officer  
DIN: 02234000

**Kundan K. Lal**  
Company Secretary  
Membership No.: F8393

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 1. Company overview

Qess Corp 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 in Bengaluru, Karnataka, India. These consolidated Ind AS financial statements comprise the financial statements of 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 technology solutions, people services, facility management, industrials and internet business.

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.

Thomas Cook (India) Limited ("TCIL") became the parent company and Fairfax Financial Holding Limited ('FFHL') became the ultimate holding company of the Group with effect from 14 May 2013. However, Thomas Cook (India) Limited ("TCIL") ceased to be the parent company and Fairfax Financial Holding Limited ('FFHL') ceased to be the ultimate holding company of Qess Corp Limited with effect from 1 March 2018.

### 2. Basis of preparation

#### 2.1 Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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.

The Group's consolidated financial statements are approved for issue by the Company's Board of Directors on 22 May 2019.

The consolidated financial statements are presented in Indian Rupees ("INR") which is also the Group's functional currency and all amounts have been rounded off to the nearest lakhs.

#### 2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost 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. Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations ("DBO") and
- iii. Expenses relating to share based payments are measured at fair value on the date of grant.
- iv. Contingent consideration in business combinations are measured at fair value.  
Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

#### Basis of consolidation:

The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and 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.

The financial statements of subsidiaries are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised 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 interest ("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 consolidated statement of 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.

Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

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.

### 2.3 Use of estimates and judgements

The preparation of the consolidated 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.

The 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. The following are the 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 financial statements:

- i) Income taxes:* Significant judgements are involved in determining provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. The ultimate realisation of deferred income tax assets, including Minimum Alternate Tax (MAT), is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities and the projected future taxable income in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.
- ii) Measurement of defined benefit obligations:* For defined benefit obligations, the cost of providing benefits is determined based on actuarial valuation. An actuarial

valuation is based on significant assumptions which are reviewed on a periodic basis.

- iii) Impairment of financial assets:* The Group assesses the expected credit losses associated with financial assets carried at amortised cost based on 12-month expected credit losses (ECL) at each reporting period, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

- iv) Property, plant and equipment and Intangible Assets:* The useful lives of property, plant and equipment and intangible assets are determined by the management at the time the asset is acquired and reviewed periodically. Ind AS 103 requires the identifiable intangible assets acquired in business combinations to be fair valued and significant estimates are required to be made in determining the value of intangible assets. These valuations are conducted by independent experts.

- v) Other estimates:* Non-financial assets are tested for impairment by determining the recoverable amount. Determination of recoverable amount is based on value in use, which is present value of future cash flows. The key inputs used in the present value calculations include the expected future growth in operating revenues and margins in the forecast period, long-term growth rates and discount rates.

### 2.4 Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the fair value measurements are observable and significance of the inputs to fair value measurements:

- 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 or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In determining the fair value of an asset or a liability, the Group uses different methods and assumptions based on observable market inputs. All methods of assessing fair value result in general approximation of value, and such value may not actually be realized.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 2.5 Business Combinations

#### **Business combinations (other than common control business combinations):**

In accordance with Ind AS 103, the Group accounts for the business combinations (other than common control business combinations) using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

#### **Goodwill:**

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, it is considered as a bargain purchase gain. Any gain on a bargain purchase is recognized in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase. 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.

#### **Other intangible assets:**

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. Brand, customer contracts and customer relationships acquired as part of business combinations are capitalised 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 Group. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

### 2.6 Property, plant and equipment

#### **i) Recognition and measurement:**

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

Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

The cost and related accumulated depreciation are derecognized from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Subsequent expenditures relating to property, plant and equipment is capitalised 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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is classified as capital advances under other non-current assets and the cost of the assets not ready for intended use are disclosed under 'Capital work-in-progress'.

#### **ii) Depreciation:**

The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

| Asset category              | Estimated useful life                                   |
|-----------------------------|---|
| Buildings                   | 20 years  |
| Furniture and fixtures      | 4 - 7 years   |
| Vehicles                    | 3 years   |
| Office equipment            | 4 - 5 years   |
| Plant and machinery         | 3 - 8 years   |
| Computer equipment          | 3 - 7 years   |
| Computer equipment – Leased | Lease term or estimated useful life, whichever is lower |

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. 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.

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

Leasehold improvements are depreciated over lease term or estimated useful life whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically, including at each financial year end.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 2.7 Intangible assets

#### (i) Recognition and measurement

*Internally generated: Research and development*

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

*Others*

Other intangible assets such as computer software, copyright and trademarks are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised 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 software is recognised in the Statement of Profit and Loss as and when incurred.

#### (iii) Amortisation

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The estimated useful lives of intangible assets are as follows:

| Asset category             | Estimated useful life                                  |
|----------------------------|--|
| Brand                      | 2 - 15 years   |
| Computer software          | 3 years  |
| Computer software – Leased | Lease term or estimated useful life whichever is lower |
| Copyright and trademarks   | 3 years  |
| Customer contracts         | 1.5 - 3 years  |
| Customer relationships     | 5 - 10 years   |

| Asset category  | Estimated useful life |
|-----------------|-----------------------|
| IP technology   | 3 years               |
| Non-compete     | 4 years               |
| Resume database | 5 years               |

### 2.8 Impairment of non-financial assets

Intangible assets (including goodwill) 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 Cash Generating Unit (CGU) to which the asset belongs.

If such assets/ CGUs 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/ CGU 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 in prior years.

### 2.9 Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Subsequent to initial recognition, the assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

### 2.10 Inventories

Inventories (raw materials and stores and spares) are valued at lower of cost and net realisable value. Cost of inventories comprises purchase price and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 2.11 Revenue recognition

The Group derives revenue primarily from staffing services in the segments of people services, technology solutions, facility management and industrials.

The Group has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being 1 April 2018, using the cumulative catch-up transition method. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over goods or services to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered.

Revenue on time-and-material contracts are recognized as the related services are rendered and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as income received in advance).

#### a) People services:

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

Revenue from recruitment services are recognised when the candidate begins full time employment.

Revenue from executive research and trainings are recognised on rendering of the related services.

Revenue from training services are recognised over the period of training.

#### b) Technology solutions:

Revenue from 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 as the related services are rendered.

#### c) Facility management:

Revenue from facility management and food services are at a fixed rate and are recognized as per the terms of the arrangement with the customers. Where the performance obligations are satisfied over time and control is transferred over time, revenues are recognized over time as per the percentage-of-completion.

#### d) Industrials:

Revenue from operation and maintenance services are primarily on a fixed rate basis and are recognised as per the terms of the arrangement with the customers. Where the performance obligations are satisfied over time and control is transferred over time, revenues are recognized over time as per the percentage-of-completion. Certain arrangements are on time and material basis and revenues are recognised as the related services are rendered as per the terms of the arrangement with the customers.

Revenues are shown net of goods and services tax and applicable discounts and allowances. The Group accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.

#### e) Internet business:

Revenue from subscription fees is recognised pro-rata over the underlying subscription period. In relation to the advertising contracts, revenue is recognised over the contract period based on the contract terms.

#### Other income

Other income comprises primarily interest income on deposits, dividend income and gain/ (loss) on disposal of financial assets and non-financial assets. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

### 2.12 Investments in associates

Investment in equity instruments issued by associates are measured at cost less impairment. Dividend income from associates is recognised when its right to receive the dividend is established. The acquired investment in associates are measured at acquisition date fair value.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 2.13 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the respective transactions. Foreign-currency denominated monetary assets and liabilities are translated into the functional currency at exchange rates in effect at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and such translation of monetary assets and liabilities denominated in foreign currencies are generally recognised in the Statement of Profit and Loss.

Non-monetary assets and 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 liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through 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 INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR 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 consolidated 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.

### 2.14 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.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Regular

way purchase and sale of financial assets are accounted for at trade date.

#### b) Financial assets

##### (i) Classification and subsequent measurement

For the purpose of subsequent measurement, a financial asset is classified and measured at

- amortised cost;
- fair value through other comprehensive income (FVTOCI) - debt investment;
- fair value through other comprehensive income (FVTOCI) - equity investment; or
- fair value through profit and loss (FVTPL)

1. A financial asset is measured at amortised cost if both the following conditions are met:
  - 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.
2. A debt investment is measured at FVTOCI if both of the following conditions are met:
  - 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.
3. On initial recognition of an equity investment that is not held for trading, the Group irrevocably elects to present subsequent changes in the fair value in OCI (designated as FVTOCI-equity investment). This election is made on an investment-to-investment basis.
4. All financial assets not classified as amortised cost or FVTOCI as described above are measured at FVTPL. 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.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 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 the Statement of profit and loss.   |
| Financial assets at amortised cost     | These assets are subsequently measured at amortised cost using the effective interest reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Any gain or loss on derecognition is recognised in the Statement of profit and 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 the Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of profit and loss. |
| Equity investments at FVOCI recognised | These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of profit and 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 the Statement of profit and loss.  |

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 recognises 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 Group reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12-months after the reporting date.

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) is recognised as an income/expense in the Statement of Profit and Loss during the period.

#### (ii) Derecognition of financial assets

A financial asset is derecognised only when the Group:

- 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 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 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 Group has not retained control of the financial asset.

#### c) Financial liabilities

##### (i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### (ii) Financial guarantee contracts

Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because the specified party fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts are initially recognised 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 initially recognised less cumulative amortisation.

### (iii) Derecognition

A financial liability is derecognised when the Group's obligations are discharged or cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### (iv) Offsetting

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

## 2.15 Employee benefits

### a) Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Short-term employee benefits are measured on an undiscounted basis as the related service is provided.

### b) Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise 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 determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method.

### c) Defined contribution plan

Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The Group makes specified monthly contributions towards Employee Provident Fund to Government administered Provident Fund Scheme which is a defined contribution plan. The expenditure for defined contribution plan is recognized as expense during the period when the employee provides service.

### d) Defined benefit plans

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The Group's gratuity fund is managed by Life Insurance Corporation of India (LIC). The present value of gratuity obligation under such defined benefit plan is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method. The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Actuarial gains or losses are recognised in other comprehensive income. Further, the Statement of Profit and Loss does not include an expected return on plan assets. Instead net interest recognised in the Statement of Profit and 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 comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to the Statement of Profit and Loss in subsequent periods.

## 2.16 Share-based payments

Equity instruments granted to the employees of the Group 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 (stock options outstanding account). 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.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 2.17 Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or 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 by the reporting 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 consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting 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 assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be used. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Minimum alternative tax ('MAT') paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if it is probable that the Group will pay normal income tax in future years. Ind AS 12 defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the consolidated balance sheet.

### 2.18 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive 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, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by

discounting the expected future cash flows 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.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

### 2.19 Contingent liability

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group, or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

### 2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash on hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

### 2.21 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 Group are segregated.

### 2.22 Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to owners of the Group by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

have been issued upon 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. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

### 2.23 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 Services, Facility Management, Technology Solutions, Industrials and Internet business.

### 2.24 Recent accounting pronouncements

**Ind AS 116 Leases:** On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:** On 30 March 2019, Ministry of Corporate Affairs notified Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The amendment is effective for annual periods beginning on or after 1 April 2019.

**Amendment to Ind AS 12 ‘Income Taxes’:** On 30 March 2019, the Ministry of Corporate Affairs notified amendments to Ind AS 12 ‘Income Taxes’, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective for annual periods beginning on or after 1 April 2019.

**Amendment to Ind AS 19 ‘Employee Benefits’:** On 30 March 2019, the Ministry of Corporate Affairs notified amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after 1 April 2019, though early application is permitted.

The Group is evaluating the effect of the above on its consolidated financial statements.

# Notes

to the consolidated financial statements for the year ended 31 March 2019

## 3 Property, plant and equipment

| Particulars  | (Amount in INR lakhs) |                 |                         |                        |                 |                  |                     |                    |                             |                                     |                          |  |
|--|-----------------------|-----------------|-------------------------|------------------------|-----------------|------------------|---------------------|--------------------|-----------------------------|-------------------------------------|--------------------------|--|
|  | Land                  | Buildings       | Lease-hold improvements | Furniture and fixtures | Vehicles        | Office equipment | Plant and machinery | Computer equipment | Computer equipment - leased | Total Property, plant and equipment | Capital work-in-progress | Total Property, plant and equipment and capital work-in-progress |
| <b>Gross carrying amount as at 1 April 2017</b>    | -                     | 127.58          | 2,213.08                | 767.82                 | 261.35          | 1,599.56         | 2,549.26            | 1,411.86           | 4,680.50                    | 13,611.01                           | -                        | 13,611.01  |
| Additions through business combination             | 4,700.00              | 3,543.96        | 755.59                  | 830.20                 | 535.85          | 1,532.35         | 92.53               | 5,030.64           | -                           | 17,021.12                           | 18.87                    | 17,039.99  |
| Additions  | -                     | 69.09           | 139.35                  | 431.90                 | 173.98          | 916.00           | 3,598.97            | 2,017.03           | 794.74                      | 8,141.06                            | -                        | 8,141.06   |
| Disposals  | -                     | -               | (0.45)                  | (1.32)                 | (178.89)        | (31.91)          | (47.72)             | (178.33)           | -                           | (438.62)                            | -                        | (438.62)   |
| Translation differences#                           | -                     | -               | 24.28                   | 3.89                   | -               | 29.33            | -                   | 35.84              | 1.58                        | 94.92                               | -                        | 94.92  |
| <b>Balance as at 31 March 2018</b>                 | <b>4,700.00</b>       | <b>3,740.63</b> | <b>3,131.85</b>         | <b>2,032.49</b>        | <b>792.29</b>   | <b>4,045.33</b>  | <b>6,193.04</b>     | <b>8,317.04</b>    | <b>5,476.82</b>             | <b>38,429.49</b>                    | <b>18.87</b>             | <b>38,448.36</b>   |
| Additions through business combination             | -                     | -               | 74.16                   | 132.86                 | 3.39            | 52.23            | 59.89               | 61.69              | -                           | 384.22                              | -                        | 384.22   |
| Additions  | -                     | -               | 585.35                  | 603.74                 | 244.97          | 1,146.50         | 532.37              | 3,923.68           | 294.45                      | 7,331.06                            | 14.84                    | 7,345.90   |
| Regrouping*  | -                     | -               | 231.51                  | 2.07                   | 108.93          | (565.86)         | (104.54)            | 4,145.22           | (2,994.37)                  | 822.96                              | -                        | 822.96   |
| Disposals  | -                     | (196.67)        | (175.29)                | (95.87)                | (100.08)        | (163.47)         | (327.58)            | (76.44)            | -                           | (1,135.40)                          | -                        | (1,135.40)   |
| Translation differences#                           | -                     | -               | 109.39                  | 23.31                  | -               | 108.92           | -                   | 9.66               | 286.12                      | 537.40                              | -                        | 537.40   |
| <b>Balance as at 31 March 2019</b>                 | <b>4,700.00</b>       | <b>3,543.96</b> | <b>3,956.97</b>         | <b>2,698.60</b>        | <b>1,049.50</b> | <b>4,623.65</b>  | <b>6,353.18</b>     | <b>16,380.85</b>   | <b>3,063.02</b>             | <b>46,369.73</b>                    | <b>33.71</b>             | <b>46,403.44</b>   |
| <b>Accumulated depreciation as at 1 April 2017</b> | -                     | 0.56            | 1,438.09                | 420.51                 | 92.38           | 847.05           | 1,651.87            | 807.10             | 2,754.44                    | 8,012.00                            | -                        | 8,012.00   |
| Additions through business combination             | -                     | 104.70          | 274.26                  | 385.39                 | 138.78          | 548.41           | 25.11               | 2,223.95           | -                           | 3,700.60                            | -                        | 3,700.60   |
| Depreciation for the year                          | -                     | 28.37           | 277.83                  | 188.88                 | 134.73          | 406.66           | 798.02              | 956.82             | 967.16                      | 3,758.47                            | -                        | 3,758.47   |
| Disposals  | -                     | -               | (0.45)                  | (1.11)                 | (124.39)        | (17.97)          | (41.81)             | (168.18)           | -                           | (353.91)                            | -                        | (353.91)   |
| Translation differences#                           | -                     | -               | 15.14                   | 2.24                   | -               | 17.63            | -                   | 35.46              | (7.26)                      | 63.21                               | -                        | 63.21  |
| <b>Balance as at 31 March 2018</b>                 | <b>-</b>              | <b>133.63</b>   | <b>2,004.87</b>         | <b>995.91</b>          | <b>241.50</b>   | <b>1,801.78</b>  | <b>2,433.19</b>     | <b>3,855.15</b>    | <b>3,714.34</b>             | <b>15,180.37</b>                    | <b>-</b>                 | <b>15,180.37</b>   |
| Additions through business combination             | -                     | -               | -                       | 43.01                  | 1.72            | 11.65            | 4.98                | 12.73              | -                           | 74.09                               | -                        | 74.09  |
| Depreciation for the year                          | -                     | 59.62           | 491.41                  | 422.76                 | 228.24          | 791.66           | 1,051.64            | 2,706.32           | 848.61                      | 6,600.26                            | -                        | 6,600.26   |
| Regrouping*  | -                     | -               | 240.11                  | 12.66                  | 108.93          | (388.34)         | (111.85)            | 4,221.94           | (2,902.69)                  | 1,180.76                            | -                        | 1,180.76   |
| Disposals  | -                     | (8.12)          | (141.06)                | (54.15)                | (52.70)         | (100.40)         | (191.30)            | (49.78)            | -                           | (597.51)                            | -                        | (597.51)   |
| Translation differences#                           | -                     | -               | 92.21                   | 15.74                  | -               | 68.25            | -                   | 9.91               | 201.39                      | 387.50                              | -                        | 387.50   |
| <b>Balance as at 31 March 2019</b>                 | <b>-</b>              | <b>185.13</b>   | <b>2,687.54</b>         | <b>1,435.93</b>        | <b>527.69</b>   | <b>2,184.60</b>  | <b>3,186.66</b>     | <b>10,756.27</b>   | <b>1,861.65</b>             | <b>22,825.47</b>                    | <b>-</b>                 | <b>22,825.47</b>   |
| <b>Net carrying amount</b>                         |                       |                 |                         |                        |                 |                  |                     |                    |                             |                                     |                          |  |
| <b>As at 31 March 2019</b>                         | <b>4,700.00</b>       | <b>3,358.83</b> | <b>1,269.43</b>         | <b>1,262.67</b>        | <b>521.81</b>   | <b>2,439.05</b>  | <b>3,166.52</b>     | <b>5,624.58</b>    | <b>1,201.37</b>             | <b>23,544.26</b>                    | <b>33.71</b>             | <b>23,577.97</b>   |
| <b>As at 31 March 2018</b>                         | <b>4,700.00</b>       | <b>3,607.00</b> | <b>1,126.98</b>         | <b>1,036.58</b>        | <b>550.79</b>   | <b>2,243.55</b>  | <b>3,759.85</b>     | <b>4,461.89</b>    | <b>1,762.48</b>             | <b>23,249.12</b>                    | <b>18.87</b>             | <b>23,267.99</b>   |

\*During the year, the group has done regrouping to bring standardisation in asset class

#Represents translation of tangible assets of foreign operations into Indian Rupees.

No impairment loss has been recognised during the current year or previous year.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 4 Goodwill

(Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <b>Carrying value at the beginning of the year</b>                      | <b>109,593.33</b>      | <b>91,872.92</b>       |
| <b>Add: Goodwill on acquisition of:</b>                                 |                        |                        |
| Vedang Cellular Services Private Limited [refer note (a)]               | 170.86                 | 2,531.83               |
| Conneqt Business Solutions Limited [refer note (b)]                     | (348.58)               | 6,949.11               |
| Certain subsidiaries of Monster group [refer note (c)]                  | 1,225.10               | 7,506.99               |
| Business assets of CAARPUS Technology Services Limited [refer note (d)] | -                      | 45.20                  |
| Greenpiece Landscapes India Private Limited [refer note (e)]            | 2,506.85               | -                      |
| Qdigi Services Limited [refer note (f)]                                 | 1,908.65               | -                      |
| Simpliance Technologies Private Limited [refer note (g)]                | 527.42                 | -                      |
| Quesscorp Mangement Consultancies [refer note (h)]                      | 607.46                 | -                      |
| <b>Less: Goodwill reversed on disposal of:</b>                          |                        |                        |
| Inticore VJP Advance Systems Private Limited [refer note (i)]           | (94.89)                | -                      |
| Translation differences   | 1,590.23               | 687.28                 |
| <b>Carrying value at the end of the year</b>                            | <b>117,686.43</b>      | <b>109,593.33</b>      |

The goodwill on acquisition of entities during the current year and previous year has been allocated to operating segments as follows:

| Entity acquired  | Allocated operating segment  |
|--|------------------------------|
| Vedang Cellular Services Private Limited               | Industrials                  |
| Conneqt Business Solutions Limited                     | Technology solutions         |
| Certain subsidiaries of Monster group                  | Internet business            |
| Business assets of CAARPUS Technology Services Limited | Industrials                  |
| Greenpiece Landscapes India Private Limited            | Facility management services |
| Qdigi Services Limited                                 | Technology solutions         |
| Simpliance Technologies Private Limited                | Internet business            |
| Quesscorp Mangement Consultancies                      | Technology solutions         |

The allocation of goodwill to the operating segments before any translation differences is as follows:

(Amount in INR lakhs)

| Operating segments   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|----------------------|------------------------|------------------------|
| People services      | 157.18                 | 157.18                 |
| Technology solutions | 39,218.63              | 37,051.10              |
| Facility management  | 63,351.21              | 60,844.36              |
| Industrials          | 3,758.43               | 3,682.46               |
| Internet business    | 9,259.51               | 7,506.99               |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a cash generating unit (CGU), which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. For the purpose of impairment testing, fair value of a CGU is allowed to be determined based on 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 the range of each of the assumptions are mentioned below:

| Particulars             | As at           |                 |
|-------------------------|-----------------|-----------------|
|                         | 31 March 2019   | 31 March 2018   |
| Discount rate*          | 14.09% - 29.29% | 12.00% - 23.66% |
| Terminal growth rate ** | 2.00% - 4.00%   | 2.00% - 4.00%   |
| Operating margins       | 5.00% - 20.00%  | 5.00% - 20.00%  |

\* 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 at 31 March 2019, the estimated recoverable amount of each of the CGU's exceeded its carrying amount and 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 Vedang Cellular Services Private Limited

During the previous year ended 31 March 2018, the company has entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 25 October 2017 with Vedang Cellular Services Private Limited ("Vedang") and its shareholders to acquire 100.00% equity stake in Vedang. In accordance with the SPA and SHA, on 10 November 2017 the Company had acquired 70.00% stake for a consideration of INR 3,990.00 lakhs and thus Vedang has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. Vedang is engaged in the business of telecom network optimisation and installation of active components in telecom network in India. The Company in the previous year had opted for the measurement period exemption and has carried out the purchase price allocation on a provisional basis.

During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities of the acquired business at its fair value including intangible assets. Based on the purchase price allocation, the Company has identified the customer relationships aggregating INR 1,445.91 lakhs to be amortised over its estimated useful life of 7 years and brand license aggregating INR 126.94 lakhs to be amortised over its estimated useful life of 2 years. The fair value of net assets acquired on the acquisition date including customer relationships and brand license as a part of the transaction amounted to INR 3,072.48 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to INR 2,702.70 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Results from this acquisition and goodwill are grouped under Industrials segment. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide the Group an increased share in Industrials segment.

The fair value of purchase consideration is INR 5,775.18 lakhs. The details are as follows:

| Nature of consideration and terms of payment  | (Amount in INR lakhs) |                 |
|---|-----------------------|-----------------|
|   | Amount                | Fair Value      |
| 1. Upfront cash consideration                 | 3,990.00              | 3,990.00        |
| 2. Financial liability [refer note (i) below] | 2,677.73              | 1,785.18        |
| <b>Total purchase consideration</b>           | <b>6,667.73</b>       | <b>5,775.18</b> |

(i) The Company has accounted the commitment to acquire remaining 30.00% equity shares as financial liabilities at its present value as on the date of acquisition.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The purchase price has been allocated based on the report of a valuer which is as follows:

| <i>(Amount in INR lakhs)</i>  |                            |                        |                          |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Particulars                   | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 477.21                     | -                      | 477.21                   |
| Intangibles                   | -                          | 1,572.85               | 1,572.85                 |
| Deferred tax liabilities      | -                          | (544.33)               | (544.33)                 |
| Net assets (excluding above)  | 1,566.75                   | -                      | 1,566.75                 |
| <b>Total</b>                  | <b>2,043.96</b>            | <b>1,028.52</b>        | <b>3,072.48</b>          |
| Purchase consideration        |                            |                        | 5,775.18                 |
| <b>Goodwill</b>               |                            |                        | <b>2,702.70</b>          |

(ii) The impact of the purchase price allocation as compared to provisional allocation is as follows:

| <i>(Amount in INR lakhs)</i>                             |                                       |                                 |               |
|--|---------------------------------------|---------------------------------|---------------|
| Particulars  | Provisional purchase price allocation | Final purchase price allocation | Impact        |
| Purchase consideration                                   | 5,775.18                              | 5,775.18                        | -             |
| Net assets and liabilities acquired                      | 2,043.96                              | 2,043.96                        | -             |
| Intangibles  | 1,834.41                              | 1,572.85                        | (261.56)      |
| Deferred tax liability arising on identified intangibles | (635.03)                              | (544.33)                        | 90.70         |
| <b>Goodwill</b>  | <b>2,531.84</b>                       | <b>2,702.70</b>                 | <b>170.86</b> |

### (b) Acquisition of Conneqt Business Solutions Limited

During the previous year ended 31 March 2018, the company Ques Corp Limited has entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 20 November 2017 with Tata Business Support Services Limited ("TBSS") and its shareholders to acquire 100.00% equity stake in TBSS at an estimated consideration of INR 32,166.68 lakhs. In accordance with the SPA and SHA, on 27 November 2017 the Company had acquired 51.00% stake for a consideration of INR 15,272.82 lakhs and thus TBSS has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. TBSS offers Customer Life Cycle Management (CLM) and Business Process Management (BPM) services to a wide range of customers.

The Company in the previous year had opted for the measurement period exemption and has carried out the purchase price allocation on a provisional basis.

During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities of the acquired business at its fair value including intangible assets. Based on the purchase price allocation, the Company has identified the customer relationships aggregating INR 5,354.05 lakhs to be amortised over its estimated useful life of 7 years. The fair value of net assets acquired including the identified intangibles as on the acquisition date as a part of the transaction amounted to INR 24,517.10 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to INR 6,600.53 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Results from this acquisition and goodwill are grouped under Technology solutions segment. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide an increased share in Technology solutions segment.

The fair value of purchase consideration is INR 31,117.63 lakhs. The details are as follows:

| <i>(Amount in INR lakhs)</i>                  |                  |                  |
|---|------------------|------------------|
| Nature of consideration and terms of payment  | Amount           | Fair Value       |
| 1. Cash consideration paid                    | 15,222.03        | 15,222.03        |
| 2. Financial liability [refer note (i) below] | 15,895.60        | 15,895.60        |
| <b>Total purchase consideration</b>           | <b>31,117.63</b> | <b>31,117.63</b> |

(i) The Company has accounted the commitment to acquire remaining 49.00% equity shares as financial liabilities at its present value as on the date of acquisition.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in INR lakhs)

| Particulars                   | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Property, plant and equipment | 7,560.43                   | 4,700.00               | 12,260.43                |
| Intangibles                   | -                          | 5,354.05               | 5,354.05                 |
| Deferred tax liabilities      | -                          | (1,852.92)             | (1,852.92)               |
| Net assets (excluding above)  | 8,755.54                   | -                      | 8,755.54                 |
| <b>Total</b>                  | <b>16,315.97</b>           | <b>8,201.13</b>        | <b>24,517.10</b>         |
| Purchase consideration        |                            |                        | 31,117.63                |
| <b>Goodwill</b>               |                            |                        | <b>6,600.53</b>          |

(ii) The impact of the purchase price allocation as compared to provisional allocation is as follows:

(Amount in INR lakhs)

| Particulars  | Provisional purchase price allocation | Final purchase price allocation | Impact          |
|--|---------------------------------------|---------------------------------|-----------------|
| Purchase consideration                                   | 32,166.68                             | 31,117.63                       | (1,049.05)      |
| Net assets and liabilities acquired                      | 21,015.97                             | 21,015.97                       | -               |
| Intangibles  | 6,425.25                              | 5,354.05                        | (1,071.20)      |
| Deferred tax liability arising on identified intangibles | (2,223.65)                            | (1,852.92)                      | 370.73          |
| <b>Goodwill</b>  | <b>6,949.11</b>                       | <b>6,600.53</b>                 | <b>(348.58)</b> |

### (c) Acquisition of Monster.com (India) Private Limited, Monster.com.SG PTE Limited, Monster.com.HK Limited and Monster Malaysia SDN. BHD

On 8 February 2018, the company along with its wholly owned subsidiary Quesscorp Holdings Pte Ltd ("QHPL") entered into an arrangement with Monster Group (Monster Emerging Markets LLC, Monster.Com Asia Ltd. and Monster Worldwide, Inc.) and Randstad Holding NV to acquire controlling stake in certain entities of Monster Group, namely, Monster.com (India) Private Limited, Monster.com.SG PTE Limited, Monster.com.HK Limited and Monster Malaysia SDN. BHD at an estimated consideration of INR 14,477.95 lakhs. These entities are engaged in providing online and mobile employment and recruitment solutions to its customers.

The Company in the previous year had opted for the measurement period exemption and carried out the purchase price allocation on a provisional basis.

During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities of the acquired business at its fair value including intangible assets. Based on the purchase price allocation, the Company has identified the resume database aggregating INR 1,107.63 lakhs to be amortised over its estimated useful life of 5 years, customer relationships aggregating INR 437.90 lakhs to be amortised over its estimated useful life of 7 years, customer contracts aggregating INR 309.11 lakhs to be amortised over its estimated useful life of 1.5 years, IP technology aggregating INR 412.14 lakhs to be amortised over its estimated useful life of 3 years, brand aggregating INR 476.54 lakhs to be amortised over its estimated useful life of 6 years and non-compete aggregating INR 328.43 lakhs to be amortised over its estimated useful life of 4 years. The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to INR 5,704.74 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to INR 8,732.09 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Results from this acquisition and goodwill are grouped under Internet business segment. Goodwill is not deductible for income tax purposes. This acquisition is expected to mark the Group's footprint in Internet business segment.

The fair value of purchase consideration of INR 14,436.83 lakhs comprise of upfront cash consideration of INR 14,024.69 lakhs and deferred consideration of INR 412.14 lakhs.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The purchase price has been allocated based on the report of a valuer which is as follows:

| <i>(Amount in INR lakhs)</i>  |                            |                        |                          |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Particulars                   | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 580.64                     | -                      | 580.64                   |
| Intangibles                   | -                          | 3,071.75               | 3,071.75                 |
| Deferred tax liabilities      | -                          | (828.32)               | (828.32)                 |
| Net assets (excluding above)  | 2,880.67                   | -                      | 2,880.67                 |
| <b>Total</b>                  | <b>3,461.31</b>            | <b>2,243.43</b>        | <b>5,704.74</b>          |
| Purchase consideration        |                            |                        | 14,436.83                |
| <b>Goodwill</b>               |                            |                        | <b>8,732.09</b>          |

(i) The impact of the purchase price allocation as compared to provisional allocation is as follows:

| <i>(Amount in INR lakhs)</i>                             |                                       |                                 |                 |
|--|---------------------------------------|---------------------------------|-----------------|
| Particulars  | Provisional purchase price allocation | Final purchase price allocation | Impact          |
| Purchase consideration                                   | 14,477.95                             | 14,436.83                       | (41.12)         |
| Net assets and liabilities acquired                      | 3,461.31                              | 3,461.31                        | -               |
| Intangibles  | 3,509.65                              | 3,071.75                        | (437.90)        |
| Deferred tax liability arising on identified intangibles | -                                     | (828.32)                        | (828.32)        |
| <b>Goodwill</b>  | <b>7,506.99</b>                       | <b>8,732.09</b>                 | <b>1,225.10</b> |

### (d) Acquisition of business assets of CAARPUS Technology Services Limited

The Company had 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 INR 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 recognised intangible assets aggregating INR 4.80 lakhs and remaining amount aggregating INR 45.20 lakhs is accounted as goodwill. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Goodwill is deductible for income tax purposes. This acquisition is expected to provide the Group an increased share in Industrials segment (refer note 5.1).

### (e) Acquisition of Greenpiece Landscapes India Private Limited

During the previous year ended 31 March 2018, the Company entered into Share Purchase Cum Shareholder's Agreement ("SPSHA") dated 24 January 2018 and subsequent amendment agreement dated 28 March 2018 with Greenpiece Projects Private Limited, Greenpiece Landscapes India Private Limited ("GLIPL") and its Shareholders to acquire equity stake in GLIPL. As per these agreements, the Company agreed to acquire 100.00% equity stake in GLIPL in various tranches. During the quarter ended 30 June 2018, the Company had acquired 90.00% equity stake in GLIPL at a consideration of INR 2,160.00 lakhs and thus GLIPL has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. Post allocation of purchase price, the Company has recorded goodwill of INR 2,506.85 lakhs. Subsequent to 31 March 2019, on 7 May 2019 the Company acquired balance 10.00% equity stake in GLIPL at a consideration of INR 280.00 lakhs and GLIPL has become 100.00% subsidiary of the Company.

The Company has recognised assets and liabilities of the acquired business at its fair value including intangible assets. Based on the purchase price allocation, the Company has identified the customer relationships aggregating INR 109.40 lakhs as at 02 April 2018 to be amortised over its estimated useful life of 5 years.

The fair value of net liabilities acquired including the identified intangibles as on the acquisition date as a part of the transaction amounted to INR 66.85 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to INR 2,506.85 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Results from this acquisition and goodwill are grouped under Facility management segment. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide the Group an increased share in Facilities management segment.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The purchase price has been allocated based on the report of a valuer which is as follows:

| Particulars                   | <i>(Amount in INR lakhs)</i> |                        |                          |
|-------------------------------|------------------------------|------------------------|--------------------------|
|                               | Acquiree's carrying amount   | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 26.73                        | -                      | 26.73                    |
| Intangibles                   | 2.67                         | 109.40                 | 112.07                   |
| Deferred tax liabilities      | -                            | (37.86)                | (37.86)                  |
| Net assets (excluding above)  | (167.79)                     | -                      | (167.79)                 |
| <b>Total</b>                  | <b>(138.39)</b>              | <b>71.54</b>           | <b>(66.85)</b>           |
| Purchase consideration        |                              |                        | 2,440.00                 |
| <b>Goodwill</b>               |                              |                        | <b>2,506.85</b>          |

For the period from 02 April 2018 to 31 March 2019, GLIPL contributed revenue of INR 3,343.78 lakhs and loss after tax of INR 223.31 lakhs to the Group's results.

### (f) Acquisition of Qdigi Services Limited

During the year ended 31 March 2019, the Company acquired 100.00% equity stake in HCL Computing Products Limited ("HCPL") at a consideration of INR 3,041.82 lakhs and thus HCPL has become the subsidiary of the Company. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. Post allocation of purchase price, the Company has recorded goodwill of INR 1,908.65 lakhs. The name of HCPL has been changed to Qdigi Services Limited ("DIGI") w.e.f. 21 February 2018.

The Company has recognised assets and liabilities of the acquired business at its fair value including intangible assets. Based on the purchase price allocation, the Company has identified the customer relationships aggregating INR 76.37 lakhs as at 11 April 2018 to be amortised over its estimated useful life of 5 years. The fair value of net assets acquired as on the acquisition date as a part of the transaction amounted to INR 1,133.17 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to INR 1,908.65 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Results from this acquisition and goodwill are grouped under Technology solutions segment. Goodwill is deductible for income tax purposes to the extent recognised in books of accounts of DIGI. This acquisition is expected to provide the Group an increased share in Technology solutions segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

| Particulars                   | <i>(Amount in INR lakhs)</i> |                        |                          |
|-------------------------------|------------------------------|------------------------|--------------------------|
|                               | Acquiree's carrying amount   | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 262.16                       | -                      | 262.16                   |
| Intangibles                   | -                            | 76.37                  | 76.37                    |
| Deferred tax liabilities      | -                            | -                      | -                        |
| Net assets (excluding above)  | 794.64                       | -                      | 794.64                   |
| <b>Total</b>                  | <b>1,056.80</b>              | <b>76.37</b>           | <b>1,133.17</b>          |
| Purchase consideration        |                              |                        | 3,041.82                 |
| <b>Goodwill</b>               |                              |                        | <b>1,908.65</b>          |

For the period from 11 April 2018 to 31 March 2019, DIGI contributed revenue of INR 17,004.85 lakhs and loss after tax of INR 162.92 lakhs to the Group's results.

### (g) Acquisition of Simpliance Technologies Private Limited

During the year ended 31 March 2019, the Company entered into an agreement (amendment to the original share subscription agreement dated 19 October 2016) with Simpliance Technologies Private Limited ("STPL") to subscribe for additional 8.00% equity stake at a consideration of INR 200.00 lakhs. Accordingly, the Company's equity stake has increased to 53.00% and STPL has become the subsidiary of the Company. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. Post allocation of purchase price, the Company has recorded goodwill of INR 527.42 lakhs.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The Company has recognised assets and liabilities of the acquired business at its fair value including intangible assets. The fair value of net assets acquired as on the acquisition date as a part of the transaction amounted to INR 288.86 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to INR 527.42 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Results from this acquisition and goodwill are grouped under Internet business segment. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide the Group an increased share in Internet business segment.

The fair value of purchase consideration is INR 680.52 lakhs. The details are as follows:

| Nature of consideration and terms of payment                    | <i>(Amount in INR lakhs)</i> |               |
|---|------------------------------|---------------|
|   | Amount                       | Fair Value    |
| Previously held equity interest                                 | 250.00                       | 528.75        |
| Additional investment to acquire control                        | 200.00                       | 200.00        |
| Share of profit of equity accounted investees till 31 July 2018 | (48.23)                      | (48.23)       |
| <b>Total purchase consideration</b>                             | <b>401.77</b>                | <b>680.52</b> |

The purchase price has been allocated based on the report of a valuer which is as follows:

| Particulars                         | <i>(Amount in INR lakhs)</i> |                        |                          |
|-------------------------------------|------------------------------|------------------------|--------------------------|
|                                     | Acquiree's carrying amount   | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment       | 2.84                         | -                      | 2.84                     |
| Intangibles                         | 94.74                        | -                      | 94.74                    |
| Net assets (excluding above)        | 191.28                       | -                      | 191.28                   |
| Total                               | 288.86                       | -                      | 288.86                   |
| <b>Share of the Group at 53.00%</b> | -                            | -                      | <b>153.10</b>            |
| Purchase consideration              | -                            | -                      | 680.52                   |
| <b>Goodwill</b>                     | -                            | -                      | <b>527.42</b>            |

For the period from 31 July 2018 to 31 March 2019, STPL contributed revenue of INR 83.02 lakhs and profit after tax of INR 49.16 lakhs to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2018, consolidated revenue for the year would have increased by INR 45.02 lakhs and consolidated profit for the year would have reduced by INR 14.30 lakhs, respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.

### (h) Acquisition of Quesscorp Management Consultancies

Styra Corp Management Services ("Styra") is a sole proprietorship establishment incorporated in Dubai, United Arab Emirates. The entity is registered in the name of Mr. Ajit Isaac and Mr. Mohamed Mazarooki has been appointed as local service agent. On 19 December 2018, the name of Styra was changed to Quesscorp Management Consultancies ("QCMC") and the professional license was transferred in its name. Quesscorp Holdings Pte Ltd, Singapore ("QHPL") appointed its nominees to conduct the operations of QCMC. Accordingly, QHPL has acquired control and QCMC has become the subsidiary of the Company.

The Company has recognised assets and liabilities of the acquired business at its fair value including intangible assets. The fair value of net liabilities acquired as on the acquisition date as a part of the transaction amounted to INR 463.80 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to INR 607.46 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Results from this acquisition and goodwill are grouped under Internet business segment. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide the Group an increased share in Technology solutions segment.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The purchase price has been allocated based on the report of a valuer which is as follows:

| <i>(Amount in INR lakhs)</i>  |                            |                        |                          |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Particulars                   | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 1.59                       | -                      | 1.59                     |
| Intangibles                   | -                          | -                      | -                        |
| Deferred tax liabilities      | -                          | -                      | -                        |
| Net assets (excluding above)  | (465.39)                   | -                      | (465.39)                 |
| <b>Total</b>                  | <b>(463.80)</b>            | <b>-</b>               | <b>(463.80)</b>          |
| Purchase consideration        |                            |                        | 143.66                   |
| <b>Goodwill</b>               |                            |                        | <b>607.46</b>            |

For the period from 19 December 2018 to 31 March 2019, QCMC contributed revenue of INR 19.59 lakhs and loss after tax of INR 10.02 lakhs to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2018, consolidated revenue for the year would have increased by INR 74.78 lakhs and consolidated profit for the year would have reduced by INR 42.12 lakhs, respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.

### (i) Disposal of Inticore VJP Advance Systems Private Limited

On 5 June 2018, the company entered into a Share sale and Purchase Agreement ("SPA") with Vee J Pee Aluminium Foundry Private Limited ("Purchaser") to sell and transfer to the purchaser 28,400 shares of Inticore VJP Advance Systems Private Limited ("IASP") representing approximately 73.96% of the share capital of the Company on a fully diluted basis for a sale consideration of INR 231.62 lakhs. On the same day, the company and the purchaser have also entered into a termination agreement to terminate all the existing share holders agreement. Accordingly, as at 29 August 2018, IASP ceased to be a subsidiary of the company.

The details of assets and liabilities transferred are as follows:

| <i>(Amount in INR lakhs)</i>        |               |
|-------------------------------------|---------------|
| Particulars                         | Amount        |
| Goodwill on acquisition             | 94.89         |
| Property, plant and equipment       | 353.85        |
| Intangibles                         | 12.10         |
| Deferred tax liabilities            | -             |
| Net Liabilities (excluding above)   | (198.58)      |
| Non-controlling interest            | (49.54)       |
| <b>Total</b>                        | <b>212.72</b> |
| Sale consideration                  | 231.62        |
| <b>Profit on sale of Investment</b> | <b>18.90</b>  |

# Notes

to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

## 5 Other intangible assets and intangible assets under development

| Particulars                                     | Other intangible assets   |            |  |                   |                          |                                     |                           |                                |                                  |                              | Intangible assets under development (refer note 5.5) |            |
|---|---------------------------|------------|--|-------------------|--------------------------|-------------------------------------|---------------------------|--------------------------------|----------------------------------|------------------------------|--|------------|
|   | Goodwill (refer note 5.1) | Brand      | Customer relation-ships (refer note 5.2) | Computer software | Computer software leased | Customer Contracts (refer note 5.3) | Copyright and trade-marks | IP technology (refer note 5.4) | Resume database (refer note 5.4) | Non-compete (refer note 5.4) |  | Total      |
| <b>Gross carrying amount as at 1 April 2017</b> | 45.20                     | -          | 19,446.73                                | 1,470.92          | 465.55                   | -                                   | 4.80                      | -                              | -                                | -                            | 21,433.20  | 771.68     |
| Acquisitions through business combinations      | -                         | 3,636.58   | 8,132.73                                 | 750.46            | -                        | -                                   | -                         | -                              | -                                | -                            | 12,519.77  | -          |
| Additions                                       | -                         | -          | -  | 580.36            | 218.54                   | 235.35                              | -                         | -                              | -                                | -                            | 1,034.25   | 766.58     |
| Disposals                                       | -                         | -          | -  | -                 | -                        | -                                   | -                         | -                              | -                                | -                            | -  | (6.82)     |
| Transfer  | (45.20)                   | -          | -  | -                 | -                        | -                                   | -                         | -                              | -                                | -                            | (45.20)  | -          |
| Capitalised during the year                     | -                         | -          | -  | 1,315.65          | -                        | -                                   | -                         | -                              | -                                | -                            | 1,315.65   | (1,315.65) |
| Translation differences#                        | -                         | -          | -  | 140.55            | 0.43                     | -                                   | -                         | -                              | -                                | -                            | 140.98   | -          |
| <b>Balance as at 31 March 2018</b>              | -                         | 3,636.58   | 27,579.46                                | 4,257.94          | 684.52                   | 235.35                              | 4.80                      | -                              | -                                | -                            | 36,398.65  | 215.79     |
| Additions through business combinations         | -                         | -          | 185.77                                   | 157.23            | -                        | -                                   | -                         | -                              | -                                | -                            | 343.00   | -          |
| Additions                                       | -                         | -          | -  | 1,196.08          | -                        | -                                   | -                         | -                              | -                                | -                            | 1,196.08   | 935.42     |
| Regrouping*                                     | -                         | -          | -  | 342.97            | (129.44)                 | -                                   | -                         | -                              | -                                | -                            | 213.53   | 290.18     |
| Reperformance of PPA**                          | -                         | (3,029.57) | (894.87)                                 | -                 | -                        | 309.11                              | -                         | 412.14                         | 1,107.63                         | 328.42                       | (1,767.14)   | -          |
| Disposals                                       | -                         | -          | -  | (12.45)           | -                        | -                                   | -                         | -                              | -                                | -                            | (12.45)  | -          |
| Translation differences#                        | -                         | -          | -  | 1,643.83          | 11.34                    | -                                   | -                         | -                              | -                                | -                            | 1,655.17   | (3.59)     |
| <b>Balance as at 31 March 2019</b>              | -                         | 607.01     | 26,870.36                                | 7,585.60          | 566.42                   | 544.46                              | 4.80                      | 412.14                         | 1,107.63                         | 328.42                       | 38,026.83  | 1,437.80   |
| Accumulated amortisation as at 1 April 2017     | -                         | -          | -  | 967.18            | 207.96                   | -                                   | 0.80                      | -                              | -                                | -                            | 1,747.11   | -          |
| Additions through business combination          | -                         | -          | -  | 477.97            | -                        | -                                   | -                         | -                              | -                                | -                            | 477.97   | -          |
| Amortisation for the year                       | -                         | 32.92      | 3,030.07                                 | 430.75            | 182.41                   | 37.79                               | 1.60                      | -                              | -                                | -                            | 3,715.54   | -          |
| Disposals                                       | -                         | -          | -  | -                 | -                        | -                                   | -                         | -                              | -                                | -                            | -  | -          |
| Translation differences#                        | -                         | -          | -  | 136.80            | 0.46                     | -                                   | -                         | -                              | -                                | -                            | 137.26   | -          |
| <b>Balance as at 31 March 2018</b>              | -                         | 32.92      | 3,601.24                                 | 2,012.70          | 390.83                   | 37.79                               | 2.40                      | -                              | -                                | -                            | 6,077.88   | -          |
| Additions through business combination          | -                         | -          | -  | 59.81             | -                        | -                                   | -                         | -                              | -                                | -                            | 59.81  | -          |
| Amortisation for the year                       | -                         | 151.05     | 3,253.60                                 | 1,339.48          | 153.56                   | 313.24                              | 1.21                      | 156.58                         | 252.48                           | 93.58                        | 5,714.78   | -          |
| Regrouping*                                     | -                         | -          | -  | 256.89            | (104.16)                 | -                                   | -                         | -                              | -                                | -                            | 152.73   | -          |
| Disposals                                       | -                         | -          | -  | (0.35)            | -                        | -                                   | -                         | -                              | -                                | -                            | (0.35)   | -          |
| Translation differences#                        | -                         | -          | -  | 1,606.88          | 9.72                     | -                                   | -                         | -                              | -                                | -                            | 1,616.60   | -          |
| <b>Balance as at 31 March 2019</b>              | -                         | 183.97     | 6,854.84                                 | 5,275.41          | 449.95                   | 351.03                              | 3.61                      | 156.58                         | 252.48                           | 93.58                        | 13,621.45  | -          |
| <b>Net carrying amount</b>                      | -                         | -          | -  | -                 | -                        | -                                   | -                         | -                              | -                                | -                            | -  | -          |
| <b>As at 31 March 2019</b>                      | -                         | 423.04     | 20,015.52                                | 2,310.19          | 116.47                   | 193.43                              | 1.19                      | 255.56                         | 855.15                           | 234.84                       | 24,405.39  | 1,437.80   |
| <b>As at 31 March 2018</b>                      | -                         | 3,603.66   | 23,978.22                                | 2,245.24          | 293.69                   | 197.56                              | 2.40                      | -                              | -                                | -                            | 30,320.78  | 215.79     |

\*During the year, the group has done regrouping to bring standardisation in asset class.

\*\*Adjustments on account of finalisation of Purchase price allocation (PPA), which was allocated based on provisional PPA

#Represents translation of intangible assets of foreign operations into Indian Rupees.

No impairment loss has been recognised during the current year or previous year.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

- 5.1 The amount of goodwill on account of Asset Transfer Agreement with CAARPUS Technology Services Limited has been reclassified to goodwill from business combinations [refer note 4(d)].
- 5.2 As part of the purchase price allocation of the business combination with respect to acquisition of Conneqt Business Solutions Limited, Vedang Cellular Services Private Limited, Certain subsidiaries of Monster group, Greenpiece Landscapes India Private Limited and Qdigi Services Limited, the Company has allocated INR 16,720.36 lakhs as the value of customer relationships. The value of Customer relationships has been arrived by assessing the fair value as on the date of acquisition using Multi period excess earning method ("MEEM") which is a variant of income approach. As per the assessment, the life of Customer relationship is ranging from five years to ten years and will be amortised over such period.
- 5.3 During the year ended 31 March 2018, the Company had acquired customer contracts from The Peoples's Choice, a proprietorship firm, for a consideration of INR 235.35 lakhs and has recognised the customer contracts as an intangible asset.

As part of the purchase price allocation of the business combination with respect to acquisition of Certain subsidiaries of Monster group, the Company has allocated INR 309.11 lakhs as the value of Customer contracts. The value of Customer contracts has been arrived by assessing the fair value as on the date of acquisition using Multi period excess earning method ("MEEM") which is a variant of income approach. As per the assessment, the life of Customer contracts is one and half years and will be amortised over such period.

- 5.4 As part of the purchase price allocation of the business combination with respect to acquisition of Certain subsidiaries of Monster group, the Company has allocated INR 412.14 lakhs as the value of IP technology (estimated useful life: 3 years), INR 1,107.63 lakhs as the value of Resume database (estimated useful life: 5 years) and INR 328.42 lakhs as the value of Non-compete (estimated useful life: 4 years) and will be amortised over such period.
- 5.5 The Company has entered into an agreement with MFX Infotech Private Limited for development of its payroll management system. The contract is entered on a time and material basis at cost plus agreed markup. Software development has been completed during the year. Out of total capitalised amount of INR 1,315.65 lakhs in the previous year ended 31 March 2018, INR 1,160.30 lakhs pertains to this agreement. 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.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 6 Investments in equity accounted investees and Non-current investments

#### Investments in equity accounted investees

(Amount in INR lakhs)

| Particulars                                     | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Interest in associates (refer note A below)     | 8,832.74               | 8,578.78               |
| Interest in joint ventures (refer note A below) | -                      | -                      |
|   | <b>8,832.74</b>        | <b>8,578.78</b>        |

#### Non-current investments

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Unquoted</b>  |                        |                        |
| <b>Investment carried at fair value through other comprehensive income</b> |                        |                        |
| Investments in equity and other instruments (refer note B below)           | 165.50                 | 297.74                 |
|  | <b>165.50</b>          | <b>297.74</b>          |

(Amount in INR lakhs)

| A Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Investment in equity accounted investees</b>  |                        |                        |
| <b>Investment in associates</b>  |                        |                        |
| <b>Investment in equity instruments</b>  |                        |                        |
| 245,000 (31 March 2018: 245,000) fully paid up equity shares of par value of INR 10.00 each of Terrier Security Services (India) Private Ltd (refer note 6.1)          | 7,959.59               | 7,436.20               |
| Nil (31 March 2018: 9,000) fully paid up equity shares of par value of INR 10.00 each of Simpliance Technologies Private Limited (refer note 6.2)                      | -                      | 208.20                 |
| 13,612 (31 March 2018: 12,778) fully paid up equity shares of par value of INR 10.00 each of Heptagon Technologies Private Limited (refer note 6.3)                    | 838.91                 | 922.64                 |
| 5,100 (31 March 2018: 5,100) fully paid up equity shares of par value of INR 10.00 each of Trimax Smart Infraprojects Private Limited (refer note 6.4)                 | -                      | 9.39                   |
| 2,500 (31 March 2018: 2,500) fully paid up equity shares of par value of Peso 100.00 (INR 1.24 per Peso) each of Quess Recruit, Inc. (refer note 6.5)                  | 14.32                  | 2.35                   |
| 10,35,000 (31 March 2018: NIL) fully paid up equity shares of par value of INR 10.00 of Quess East Bengal FC Private Limited (refer note 6.6)                          | -                      | -                      |
| 1,22,500 (31 March 2018: NIL) fully paid up equity shares of par value of RM 1.00 (INR 16.86 per RM) each of Agency Pekerjaan Quess Recruit Sdn. Bhd. (refer note 6.7) | 19.92                  | -                      |
|  | <b>8,832.74</b>        | <b>8,578.78</b>        |
| <b>Investment in joint venture</b>   |                        |                        |
| 49,000 (31 March 2018: 49,000) fully paid up equity shares of par value of 1.00 RM each of Himmer Industrial Services (M) SDN BHD (refer note 6.8)                     | -                      | -                      |
|  |                        |                        |
| <b>Total investment in equity accounted investees</b>  | <b>8,832.74</b>        | <b>8,578.78</b>        |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| B | Particulars   | As at         | As at         |
|---|---|---------------|---------------|
|   |   | 31 March 2019 | 31 March 2018 |
|   | <b>Unquoted</b>   |               |               |
|   | <b>Investment carried at fair value through other comprehensive income</b>  |               |               |
|   | <b>Investment in equity instruments</b>   |               |               |
|   | 200,000 (31 March 2018: 200,000) fully paid up equity shares of par value of INR 10.00 each of KMG Infotech Limited (refer note 6.10) | 165.50        | 165.50        |
|   | <b>Other non-current investments</b>  |               |               |
|   | Investment in Styracorp Management Services (refer note 6.11)   | -             | 132.24        |
|   |   | <b>165.50</b> | <b>297.74</b> |

- 6.1 During the year ended 31 March 2017, the Company had entered into Share Purchase Agreement ("SPA") with Terrier Security Services (India) Private Limited ("Terrier") and its shareholders dated 19 October 2016, to acquire 74.00% stake subject to the approval of Ministry of Home Affairs ("MHA") for consideration as per the terms mentioned in the SPA. Accordingly, the Company acquired 49.00% stake for a consideration of INR 7,200.00 lakhs ('First Tranche'). Balance 25.00% stake will be acquired after receiving approval from MHA ('Second Tranche'). As MHA approval is not yet received, Terrier continues to be an associate of the Company.

The following table summarises the financial information of Terrier as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Terrier.

(Amount in INR lakhs)

| Particulars   | As at           | As at           |
|---|-----------------|-----------------|
|   | 31 March 2019   | 31 March 2018   |
| <b>Percentage ownership interest</b>                                | <b>49.00%</b>   | <b>49.00%</b>   |
| Non-current assets  | 3,374.06        | 1,675.28        |
| Current assets  | 13,422.03       | 9,054.73        |
| Non-current liabilities   | (288.90)        | (272.97)        |
| Current liabilities   | (12,645.30)     | (7,663.31)      |
| <b>Net assets before corporate guarantee adjustment</b>             | <b>3,861.89</b> | <b>2,793.73</b> |
| Less: Fair Value of corporate guarantee issued by Qess Corp Limited | (22.00)         | (22.00)         |
| Net Assets  | 3,839.89        | 2,771.73        |
| Group's share of net assets   | 1,881.55        | 1,358.16        |
| Goodwill  | 6,056.04        | 6,056.04        |
| <b>Carrying amount of interest in associates</b>                    | <b>7,937.59</b> | <b>7,414.20</b> |
| Add: Fair Value of corporate guarantee issued by Qess Corp Limited  | 22.00           | 22.00           |
| <b>Total Investment</b>   | <b>7,959.59</b> | <b>7,436.20</b> |

(Amount in INR lakhs)

| Particulars   | For the year ended |               |
|---|--------------------|---------------|
|   | 31 March 2019      | 31 March 2018 |
| Revenue   | 42,941.74          | 32,989.21     |
| Profit after tax  | 1,110.45           | 241.75        |
| Other comprehensive income                                  | (42.30)            | 31.43         |
| Total comprehensive income                                  | 1,068.15           | 273.18        |
| <b>Group's share of profit (49.00%)</b>                     | <b>544.12</b>      | <b>118.47</b> |
| <b>Group's share of other comprehensive income (49.00%)</b> | <b>(20.73)</b>     | <b>15.40</b>  |
| <b>Group's share of total comprehensive income</b>          | <b>523.39</b>      | <b>133.87</b> |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

- 6.2 During the year ended 31 March 2017, the Group had entered into Share Subscription Agreement (“SSA”) dated 19 October 2016 with Simpliance Technologies Private Limited (“Simpliance”) and its shareholders to acquire equity stake of 45.00% in Simpliance for a consideration of INR 250.00 lakhs. In accordance with SSA, the Group had acquired 45.00% equity stake and accordingly Simpliance became the associate of the Group for the year ended 31 March 2018. During the current year, the Company entered into an agreement (amendment to the original share subscription agreement dated 19 October 2016) with Simpliance to subscribe for additional 8.00% equity stake at a consideration of INR 200.00 lakhs. Accordingly, the Company’s equity stake has increased to 53.00% and STPL has become the subsidiary of the Company (refer note 4(g))
- 6.3 During the previous year ended 31 March 2018, the Group had entered into a Share Subscription Agreement (“SSA”) dated 21 June 2017 with Heptagon Technologies Private Limited (“Heptagon”) and had acquired 46.00% of shares for a consideration of INR 977.00 lakhs. During the year ended 31 March 2019, the Company entered into a Share Purchase Agreement (“SPA”) dated 5 September 2018 with Heptagon and its shareholders to acquire additional 3.00% shares for a consideration of INR 150.00 lakhs. As of 31 March 2019, the Company holds 49.00% equity stake in Heptagon. Accordingly, Heptagon continues to be an associate of the Group.
- 6.4 During the previous year ended 31 March 2018, the Group has entered into Agreement dated 24 November 2017 with Trimax IT Infrastructure & Services Limited to subscribe 51.00% equity stake in Trimax Smart Infracore Private Limited. In accordance with the agreement, the Group has subscribed 51.00% stake for a consideration of INR 0.51 lakhs during the previous year. Considering provisions of the agreement, the Group has classified investment in Trimax Smart Infracore Private Limited as associate as per Ind AS 28, Investment in Associates. The group had picked up losses to the extent of its investments.
- 6.5 During the previous year ended 31 March 2018, the Group through its wholly owned subsidiary Quess (Philippines) Corp subscribed to 10,000 shares with par value of Peso 100 each, or equivalent to 25.00% of the common capital stock of Quess Recruit, Inc., for a consideration of Peso 250,000 (INR equivalent 3.10 lakhs). Accordingly, Quess Recruit has become the associate of the Group.
- 6.6 During the current year, the Company entered into a Share Purchase Agreement (“SPA”) dated 5 July 2018 with Quess East Bengal FC Private Limited (“QEBFC”) and its shareholders to subscribe for 70.00% shares for a consideration of INR 1,003.50 lakhs. Considering provisions of the agreement, the Group has classified investment in Quess East Bengal FC Private Limited as associate as per Ind AS 28, Investment in Associates. The group had picked up losses to the extent of its investments.
- 6.7 During the current year, the Group through its wholly owned subsidiary Quessglobal (Malaysia) SDN. BHD. subscribed to 122,500 shares with par value of RM 1 each, equivalent to 49.00% of the share capital of Agency Pekerjaan Quess Recruit SDN. BHD. (“APKR”), for a consideration of RM 122,500 (INR equivalent 20.65 lakhs). Accordingly, APKR has become the associate of the Group.
- 6.8 During the year ended 31 March 2017, the Group had 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 49.00% equity stake. Considering provisions of the agreement, the Group has classified investment in Himmer as joint venture as per Ind AS 111, Joint Arrangements. The group had picked up losses to the extent of its investments.
- 6.9 The following table analyses the Group’s interests in individually immaterial associates (refer note 6.2, 6.3, 6.4, 6.5, 6.6 and 6.7) and joint venture (refer note 6.8) in the carrying amount and share of profit and other comprehensive income.

### Associates and joint venture

(Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Aggregate carrying amount of individually immaterial associates and joint venture | 873.15                 | 1,142.58               |
| Share in profit/(loss)  | (1,424.97)             | 81.98                  |
| Share in other comprehensive income   | 183.15                 | -                      |
| <b>Share in total comprehensive income</b>  | <b>(1,241.82)</b>      | <b>81.98</b>           |

- 6.10 Investments in KMG Infotech Ltd has been acquired through the acquisition of MFXchange Holdings Inc.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

- 6.11 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 Isaac and Mr. Mohamed Mazarooki has been appointed as local service agent. During the Previous year ended 31 March 2018, the Company has transferred the license of IME consulting in the name of Quesscorp Holdings Pte Ltd ("QHPL") and accordingly all the assets and liabilities of IME Consulting has become the assets and liabilities of QHPL as on 1 April 2017.

As at 31 March 2018, The Group, based on a legal advice received from an external lawyer of Dubai, has not consolidated Styra as the Management believe that it will continue to operate as sole establishment 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 Styra, and does not directly or indirectly hold any voting power in it.

On 19 December 2018, the name of Styra was changed to Quesscorp Management Consultancies ("QCMC") and the professional license was transferred in its name. Quesscorp Holdings Pte Ltd, Singapore ("QHPL") appointed its nominees to conduct the operations of QCMC. Accordingly, QHPL has acquired control and QCMC has become the subsidiary of the Company (refer note 4(h)).

### 7 Non current loans

(Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <i>Loans receivable considered good - Unsecured</i> |                        |                        |
| Security deposits                                   | 6,806.13               | 5,150.58               |
| Loans to associates (refer note 47)                 | 17,437.16              | -                      |
|   | <b>24,243.29</b>       | <b>5,150.58</b>        |

### 8 Other non-current financial assets

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Bank deposits (due to mature after 12 months from the reporting date)* | 1,455.08               | 824.86                 |
| Indemnification assets**   | 4,433.35               | 4,433.35               |
| Interest receivable from related parties (refer note 47)               | 1,007.30               | -                      |
| Due from related parties (refer note 47)                               | 1,136.51               | -                      |
|  | <b>8,032.24</b>        | <b>5,258.21</b>        |

\* Fixed deposits to the tune of INR 374.13 lakhs (31 March 2019) are lien marked.

\*\* As per the Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 20 November 2017 with Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) ("TBSS") and its shareholders, the Group will be indemnified for any future cash outflow on account of specific indirect tax claim which is existing as on the date of acquisition. The claim which is recognised as contingent liability in the standalone financial statements of TBSS is recognised as provision for expenses in the consolidated financial statements of the Group by recognising an equal amount as indemnification assets [based on purchase price allocation refer note 4 (b)].

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 9 Taxes

#### A Amount recognised in profit or loss

(Amount in INR lakhs)

| Particulars   | For the year ended |                 |
|---|--------------------|-----------------|
|   | 31 March 2019      | 31 March 2018   |
| <b>Current tax:</b>   |                    |                 |
| In respect of the current year  | (8,065.33)         | (6,260.55)      |
| Excess provision related to prior years [refer note (i) below]                      | (384.02)           | 5,651.55        |
| <b>Deferred tax:</b>  |                    |                 |
| <i>Attributable to:</i>   |                    |                 |
| Origination and reversal of temporary differences                                   | 5,159.69           | 5,439.54        |
| <b>Income tax expense reported in the Consolidated Statement of Profit and Loss</b> | <b>(3,289.66)</b>  | <b>4,830.54</b> |

- (i) As per the amendment in the Finance Act 2016, deduction under Section 80JJAA of Income Tax Act, 1961 was extended across all sectors subject to fulfilment of conditions as stipulated in the said Section. The amendment was first applicable for the financial year ended 31 March 2017.

Since the provision was subject to a number of clarifications and interpretations, the Group had obtained an opinion from an external advisor establishing its eligibility and method to compute deduction under Section 80JJAA during the previous year ended 31 March 2018. Resultantly, the Group had accounted for 80JJAA deduction for the year ended 31 March 2018 and the year ended 31 March 2017, during the previous year ended 31 March 2018. The Group continued to claim the said deduction during the year ended 31 March 2019.

#### B Income tax recognised in other comprehensive income

(Amount in INR lakhs)

| Particulars   | For the year ended |                 |
|---|--------------------|-----------------|
|   | 31 March 2019      | 31 March 2018   |
| Remeasurement of the net defined benefit liability/ asset |                    |                 |
| Before tax  | (346.50)           | (470.85)        |
| Tax expense   | 184.33             | 152.46          |
| <b>Net of tax</b>   | <b>(162.17)</b>    | <b>(318.39)</b> |

#### C Amounts recognised directly in equity

No tax expense has been recognised directly in equity.

#### D Reconciliation of effective tax rate

(Amount in INR lakhs)

| Particulars   | For the year ended |                 |
|---|--------------------|-----------------|
|   | 31 March 2019      | 31 March 2018   |
| Profit before tax   | 28,944.58          | 26,145.65       |
| Tax using the Company's domestic tax rate of 34.944% (31 March 2018: 34.608%)                 | (10,114.39)        | (9,048.49)      |
| <b>Effect of:</b>   |                    |                 |
| Tax exempt income   | 127.45             | -               |
| Non-deductible expenses   | (1,784.95)         | (114.46)        |
| Tax incentives  | 8,470.81           | 7,254.20        |
| Unrecognised tax losses   | 13.01              | 106.40          |
| Deferred tax credit for earlier periods   | (212.69)           | 664.28          |
| Difference in enacted tax rate  | (1,163.75)         | (90.54)         |
| Income-taxes related to prior years   | (459.71)           | -               |
| Others  | 1,758.87           | 407.60          |
| <b>Effective tax rate</b>   | <b>(3,365.35)</b>  | <b>(821.01)</b> |
| Excess provisions relating to earlier years   | (75.69)            | (5,651.55)      |
| <b>Income tax credit/ (expense) reported in the Consolidated Statement of profit and loss</b> | <b>(3,289.66)</b>  | <b>4,830.54</b> |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

**E** The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2019 and 31 March 2018

**Income tax assets (net)** (Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Income tax assets                                   | 57,558.07              | 42,948.34              |
| Income tax liabilities                              | (26,362.76)            | (22,030.07)            |
| <b>Net income tax assets at the end of the year</b> | <b>31,195.31</b>       | <b>20,918.27</b>       |

**Income tax liabilities (net)\*** (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Income tax assets  | -                      | -                      |
| Income tax liabilities                                   | 853.75                 | 961.19                 |
| <b>Net income tax liabilities at the end of the year</b> | <b>853.75</b>          | <b>961.19</b>          |

\*For current tax liabilities above, there is no legally enforceable right to set off against the non-current tax assets and accordingly disclosed separately.

**F** **Deferred tax assets (net) and Deferred tax liabilities (net)** (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Deferred tax asset and liabilities are attributable to the following:</b> |                        |                        |
| <b>Deferred tax assets:</b>  |                        |                        |
| Impairment loss allowance on financial assets                                | 1,859.96               | 1,847.31               |
| Provision for employee benefits  | 4,072.12               | 2,836.81               |
| Provision for bonus  | 322.42                 | 694.68                 |
| Provision for disputed claims  | 351.96                 | 316.08                 |
| Provision for doubtful receivables/deposits                                  | 114.26                 | -                      |
| Provision for interest on service tax  | -                      | -                      |
| Provision for rent escalation  | 127.56                 | 115.38                 |
| Present valuation of financial instruments                                   | -                      | 5.71                   |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961                | 11,329.87              | 9,677.80               |
| Property, plant and equipment and intangible assets                          | (244.74)               | 1,959.95               |
| MAT credit entitlement   | 12,658.65              | 8,537.52               |
| Brought forward losses & unabsorbed depreciation                             | 827.45                 | 552.63                 |
| Others   | 2,508.59               | 473.50                 |
| <b>Deferred tax assets</b>   | <b>33,928.10</b>       | <b>27,017.37</b>       |
| <b>Deferred tax liabilities:</b>   |                        |                        |
| Intangibles recognised on PPA  | [4,696.48]             | [4,882.19]             |
| Goodwill on merger   | [9,967.03]             | [6,578.95]             |
|  | <b>(14,663.51)</b>     | <b>(11,461.14)</b>     |
| <b>Deferred tax assets (net)</b>   | <b>19,264.59</b>       | <b>15,556.23</b>       |
| Deferred tax liabilities (net)   | 9.02                   | 22.40                  |
| <b>Deferred tax assets (net)</b>   | <b>19,255.57</b>       | <b>15,533.83</b>       |

The movement of deferred tax aggregating to INR 3,991.00 lakhs (excluding additions through business combination) for the year ended 31 March 2019 [31 March 2018: INR 12,113.18 lakhs] comprises of INR 3,806.67 lakhs [31 March 2018: INR 11,960.72 lakhs] charged to profit and loss account and INR 184.33 lakhs [31 March 2018: INR 152.46 lakhs] charged to other comprehensive income.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### G Recognised deferred tax assets and liabilities

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

(Amount in INR lakhs)

| For the year ended<br>31 March 2019                              | Opening<br>balance | Additions<br>through<br>business<br>combinations | Recognised in<br>profit or loss | Recognised<br>in OCI | Closing<br>balance |
|--|--------------------|--|---------------------------------|----------------------|--------------------|
| <b>Deferred tax assets:</b>                                      |                    |  |                                 |                      |                    |
| Impairment loss allowance on<br>financial assets                 | 1,847.31           | 115.08   | 11.83                           | -                    | 1,974.22           |
| Provision for employee benefits                                  | 2,836.81           | 16.31  | 1,034.67                        | 184.33               | 4,072.12           |
| Provision for bonus  | 694.68             | -  | (372.26)                        | -                    | 322.42             |
| Provision for disputed claims                                    | 316.08             | -  | 35.88                           | -                    | 351.96             |
| Provision for rent escalation                                    | 115.38             | 0.04   | 12.14                           | -                    | 127.56             |
| Present valuation of financial<br>instruments                    | 5.71               | -  | (5.71)                          | -                    | -                  |
| Impact of deduction of Section<br>80JJAA of Income Tax Act, 1961 | 9,677.80           | -  | 1,652.07                        | -                    | 11,329.87          |
| Property, plant and equipment and<br>intangible assets           | 1,959.95           | 2.23   | (2,206.92)                      | -                    | (244.74)           |
| MAT credit entitlement   | 8,537.52           | -  | 4,121.13                        | -                    | 12,658.65          |
| Brought forward losses &<br>unabsorbed depreciation              | 552.63             | -  | 274.82                          | -                    | 827.45             |
| Others   | 473.50             | 1.83   | 2,033.26                        | -                    | 2,508.59           |
|  | <b>27,017.37</b>   | <b>135.49</b>                                    | <b>6,590.91</b>                 | <b>184.33</b>        | <b>33,928.10</b>   |
| <b>Deferred tax liabilities:</b>                                 |                    |  |                                 |                      |                    |
| Intangibles recognised on PPA                                    | (4,882.19)         | (404.75)   | 590.46                          | -                    | (4,696.48)         |
| Goodwill on merger   | (6,578.95)         | -  | (3,388.08)                      | -                    | (9,967.03)         |
|  | (11,461.14)        | (404.75)   | (2,797.62)                      | -                    | (14,663.51)        |
| <b>Deferred tax assets (net)</b>                                 | <b>15,556.23</b>   | <b>(269.26)</b>                                  | <b>3,793.29</b>                 | <b>184.33</b>        | <b>19,264.59</b>   |
| <b>Deferred tax liabilities</b>                                  |                    |  |                                 |                      |                    |
| Deferred tax liabilities (net)                                   | 22.40              | -  | (13.38)                         | -                    | 9.02               |
| <b>Net Deferred tax assets</b>                                   | <b>15,533.83</b>   | <b>(269.26)</b>                                  | <b>3,806.67</b>                 | <b>184.33</b>        | <b>19,255.57</b>   |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

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

(Amount in INR lakhs)

| For the year ended<br>31 March 2018                           | Opening<br>balance | Additions<br>through<br>business<br>combinations | Recognised in<br>profit or loss* | Recognised<br>in OCI | Closing<br>balance |
|---|--------------------|--|----------------------------------|----------------------|--------------------|
| <b>Deferred tax assets:</b>                                   |                    |  |                                  |                      |                    |
| Impairment loss allowance on financial assets                 | 1,730.32           | 332.62   | (215.63)                         | -                    | 1,847.31           |
| Provision for employee benefits                               | 1,518.99           | 944.82   | 220.54                           | 152.46               | 2,836.81           |
| Provision for bonus   | 294.08             | 487.15   | (86.55)                          | -                    | 694.68             |
| Provision for disputed claims                                 | 72.63              | -  | 243.45                           | -                    | 316.08             |
| Provision for interest on service tax                         | 111.28             | -  | (111.28)                         | -                    | -                  |
| Provision for rent escalation                                 | 18.60              | 77.22  | 19.56                            | -                    | 115.38             |
| Present valuation of financial instruments                    | 5.75               | -  | (0.04)                           | -                    | 5.71               |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | -                  | 418.61   | 9,259.19                         | -                    | 9,677.80           |
| Property, plant and equipment and intangible assets           | 2,024.86           | (4.13)   | (60.78)                          | -                    | 1,959.95           |
| MAT credit entitlement  | 2,225.13           | -  | 6,312.39                         | -                    | 8,537.52           |
| Brought forward losses & unabsorbed depreciation              | 118.57             | -  | 434.06                           | -                    | 552.63             |
| Others  | 367.87             | 8.34   | 97.29                            | -                    | 473.50             |
|   | <b>8,488.08</b>    | <b>2,264.63</b>                                  | <b>16,112.20</b>                 | <b>152.46</b>        | <b>27,017.37</b>   |
| <b>Deferred tax liabilities:</b>                              |                    |  |                                  |                      |                    |
| Customer relationships  | (2,081.03)         | (2,858.68)                                       | 57.52                            | -                    | (4,882.19)         |
| Goodwill on merger  | (2,392.35)         | -  | (4,186.60)                       | -                    | (6,578.95)         |
|   | <b>(4,473.38)</b>  | <b>(2,858.68)</b>                                | <b>(4,129.08)</b>                | <b>-</b>             | <b>(11,461.14)</b> |
| <b>Deferred tax assets (net)</b>                              | <b>4,014.70</b>    | <b>(594.05)</b>                                  | <b>11,983.12</b>                 | <b>152.46</b>        | <b>15,556.23</b>   |
| <b>Deferred tax liabilities</b>                               |                    |  |                                  |                      |                    |
| Deferred tax liabilities (net)                                | -                  | -  | 22.40                            | -                    | 22.40              |
| <b>Net Deferred tax assets</b>                                | <b>4,014.70</b>    | <b>(594.05)</b>                                  | <b>11,960.72</b>                 | <b>152.46</b>        | <b>15,533.83</b>   |

\*includes deferred tax related to earlier periods which is accounted under Tax relating to earlier years in the consolidated statement of profit and loss

### H Unrecognised deferred tax assets/ (liabilities)

The Group does not have unrecognised deferred tax liabilities.

Unrecognised deferred tax assets related primarily to business losses. These unexpired business losses will expire based on the year of origination as follows:

(Amount in INR lakhs)

| As at 31 March 2019 | Unabsorbed<br>business losses |
|---------------------|-------------------------------|
| 2020                | -                             |
| 2021                | -                             |
| 2022                | -                             |
| 2023                | -                             |
| 2024                | -                             |
| Thereafter          | 3,309.46                      |
|                     | <b>3,309.46</b>               |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 10 Other non-current financial assets (Amount in INR lakhs)

| Particulars                                 | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Capital advances                            | 102.61                 | 291.45                 |
| <b>Advances other than capital advances</b> |                        |                        |
| Taxes paid under protest                    | 1,197.47               | 1,200.31               |
| Provident fund payments made under protest  | 107.22                 | 107.22                 |
| Prepaid expenses                            | 423.73                 | 193.43                 |
|   | <b>1,831.03</b>        | <b>1,792.41</b>        |

### 11 Inventories (Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <i>Valued at lower of cost and net realizable value</i> |                        |                        |
| Raw material and consumables                            | 662.67                 | 481.98                 |
| Stores and spares                                       | 1,545.51               | 367.47                 |
|   | <b>2,208.18</b>        | <b>849.45</b>          |

### 12 Current investments (Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <b>Quoted</b>   |                        |                        |
| <b>Investments at fair value through profit or loss</b> |                        |                        |
| Investments in liquid mutual fund units                 | 3,846.82               | 19,740.20              |
|   | <b>3,846.82</b>        | <b>19,740.20</b>       |

#### Details of investments in liquid mutual fund units (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Nil units (March 2018: 3,797.38 units) Axis Liquid Fund - Growth                           | -                      | 72.94                  |
| Nil units (March 2018: 36,389.55 units) Axis Liquid Fund - Direct Growth                   | -                      | 701.42                 |
| 3,409.64 units (March 2018: 76,218.45 units) HDFC Liquid Fund - Regular Plan Growth        | 124.87                 | 2,599.48               |
| 6,927.39 units (March 2018: 71,141.49 units) HDFC Liquid Fund - Direct Plan Growth         | 254.94                 | 2,435.80               |
| 1,027.26 units (March 2018: 1,027.26 units) HSBC Cash Fund - Growth                        | 19.06                  | 17.73                  |
| 32,770.79 units (March 2018: 32,770.79 units) ICICI Flexible Income Plan - Direct Growth   | 118.36                 | 109.81                 |
| 11,630.20 units (March 2018: 11,630.20 units) ICICI Flexible Income Plan - Growth          | 41.72                  | 38.76                  |
| 1,015,044.17 units (March 2018: 1,015,044.17 units) ICICI Prudential Liquid Plan - Growth  | 2,795.62               | 2,602.45               |
| 73,294.51 units (March 2018: 73,294.51 units) ICICI Prudential Liquid Plan - Direct Growth | 202.60                 | 188.47                 |
| 2,005.39 units (March 2018: 2,005.39 units) IDFC Cash Fund Growth Direct Plan              | 45.45                  | 42.32                  |
| Nil units (March 2018: 84,725.66 units) Kotak Floater Short Term Direct Plan Growth        | -                      | 2,416.34               |
| Nil units (March 2018: 91,495.65 units) Kotak Floater Short Term Regular Plan Growth       | -                      | 2,602.66               |
| Nil units (March 2018: 942.45 units) SBI Premier Liquid Fund - Regular Plan Growth         | -                      | 25.59                  |
| 8,338.53 units (March 2018: 171,930.78 units) SBI Premier Liquid Fund - Direct Plan Growth | 244.20                 | 4,684.07               |
| Nil units (March 2018: 28,357.90 units) Reliance Liquid Fund - Direct Plan Growth          | -                      | 1,202.36               |
|  | <b>3,846.82</b>        | <b>19,740.20</b>       |
| Aggregate amount of quoted investments   | 3,846.82               | 19,740.20              |
| Aggregate market value of quoted investments   | 3,846.82               | 19,740.20              |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 13 Trade receivables

(Amount in INR lakhs)

| Particulars                                | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Unsecured</b>                           |                        |                        |
| Considered good                            | 97,211.80              | 97,270.53              |
| Less: Allowance for expected credit losses | (5,892.76)             | (5,202.68)             |
| <b>Net trade receivables</b>               | <b>91,319.04</b>       | <b>92,067.85</b>       |

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

(Amount in INR lakhs)

| Particulars                            | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Trade receivables from related parties | 8,352.02               | 2,265.93               |
| Less: Loss allowance                   | (1,110.11)             | (484.59)               |
| <b>Net trade receivables</b>           | <b>7,241.91</b>        | <b>1,781.34</b>        |

For terms and conditions of trade receivables owing from related parties refer note 47.

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 40.

### 14 Cash and cash equivalents

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Cash and cash equivalents</b>   |                        |                        |
| Cash in hand   | 55.36                  | 45.55                  |
| Balances with banks  |                        |                        |
| In current accounts  | 49,643.36              | 45,307.94              |
| In EEFC accounts   | 53.06                  | 244.43                 |
| In deposit accounts (with original maturity of less than 3 months)         | 725.61                 | 11,013.23              |
| <b>Cash and cash equivalents in consolidated balance sheet</b>             | <b>50,477.39</b>       | <b>56,611.15</b>       |
| Bank overdraft used for cash management purpose                            | -                      | -                      |
| <b>Cash and cash equivalent in the consolidated statement of cash flow</b> | <b>50,477.39</b>       | <b>56,611.15</b>       |

### 15 Bank balances other than cash and cash equivalents

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| In deposit accounts (mature within 12 months from the reporting date)* | 8,072.35               | 27,040.22              |
|  | <b>8,072.35</b>        | <b>27,040.22</b>       |

\*Fixed deposits to the tune of INR 5,336.70 lakhs (31 March 2019) are lien marked.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 16 Current loans (Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <i>Loans receivable considered good - unsecured</i> |                        |                        |
| Security deposits                                   | 1,004.10               | 1,685.86               |
| Provision for doubtful deposits                     | (52.08)                | -                      |
|   | <b>952.02</b>          | <b>1,685.86</b>        |
| <i>Other loans and advances</i>                     |                        |                        |
| Loans to employees*                                 | 595.28                 | 400.26                 |
| Loans to associates (refer note 47)                 | 2,250.00               | 15,345.51              |
|   | <b>3,797.30</b>        | <b>17,431.63</b>       |

\*There is no loss allowance required to be created for loans to employees as these are in the nature of advance given to employees for operating purpose.

### 17 Unbilled revenue (Amount in INR lakhs)

| Particulars          | As at<br>31 March 2019 | As at<br>31 March 2018 |
|----------------------|------------------------|------------------------|
| Unbilled revenue*    | 70,401.95              | 47,367.46              |
| Less: Loss allowance | (80.00)                | (80.00)                |
|                      | <b>70,321.95</b>       | <b>47,287.46</b>       |

\*includes unbilled revenue billable to related parties (refer note 47)

### 18 Other current financial assets (Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Interest accrued but not due                             | 145.30                 | 283.73                 |
| Advance for purchase of shares (refer note 18.1)         | -                      | 1,400.00               |
| Interest receivable from related parties (refer note 47) | 74.21                  | 8.68                   |
| Due from related parties (refer note 47)                 | -                      | 31.96                  |
|  | <b>219.51</b>          | <b>1,724.37</b>        |

18.1 The advance for purchase of shares relates to the advance given for the acquisition of equity shares of Greenpiece Landscape India Private Limited.

### 19 Other current assets (Amount in INR lakhs)

| Particulars                                 | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <i>Advances other than capital advances</i> |                        |                        |
| Prepaid expenses                            | 4,776.78               | 3,794.32               |
| Advances to suppliers                       | 1,643.65               | 840.14                 |
| Travel advances to employees                | 223.94                 | 75.95                  |
| Balances with government authorities        | 1,860.15               | 1,176.66               |
| Other advances                              | 1,727.98               | 273.83                 |
|   | <b>10,232.50</b>       | <b>6,160.90</b>        |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 20 Equity share capital

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Authorised</b>  |                        |                        |
| 200,000,000 (31 March 2018: 200,000,000) equity shares of par value of INR 10.00 each                | 20,000.00              | 20,000.00              |
|  | <b>20,000.00</b>       | <b>20,000.00</b>       |
| <b>Issued, subscribed and paid-up</b>  |                        |                        |
| 146,084,833 (31 March 2018: 145,484,178) equity shares of par value of INR 10.00 each, fully paid up | 14,608.48              | 14,548.42              |
|  | <b>14,608.48</b>       | <b>14,548.42</b>       |

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

(Amount in INR lakhs)

| Particulars  | As at 31 March 2019 |                        | As at 31 March 2018 |                        |
|--|---------------------|------------------------|---------------------|------------------------|
|  | Number of<br>shares | Amount in INR<br>Lakhs | Number of<br>shares | Amount in INR<br>Lakhs |
| <b>Equity shares</b>   |                     |                        |                     |                        |
| At the commencement of the year  | 145,484,178         | 14,548.42              | 126,790,961         | 12,679.10              |
| Add: Shares issued on exercise of employee stock options (refer note 51) | 600,655             | 60.06                  | 619,925             | 61.99                  |
| Add: Shares issued on Institutional Placement Programme (i)              | -                   | -                      | 10,924,029          | 1,092.40               |
| Add: Shares issued on MIS acquisition (ii)                               | -                   | -                      | 7,149,263           | 714.93                 |
| At the end of the year   | <b>146,084,833</b>  | <b>14,608.48</b>       | <b>145,484,178</b>  | <b>14,548.42</b>       |

- (i) During the previous year ended 31 March 2018, the Company has completed the Institutional Placement Programme (IPP) and raised a total capital of INR 87,392.23 lakhs by issuing 10,924,029 equity shares of INR 10.00 each at a premium of INR 790.00 each. The proceeds from IPP is INR 84,754.90 lakhs (net of issue expenses).

Details of utilisation of IPP proceeds are as follows:

| Particulars  | Objects of the<br>issue as per the<br>prospectus | Utilised upto<br>31 March 2019 | Unutilised<br>amount as on<br>31 March 2019 |
|--|--|--------------------------------|---|
| Acquisitions and other strategic initiatives                   | 62,500.00  | 50,386.30                      | 12,113.70                                   |
| Funding incremental working capital requirement of the Company | 15,000.00  | 15,000.00                      | -   |
| General corporate purpose                                      | 7,254.90   | 7,254.90                       | -   |
| <b>Total</b>   | <b>84,754.90</b>                                 | <b>72,641.20</b>               | <b>12,113.70</b>                            |

Unutilised amounts of the issue have been temporarily deployed in fixed deposit with banks and invested in mutual funds which is in accordance with objects of the issue. The deployment of net proceeds is expected to be completed by 31 March 2020.

Expenses incurred by the Company amounting to INR 2,637.33 lakhs, in connection with IPP have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013, during the previous year.

- (ii) During the previous year ended 31 March 2018, the Company had issued 7,149,263 shares amounting to INR 714.93 lakhs as consideration for acquisition of Identified business of Manipal Integrated Services Private Limited.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 20.2 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 the 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.

### 20.3 Shares held by Holding Company

Thomas Cook (India) Limited ("TCIL") was the Holding Company upto 1 March 2018.

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

| Particulars                               | As at 31 March 2019 |        | As at 31 March 2018 |        |
|---|---------------------|--------|---------------------|--------|
|   | Number of shares    | % held | Number of shares    | % held |
| <b>Equity shares</b>                      |                     |        |                     |        |
| Equity shares of par value INR 10.00 each |                     |        |                     |        |
| Thomas Cook (India) Limited               | 71,323,496          | 48.82% | 71,323,496          | 49.02% |
| Ajit Isaac                                | 17,654,674          | 12.09% | 17,585,960          | 12.09% |
| Net Resource Investments Private Limited  | 15,365,824          | 10.52% | 15,365,824          | 10.56% |

20.5 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 reporting date. However the Company has issued bonus shares and have issued equity shares under Employee Stock option plan for which only exercise price has been received in cash as below (refer note 51).

(Values in numbers)

| Particulars   | 31 March 2019 | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|---------------|---------------|---------------|
| Bonus shares issued   | -             | -             | -             | 85,001,292    | -             |
| Shares issued on exercise of employee stock options (refer note 51) | 600,655       | 619,925       | 837,608       | -             | -             |

### 21 Other equity\*

(Amount in INR lakhs)

| Particulars   | As at 31 March 2019 | As at 31 March 2018 |
|---|---------------------|---------------------|
| Securities premium (refer note 21.1)  | 168,510.87          | 168,510.87          |
| Stock options outstanding account (refer note 21.2)   | 1,162.14            | 699.58              |
| Foreign currency translation reserve (refer note 21.3)  | 216.46              | (417.97)            |
| Capital reserve (refer note 21.4)   | 44.74               | 44.74               |
| Debenture redemption reserve (refer note 21.5)  | 1,687.50            | 937.50              |
| General reserve   | 215.58              | 214.46              |
| Other comprehensive income (excluding Foreign currency translation reserve) [refer note 21.6] | (100.77)            | (101.02)            |
| Capital redemption reserve (refer note 21.7)  | 1,500.00            | 1,500.00            |
| Retained earnings   | 84,713.57           | 60,139.74           |
|   | <b>257,950.09</b>   | <b>231,527.90</b>   |

\* For detailed movement of reserves refer Consolidated Statement of Changes in Equity.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 21.1 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 previous year ended 31 March 2018, the Company made an Institutional Placement Program (IPP) and issued 10,924,029 equity shares at a premium of INR 790.00 per share. As per the requirement of section 52 of the Companies Act 2013, the Company utilised the securities premium for the expenses incurred in connection with the Institutional Placement Program (IPP) amounting to INR 2,637.33 lakhs.

During the previous year ended 31 March 2018, the Company issued 7,149,263 equity shares at a premium of INR 633.85 per share to the shareholders of Manipal Integrated Services Private Limited pursuant to the scheme of amalgamation. 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 this scheme of amalgamation amounting to INR 672.83 lakhs.

### 21.2 Stock option 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.

### 21.3 Foreign currency translation reserve

This relates to the exchange difference arising from the translation of financial statements of foreign operations with functional currency other than INR.

### 21.4 Capital reserve

Any bargain purchase in a business combination in which the fair value of net assets acquired exceeds the aggregate of the fair value of the purchase consideration, such excess is accumulated in equity as capital reserve. The amount of INR 44.74 lakhs represents capital reserve arising out of business combination of IME Consultancy.

### 21.5 Debenture redemption reserve

During the year ended 31 March 2017, the Company issued redeemable non-convertible debentures and had created a debenture redemption reserve as per the requirement of Companies Act, 2013. During the year ended 31 March 2019, the Company transferred INR 750.00 lakhs to debenture redemption reserve (31 March 2018: INR 750.00 lakhs).

### 21.6 Other comprehensive income (excluding Foreign currency translation reserve)

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

### 21.7 Capital redemption reserve

The Group had issued 12.33% cumulative redeemable preference shares having face value of INR 10.00 each and redeemable at INR 12.00 each. As per the provisions of the Companies Act, 2013, the Group is required to create a capital redemption reserve ("CRR") equivalent to the nominal value of shares redeemed out of the profits of the Group. Such reserve can be created out of the free reserves of the Group. Accordingly, the Group had created CRR out of the retained earnings of earlier years and an amount of INR 1,500.00 lakhs had been transferred from retained earnings to CRR during the year ended 31 March 2018. As per the provisions of the Companies Act, 2013, such CRR can be used for issuing fully paid up bonus shares.

### 22 Non-controlling interests

(Amount in INR lakhs)

| Particulars                                       | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Non-controlling interests [refer note 22.1 below] | 309.93                 | 157.78                 |
|   | <b>309.93</b>          | <b>157.78</b>          |

22.1 Pertains to Simpliance Technologies Private Limited and Agensi Pekerjaan Monster Malaysia Sdn. Bhd (formerly known as Monster Malaysia Sdn Bhd). These subsidiaries are not material to the Group.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 23 Non-current borrowings\*

(Amount in INR lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <i>Secured</i>  |                        |                        |
| Non-convertible debentures [refer note 23.1(a) & 23.2]                        | 14,894.68              | 14,862.65              |
| Term loans [refer note 23.1(b), 23.1(c), 23.1(d), 23.3, 23.4 & 23.5]          | 7,875.03               | 11,348.63              |
| Finance lease obligations [refer note 23.1(e) & 23.6]                         | 2,208.98               | 3,132.45               |
| NSDC loan [refer note 23.1(f) & 23.7]   | 498.49                 | 315.38                 |
| Loan from Tata Capital Financial Services Limited [refer note 23.1(g) & 23.8] | -                      | 1,000.00               |
| Vehicle loan [refer note 23.1(h), 23.9 & 23.10]                               | 454.06                 | 455.90                 |
| <b>Total borrowing</b>  | <b>25,931.24</b>       | <b>31,115.01</b>       |
| Less: Current maturities of long-term borrowings (refer note 28)              | 3,428.83               | 2,741.68               |
| Less: Current maturities of finance lease obligation (refer note 28)          | 1,600.48               | 1,513.25               |
|   | <b>20,901.93</b>       | <b>26,860.08</b>       |

\*Information about the Group's exposure to interest rate and liquidity risk is included in note 40.

# The group has availed unsecured loans from various financial institutions

#### Terms of repayment schedule

### 23.1 Terms and condition of outstanding borrowings are as follows:

(Amount in INR lakhs)

| Particulars   | Currency | Coupon/<br>Interest rate | Year of<br>maturity | Carrying<br>amount<br>as at<br>31 March 2019 | Carrying<br>amount<br>as at<br>31 March 2018 |
|---|----------|--------------------------|---------------------|--|--|
| (a) Secured non-convertible debentures                | INR      | 8.25%                    | 2022                | 14,894.68                                    | 14,862.65                                    |
| (b) Secured term loan                                 | USD      | 3M LIBOR + 2.50%         | 2022                | 7,169.45                                     | 10,231.77                                    |
| (c) Secured loan                                      | CAD      | CDOR + 3.75%             | 2022                | 705.58                                       | 1,032.68                                     |
| (d) Secured loan                                      | INR      | MCLR + 0.60%             | 2019                | -  | 84.18  |
| (e) Finance lease obligations                         | USD      | 2.50% to 4.00%           | 2024                | 2,208.98                                     | 3,132.45                                     |
| (f) Secured NSDC loan                                 | INR      | 0.00% - 6.00%            | 2021                | 498.49                                       | 315.38                                       |
| (g) Loan from Tata Capital Financial Services Limited | INR      | 10.50%                   | 2019                | -  | 1,000.00                                     |
| (h) Vehicle loan                                      | INR      | 9.25% to 11.98%          | 2018-2023           | 454.06                                       | 455.90                                       |
| <b>Total borrowings</b>                               |          |                          |                     | <b>25,931.24</b>                             | <b>31,115.01</b>                             |

### 23.2 Non-convertible debentures

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 INR 10.00 lakh aggregating to INR 15,000.00 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. Redemption of debentures shall be on the redemption date i.e. 5 years from the date of allotment without any redemption premium. The debentures are secured primarily by way of pari passu first charge on all the movable and immovable assets of the Company.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR Lakhs)

| Particulars  | Amount           |
|--|------------------|
| Proceeds from issue of non- convertible debentures (1500 debentures at INR 10.00 lakhs face value) | 15,000.00        |
| Less: Transaction costs  | (172.28)         |
| <b>Net proceeds</b>  | <b>14,827.72</b> |
| Add: Accrued interest  | 5.41             |
| <b>Carrying amount of liability at 31 March 2017</b>   | <b>14,833.13</b> |
| Add: Accrued interest  | 29.52            |
| <b>Carrying amount of liability at 31 March 2018</b>   | <b>14,862.65</b> |
| Add: Accrued interest  | 32.03            |
| <b>Carrying amount of liability at 31 March 2019</b>   | <b>14,894.68</b> |

### 23.3 Term loan

During the year ended 31 March 2017, the Group had taken term loan from Axis Bank Limited, Hong Kong amounting to USD 16,580,000. The loan carries interest rate of LIBOR+2.50% repayable in eight instalments. 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. Loan is primarily secured by way of first charge over entire fixed and current assets of Quesscorp Holdings Pte. Ltd., excluding long-term investments in group entities and pledge of 64.00% shares of Comtel Solutions Pte. Ltd.

- 23.4 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 instalments, first instalment starting from 1 December 2016. On 25 August 2018, there was an amendment to the agreement to extend the termination date to 1 September 2021. The repayment schedule was also amended requiring the Group to pay USD 100,000 at quarterly intervals starting 1 September 2018.
- 23.5 Secured by way of pari passu first charge on the current assets and movable fixed assets of Inticore VJP Advance Systems Private Limited ("Inticore") and is repayable in 33 monthly instalments, first instalment starting from 23 February 2017. The group's equity stake in Inticore has been disposed during the year.
- 23.6 The Company has entered into several agreements to lease certain computer hardware and software that are classified as capital leases. Secured by way of hypothecation of assets taken on lease and is repayable as per the repayment schedule over the period of lease.
- 23.7 The Group has taken term loan from National Skill Development Corporation ("NSDC") for Capital expenditure management. These facilities are repayable on quarterly basis and are secured primarily by way of bank guarantee, corporate guarantee and charge on project assets. The Group has availed principal moratorium period of one year from the date of first disbursement.
- 23.8 The Group has taken loan from TATA Capital Financial Services Limited. This is repayable in 36 equal monthly instalments and carries a floating rate of interest which is based on long-term lending rate (LTLR) less 7.75% which is presently at 10.50% p.a. The loan is secured by mortgage of property. The loan was repaid during the year.
- 23.9 Vehicle loans obtained from HDFC Bank Limited and Tata Capital Limited are repayable in equal monthly instalments over a period of 5 years from the date of availing respective loan. The same is secured by hypothecation of the vehicles financed. Rate of interest is in the range of 9.25% to 11.87% p.a. and number of instalments pending for payments are ranging between 4 - 60 instalments.
- 23.10 The Company has taken vehicle loans which are repayable in equal monthly instalments over a period of 5 years from the date of availing respective loan. The same is secured by hypothecation of the vehicles financed.

### 24 Other non-current financial liabilities

(Amount in INR lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Contingent consideration (payable for acquisition of business) [Refer note 47] | 475.96                 | 764.86                 |
| Consideration payable  | 940.58                 | -                      |
| Non-controlling interests put option [refer note 24.1]                         | 19,218.61              | 18,804.18              |
|  | <b>20,635.15</b>       | <b>19,569.04</b>       |

- 24.1 This represents non-controlling interests put option pertaining to Vedang Cellular Services Private Limited and Conneqt Business Solutions Limited (formerly known as: Tata Business Support Services Limited) [refer note 4(a), 4(b) and 39].

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 25 Non-current provisions

(Amount in INR Lakhs)

| Particulars                                     | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <b>Provision for employee benefits</b>          |                        |                        |
| Provision for gratuity [refer note 49]*         | 8,575.16               | 6,280.86               |
| Provision for compensated absences              | 1,623.28               | 1,388.99               |
| <b>Others</b>                                   |                        |                        |
| Provision for disputed claims [refer note 25.1] | 1,119.77               | 937.07                 |
| Provision for rent escalation                   | 168.64                 | 495.89                 |
|   | <b>11,486.85</b>       | <b>9,102.81</b>        |

\* The Group has reviewed and reassessed the presentation of defined benefit obligations. Consequently, an amount of INR 3,334.42 lakhs representing provision for gratuity as at 31 March 2018, earlier classified under "current provisions" has been reclassified to "non-current provisions".

### 25.1 The disclosures of provisions movement as required under the provisions of Ind AS 37 as follows:

#### Provision for disputed claims

(Amount in INR Lakhs)

| Particulars                                | Amount          |
|--|-----------------|
| <b>Balance as at 1 April 2017</b>          | <b>711.81</b>   |
| Provision recognized                       | 225.26          |
| Provision utilized                         | -               |
| <b>Balance at the end of 31 March 2018</b> | <b>937.07</b>   |
| Provision recognized                       | 182.70          |
| Provision utilized                         | -               |
| <b>Balance at the end of 31 March 2019</b> | <b>1,119.77</b> |

#### Disputed claims

The Group has received a demand notice dated 12 June 2012 from Employees' Provident Fund (EPF) Organisation raising a demand of INR 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 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. Accordingly, the Group has created INR 179.67 lakhs provision.

The Group had received a demand notice dated 20 May 2017 from Assistant Commissioner of Commercial Taxes (ACCT) raising a demand of INR 375.60 lakhs for the period from January 2016 to January 2017 for avilment under composition scheme without separate registration certificate to run as a composite dealer. Avon Facility Management Services registered under the composite dealer scheme, was merged with Quess Corp Limited w.e.f 1 January 2014. Consequent to the merger Quess Corp Limited continued to pay VAT under composite scheme. The contention of the ACCT is that there was no separate registration post merger where as Quess Corp Limited have already intimated ACCT about the merger and also have applied electronically on K-Vat portal seeking separate registration under composite scheme. During the year ended 31 March 2019, the Company has received a demand notice dated 29 January 2019 from Deputy Commissioner of Commercial Taxes (DCCT) raising a demand of INR 399.68 lakhs (including interest and penalty) for the period April 2016 to March 2017. The Company has appealed against the ruling which is pending with the Joint Commissioner of Commercial Taxes [JCCT (A)] Bangalore. The Company has opted for the Comprehensive Karasamadhana Scheme, 2019 introduced by the Government of Karnataka for waiver of arrears of penalty and interest against the pending cases. Accordingly the Company has created an additional provision of INR 182.70 lakhs for the balance amount of demand.

Service tax demands (including penalty and interest) pending with the Commissioner of Service Tax amounts to INR 1,504.49 lakhs for the period from October 2007 to March 2014. Against these disputed cases Aravon Services Private Limited had created provision of INR 532.14 lakhs. While doing the purchase price allocation of Aravon Services Private Limited the Group has fair valued the remaining liability of INR 972.35 lakhs at INR 425.25 lakhs and included as provision for expenses. During the year ended 31 March 2019, the Commissioner of GST had waived off the demand w.r.t abatement of outdoor catering services amounting to INR 48.01 lakhs. The balance amount of INR 499.09 lakhs has been recognised as contingent liability.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 26 CURRENT BORROWINGS

(Amount in INR Lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| <b>Loans from bank repayable on demand</b>                |                        |                        |
| <i>Secured</i>  |                        |                        |
| Cash credit and overdraft facilities (refer note 26.1)    | 25,353.57              | 42,326.54              |
| Bill discounting facility from bank (refer note 26.2)     | 560.16                 | 595.40                 |
| Working capital loan (refer note 26.3)                    | 24,879.16              | 22,700.00              |
| <b>Loan from related parties, unsecured</b>               |                        |                        |
| From Fairfax (US), Inc. (refer note 26.4)                 | 2,766.20               | 2,607.00               |
| From Fairfax Financial Holdings Limited (refer note 26.5) | 554.88                 | 531.62                 |
| Loan from others (refer note 26.6)                        | -                      | 1,000.00               |
|   | <b>54,113.97</b>       | <b>69,760.56</b>       |

Information about the Group's exposure to interest rate and liquidity risk is included in note 40.

- 26.1** The Group has taken cash credit and overdraft facilities having interest rates ranging from MCLR+0.35% to MCLR+2.25%. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- 26.2** The Group has taken bill discounting facilities from banks having interest rate of MCLR plus 1.30% and bank rate plus 1.75%. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- 26.3** The Group has taken working capital loan from banks having interest rate ranging from 6.00% p.a. to 9.95% p.a. 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.
- 26.4** MFXchange US, Inc. had entered into an arrangement with Fairfax (US) Inc. to obtain a revolving credit facility upto INR 3,312.75 lakhs (USD 50.00 lakhs) which carries an interest rate of 3.00% - 5.00% per annum. Overdue interest shall bear interest at a rate that is 2.00% per annum in excess of the then applicable interest rate. Interest is payable quarterly and the loan is repayable on demand.
- 26.5** This represents unsecured loan taken by Brainhunter Systems Limited from Fairfax Financial Holdings Limited bearing interest at 3.00% per annum (2018- 3.00% per annum) {INR 554.88 lakhs (CAD 10.77 lakhs) [31 March 2018: INR 531.62 lakhs (CAD 10.49 lakhs)]}. The loan is repayable on demand.
- 26.6** The Group had taken a loan from TATA Capital Financial Services Limited which is secured by mortgage of property and repayable in 12 equal monthly instalments which was completely repaid during the year.

### 27 Trade payables

(Amount in INR Lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Total outstanding dues of micro enterprises and small enterprises (refer note 50)      | -                      | -                      |
| Trade payables to related parties (refer note 47)                                      | 1,998.69               | 326.27                 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 15,293.06              | 14,486.05              |
|  | <b>17,291.75</b>       | <b>14,812.32</b>       |

The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 40.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 28 Other current financial liabilities

(Amount in INR Lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Current maturities of long-term borrowings (refer note 23)         | 3,428.83               | 2,741.68               |
| Current maturities of finance lease obligations (refer note 23)    | 1,600.48               | 1,513.25               |
| <b>Payable for acquisition of business</b>                         |                        |                        |
| Consideration payable (refer note 47)                              | 1,087.90               | 1,063.46               |
| Contingent consideration payable (refer note 47)                   | -                      | 577.49                 |
| Current maturities of financial liabilities [refer note (i) below] | 3,073.89               | 15,760.32              |
| Interest accrued and not due                                       | 377.26                 | 318.62                 |
| Financial guarantee liability                                      | -                      | 8.25                   |
| Amount payable to related parties (refer note 47)                  | 171.79                 | 166.00                 |
| Capital creditors  | 377.92                 | 634.52                 |
| <b>Other Payables</b>  |                        |                        |
| Accrued salaries and benefits                                      | 35,056.67              | 29,447.44              |
| Provision for bonus and incentive                                  | 4,184.19               | 5,353.36               |
| Provision for expenses   | 25,669.43              | 20,775.53              |
| Uniform deposits   | 59.65                  | 35.16                  |
|  | <b>75,088.01</b>       | <b>78,395.08</b>       |

- (i) This represents fair value of contractual commitment to acquire non-controlling interests. The Group's exposure to currency and liquidity risk related to other current financial liabilities is disclosed in note 40.

### 29 Income tax liabilities (net)

(Amount in INR Lakhs)

| Particulars   | As at<br>31 March 2019 | As at<br>31 March 2018 |
|---|------------------------|------------------------|
| Provision for tax (net of advance tax) (refer note 9) | 853.75                 | 961.19                 |
|   | <b>853.75</b>          | <b>961.19</b>          |

### 30 Current provisions

(Amount in INR Lakhs)

| Particulars                            | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| <b>Provision for employee benefits</b> |                        |                        |
| Provision for compensated absences     | 994.46                 | 1,438.46               |
|  | <b>994.46</b>          | <b>1,438.46</b>        |

### 31 Other current liabilities

(Amount in INR Lakhs)

| Particulars                                | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Income received in advance                 | 7,573.38               | 7,665.93               |
| Advance received from customers            | 423.74                 | 76.31                  |
| Balances payable to government authorities | 18,273.72              | 14,639.78              |
| Provision for rent escalation              | 128.34                 | 119.44                 |
| Security deposits                          | 524.76                 | 205.83                 |
|  | <b>26,923.94</b>       | <b>22,707.29</b>       |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 32 Revenue from operations

(Amount in INR Lakhs)

| Particulars                            | For the year ended |                   |
|--|--------------------|-------------------|
|  | 31 March 2019      | 31 March 2018     |
| <i>Revenue from business segments*</i> |                    |                   |
| People services                        | 388,021.32         | 287,814.10        |
| Technology solutions                   | 279,620.36         | 186,806.69        |
| Facility management                    | 123,014.48         | 102,725.19        |
| Industrials                            | 47,189.96          | 37,041.16         |
| Internet business                      | 14,853.16          | 2,338.93          |
|  | <b>852,699.28</b>  | <b>616,726.07</b> |

\*The Group has reviewed and reassessed the presentation of revenue. Consequently, the revenue per stream is discontinued with and revenue is disaggregated according to business segments. Accordingly previous years figures are regrouped to conform with current year classification.

#### (i) Disaggregation of revenue

The above break up presents disaggregated revenues from contracts with customers by each of the business segments. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

#### (ii) Trade Receivables and Contract Balances

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

(Amount in INR Lakhs)

| Particulars  | As at<br>31 March 2019 | As at<br>31 March 2018 |
|--|------------------------|------------------------|
| Receivables, which are included in 'Trade and other receivables' | 91,319.04              | 92,067.85              |
| Contract assets  | 70,321.95              | 47,287.46              |
| Contract liabilities   | 7,573.38               | 7,665.93               |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer, for which revenue is recognised on completion of contract terms.

The following table discloses the movement in unbilled revenue (contract assets) balances for the year ended 31 March 2019

(Amount in INR Lakhs)

| Particulars                                      | For the year ended<br>31 March 2019 |
|--|-------------------------------------|
| Balance at the beginning                         | 47,287.46                           |
| Add: Changes due to Business Combinations        | 431.77                              |
| Add : Revenue recognized during the period       | 81,096.65                           |
| Less : Invoiced during the period                | 58,388.79                           |
| Less : Impairment / (reversal) during the period | 252.00                              |
| Add : Translation gain/(Loss)                    | 146.86                              |
| <b>Balance at the end</b>                        | <b>70,321.95</b>                    |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The following table discloses the movement in unearned revenue (contract liabilities) balances for the year ended 31 March 2019

| Particulars  | (Amount in INR Lakhs)               |
|--|-------------------------------------|
|  | For the year ended<br>31 March 2019 |
| Balance at the beginning                                       | 7,665.93                            |
| Less: Revenue recognized during the period                     | 11,183.78                           |
| Add: Changes due to Business Combinations                      | 2.83                                |
| Add: Invoiced during the period but not recognized as revenues | 11,037.92                           |
| Add: Translation loss / (gain)                                 | 50.48                               |
| <b>Balance at the end</b>                                      | <b>7,573.38</b>                     |

### (iii) Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the value of remaining performance obligations for

- (i) contracts with an original expected duration of one year or less and
- (ii) contracts for which the Company recognises revenue at the amount to which it has the right to invoice for services performed (typically those contracts where invoicing is on time and material basis).

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2019, other than those meeting the exclusion criteria mentioned above, is INR 2,813.09 lakhs. Out of this, the Group expects to recognize revenue of around 58% within the next one year and the remaining thereafter.

### 33 Other income

| Particulars  | (Amount in INR Lakhs) |                 |
|--|-----------------------|-----------------|
|  | For the year ended    |                 |
|  | 31 March 2019         | 31 March 2018   |
| Interest income under the effective interest rate method on:                 |                       |                 |
| Deposits with banks  | 1,590.42              | 1,545.01        |
| Interest income from financial assets at amortised cost                      | 192.98                | 128.96          |
| Interest on tax refunds received   | 616.44                | 536.94          |
| Profit on sale of property, plant and equipment and intangible assets        | -                     | 32.73           |
| Foreign exchange gain  | 261.16                | -               |
| Dividend income on mutual fund units   | -                     | 27.55           |
| Interest on loans given to related parties (refer note 47)                   | 1,669.29              | 277.70          |
| Net gain on sale of investments in mutual funds                              | 815.27                | 20.55           |
| Rent from letting out properties   | 71.55                 | 7.41            |
| Liabilities no longer required written back                                  | 47.98                 | 187.82          |
| Bad debts recovered  | 12.93                 | 0.57            |
| Change in fair value of contingent consideration                             | 1,495.73              | 1,228.23        |
| Net gain on financial assets designated at fair value through profit or loss | 29.84                 | 1,639.89        |
| Miscellaneous income   | 318.98                | 58.80           |
|  | <b>7,122.57</b>       | <b>5,692.16</b> |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

|           |  |                              |                      |
|-----------|--|------------------------------|----------------------|
| <b>34</b> | <b>Cost of material and stores and spare parts consumed</b>  | <i>(Amount in INR Lakhs)</i> |                      |
|           |  | <b>For the year ended</b>    |                      |
|           | <b>Particulars</b>   | <b>31 March 2019</b>         | <b>31 March 2018</b> |
|           | Inventory at the beginning of the year                       | 849.45                       | 708.66               |
|           | Add: Purchases   | 27,599.24                    | 14,362.66            |
|           | Less: Inventory at the end of the year                       | (2,208.18)                   | (849.45)             |
|           | <b>Cost of materials and stores and spare parts consumed</b> | <b>26,240.51</b>             | <b>14,221.87</b>     |
| <b>35</b> | <b>Employee benefits expense</b>                             | <i>(Amount in INR Lakhs)</i> |                      |
|           |  | <b>For the year ended</b>    |                      |
|           | <b>Particulars</b>   | <b>31 March 2019</b>         | <b>31 March 2018</b> |
|           | Salaries and wages   | 610,672.40                   | 462,289.65           |
|           | Contribution to provident and other funds                    | 51,617.15                    | 39,521.57            |
|           | Expenses related to post-employment defined benefit plan     | 2,957.59                     | 1,927.25             |
|           | Expenses related to compensated absences                     | 68.00                        | 423.14               |
|           | Staff welfare expenses                                       | 5,542.34                     | 3,071.72             |
|           | Expense on employee stock option scheme                      | 463.68                       | 698.46               |
|           |  | <b>671,321.16</b>            | <b>507,931.79</b>    |
| <b>36</b> | <b>Finance costs</b>   | <i>(Amount in INR Lakhs)</i> |                      |
|           |  | <b>For the year ended</b>    |                      |
|           | <b>Particulars</b>   | <b>31 March 2019</b>         | <b>31 March 2018</b> |
|           | Interest expense on financial liabilities at amortized cost  | 10,915.54                    | 6,746.03             |
|           | Other borrowing costs  | 524.40                       | 799.36               |
|           |  | <b>11,439.94</b>             | <b>7,545.39</b>      |
| <b>37</b> | <b>Depreciation and amortisation expense</b>                 | <i>(Amount in INR Lakhs)</i> |                      |
|           |  | <b>For the year ended</b>    |                      |
|           | <b>Particulars</b>   | <b>31 March 2019</b>         | <b>31 March 2018</b> |
|           | Depreciation of property, plant and equipment (refer note 3) | 6,600.26                     | 3,758.47             |
|           | Amortisation of intangible assets (refer note 5)             | 5,714.78                     | 3,715.54             |
|           |  | <b>12,315.04</b>             | <b>7,474.01</b>      |
| <b>38</b> | <b>Other expenses</b>  | <i>(Amount in INR Lakhs)</i> |                      |
|           |  | <b>For the year ended</b>    |                      |
|           | <b>Particulars</b>   | <b>31 March 2019</b>         | <b>31 March 2018</b> |
|           | Sub-contractor charges                                       | 25,989.20                    | 16,957.48            |
|           | Recruitment and training expenses                            | 7,630.04                     | 4,981.79             |
|           | Rent (refer note 48)   | 10,375.30                    | 5,486.53             |
|           | Power and Fuel   | 3,350.41                     | 1,912.36             |
|           | Repairs & maintenance  |                              |                      |
|           | - buildings  | 3,752.39                     | 1,445.95             |
|           | - plant and machinery  | 2,066.94                     | 705.88               |
|           | - others   | 6,413.48                     | 5,393.01             |
|           | Legal and professional fees (refer note 38.1)                | 6,066.94                     | 3,364.65             |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR Lakhs)

| Particulars  | For the year ended |                  |
|--|--------------------|------------------|
|  | 31 March 2019      | 31 March 2018    |
| Rates and taxes  | 904.68             | 500.97           |
| Printing and stationery  | 1,088.88           | 714.48           |
| Stores and tools consumed  | 5,015.28           | 988.62           |
| Travelling and conveyance  | 14,881.03          | 7,536.22         |
| Communication expenses   | 4,340.75           | 2,419.98         |
| Loss allowance on financial assets, net (refer note 40 (i))      | 2,143.03           | 680.24           |
| Provision for Security deposits                                  | 65.46              | -                |
| Equipment hire charges   | 2,889.39           | 1,749.16         |
| Insurance  | 1,413.52           | 707.88           |
| Database access charges  | 471.71             | 449.23           |
| Technological support services                                   | 258.12             | 69.93            |
| Bank charges   | 298.59             | 105.78           |
| Business promotion and advertisement expenses                    | 8,229.53           | 2,020.00         |
| Loss on sale of fixed assets, net                                | 25.67              | -                |
| Foreign exchange loss, net                                       | -                  | 29.96            |
| Expenditure on corporate social responsibility (refer note 38.2) | 403.02             | 267.17           |
| Deposits/Advances written-off                                    | 40.65              | -                |
| Miscellaneous expenses   | 565.76             | 648.74           |
|  | <b>108,679.77</b>  | <b>59,136.01</b> |

**38.1** The total transaction cost related to acquisitions made during the year amounting to INR 210.11 lakhs (31 March 2018: INR 619.97 lakhs) have been included under legal and professional fees in the consolidated statement of profit and loss.

### 38.2 Details of CSR expenditure

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2.00% 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 with respect to the Group are explained below:

(Amount in INR Lakhs)

| Particulars   | For the year ended |               |
|---|--------------------|---------------|
|   | 31 March 2019      | 31 March 2018 |
| a) Gross amount required to be spent by the Group during the year | 371.27             | 258.59        |
| b) Amount spent during the year                                   |                    |               |
| i) Construction or acquisition of any asset                       | -                  | -             |
| ii) On purpose other than i) above                                | 403.02             | 267.17        |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 39 Financial instruments - fair value and risk management

#### Financial instruments by category

(Amount in INR lakhs)

| Particulars   | Note    | 31 March 2019    |               |                   | 31 March 2018    |               |                   |
|---|---------|------------------|---------------|-------------------|------------------|---------------|-------------------|
|   |         | FVTPL            | FVTOCI        | Amortised Cost    | FVTPL            | FVTOCI        | Amortised Cost    |
| <b>Financial Assets:</b>                                |         |                  |               |                   |                  |               |                   |
| Non-current investments                                 | 6       | -                | 165.50        | -                 | -                | 297.74        | -                 |
| Loans   | 7 & 16  | -                | -             | 28,040.59         | -                | -             | 22,582.21         |
| Current investments                                     | 12      | 3,846.82         | -             | -                 | 19,740.20        | -             | -                 |
| Trade receivables                                       | 13      | -                | -             | 91,319.04         | -                | -             | 92,067.85         |
| Cash and cash equivalents including other bank balances | 14 & 15 | -                | -             | 58,549.74         | -                | -             | 83,651.37         |
| Unbilled revenue  | 17      | -                | -             | 70,321.95         | -                | -             | 47,287.46         |
| Other financial assets                                  | 8 & 18  | -                | -             | 8,251.75          | 1,400.00         | -             | 5,582.58          |
| <b>Total financial assets</b>                           |         | <b>3,846.82</b>  | <b>165.50</b> | <b>256,483.07</b> | <b>21,140.20</b> | <b>297.74</b> | <b>251,171.47</b> |
| <b>Financial Liabilities:</b>                           |         |                  |               |                   |                  |               |                   |
| Non-convertible debentures                              | 23      | -                | -             | 14,894.68         | -                | -             | 14,862.65         |
| Borrowings other than above*                            | 23 & 26 | -                | -             | 60,121.22         | -                | -             | 81,757.99         |
| Trade payables  | 27      | -                | -             | 17,291.75         | -                | -             | 14,812.32         |
| Other financial liabilities                             | 24 & 28 | 19,694.57        | -             | 76,028.59         | 35,906.85        | -             | 62,057.27         |
| <b>Total financial liabilities</b>                      |         | <b>19,694.57</b> | <b>-</b>      | <b>168,336.24</b> | <b>35,906.85</b> | <b>-</b>      | <b>173,490.23</b> |

\*Current maturities of long-term borrowings forms part of other financial liabilities.

#### 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 judgement 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 Consolidated 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 INR lakhs)

| Particulars   | Note    | Carrying amount<br>31 March 2019 | Fair value |         |         |
|---|---------|----------------------------------|------------|---------|---------|
|   |         |                                  | Level 1    | Level 2 | Level 3 |
| <b>Financial assets not measured at fair value</b>      |         |                                  |            |         |         |
| Loans   | 7 & 16  | 28,040.59                        | -          | -       | -       |
| Trade receivables                                       | 13      | 91,319.04                        | -          | -       | -       |
| Cash and cash equivalents including other bank balances | 14 & 15 | 58,549.74                        | -          | -       | -       |
| Unbilled revenue  | 17      | 70,321.95                        | -          | -       | -       |
| Other financial assets                                  | 8 & 18  | 8,251.75                         | -          | -       | -       |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars   | Note    | Carrying amount   | Fair value      |          |                  |
|---|---------|-------------------|-----------------|----------|------------------|
|   |         | 31 March 2019     | Level 1         | Level 2  | Level 3          |
| <b>Financial assets measured at fair value</b>          |         |                   |                 |          |                  |
| Non-current investments                                 | 6       | 165.50            | -               | -        | 165.50           |
| Current investments                                     | 12      | 3,846.82          | 3,846.82        | -        | -                |
| <b>Total financial assets</b>                           |         | <b>260,495.39</b> | <b>3,846.82</b> | <b>-</b> | <b>165.50</b>    |
| <b>Financial liabilities not measured at fair value</b> |         |                   |                 |          |                  |
| Non-convertible debentures                              | 23      | 14,894.68         | -               | -        | -                |
| Finance lease obligations                               | 23 & 26 | 608.50            | -               | -        | -                |
| Borrowings other than above*                            | 23 & 26 | 59,512.72         | -               | -        | -                |
| Trade payables  | 27      | 17,291.75         | -               | -        | -                |
| Other financial liabilities                             | 24 & 28 | 76,028.59         | -               | -        | -                |
| <b>Financial liabilities measured at fair value</b>     |         |                   |                 |          |                  |
| Contingent consideration                                | 24      | 475.96            | -               | -        | 475.96           |
| Non-controlling interests put option                    | 24      | 19,218.61         | -               | -        | 19,218.61        |
| <b>Total financial liabilities</b>                      |         | <b>188,030.81</b> | <b>-</b>        | <b>-</b> | <b>19,694.57</b> |

\*Current maturities of long-term borrowings forms part of other financial liabilities

(Amount in INR lakhs)

| Particulars   | Note    | Carrying amount   | Fair value       |          |                 |
|---|---------|-------------------|------------------|----------|-----------------|
|   |         | 31 March 2018     | Level 1          | Level 2  | Level 3         |
| <b>Financial assets not measured at fair value</b>      |         |                   |                  |          |                 |
| Loans   | 7 & 16  | 22,582.21         | -                | -        | -               |
| Trade receivables                                       | 13      | 92,067.85         | -                | -        | -               |
| Cash and cash equivalents including other bank balances | 14 & 15 | 83,651.37         | -                | -        | -               |
| Other financial assets                                  | 8 & 18  | 5,582.58          | -                | -        | -               |
| Unbilled revenue  | 17      | 47,287.46         | -                | -        | -               |
| <b>Financial assets measured at fair value</b>          |         |                   |                  |          |                 |
| Non-current investments                                 | 6       | 297.74            | -                | -        | 297.74          |
| Advance for purchase of shares                          | 18      | 1,400.00          | -                | -        | 1,400.00        |
| Current investments                                     | 12      | 19,740.20         | 19,740.20        | -        | -               |
| <b>Total financial assets</b>                           |         | <b>272,609.41</b> | <b>19,740.20</b> | <b>-</b> | <b>1,697.74</b> |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars   | Note    | Carrying amount   | Fair value |          |                  |
|---|---------|-------------------|------------|----------|------------------|
|   |         | 31 March 2018     | Level 1    | Level 2  | Level 3          |
| <b>Financial liabilities not measured at fair value</b> |         |                   |            |          |                  |
| Non-convertible debentures                              | 23      | 14,862.65         | -          | -        | -                |
| Finance lease obligations                               | 23      | 1,619.20          | -          | -        | -                |
| Borrowings other than above*                            | 23 & 26 | 80,138.79         | -          | -        | -                |
| Trade payables  | 27      | 14,812.32         | -          | -        | -                |
| Other financial liabilities                             | 24 & 28 | 62,057.27         | -          | -        | -                |
| <b>Financial liabilities measured at fair value</b>     |         |                   |            |          |                  |
| Contingent consideration                                | 24 & 28 | 1,342.35          | -          | -        | 1,342.35         |
| Non-controlling interests put option                    | 24      | 18,804.18         | -          | -        | 18,804.18        |
| Other financial liabilities                             | 24 & 28 | 15,760.32         | -          | -        | 15,760.32        |
| <b>Total financial liabilities</b>                      |         | <b>209,397.08</b> | <b>-</b>   | <b>-</b> | <b>35,906.85</b> |

\* Current maturities of long-term borrowings forms part of other financial liabilities

### 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 maximise 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.

### 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) The Group has not disclosed the fair values for loans, trade receivables, cash and cash equivalents including other bank balances, unbilled revenue and other financial assets because their carrying amounts are a reasonable approximation of their fair value.
- 2) Current Investments : Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

#### B Financial Liabilities:

- 1) **Non-convertible debentures (quoted):** The fair values of the Group's interest-bearing debentures are determined by using Discounted cash flow ("DCF") method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The Group has not disclosed the fair values because its carrying amount is a reasonable approximation of its fair value.
- 2) **Borrowings:** It includes cash credit and overdraft facilities, working capital loan, bill discounting facilities, loan from related parties and loan from others. These short-term borrowings are classified and subsequently measured in the consolidated financial statements at amortised 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) **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.
- 4) **Trade payables and other liabilities:** Fair values of trade payables and other financial 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 carrying values.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

- 5) **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.
- 6) **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 the put option.

### 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 INR lakhs)

| Particulars                            | Fair Value as at 31 March 2019 | Significant unobservable inputs | Fair Value as at 31 March 2019 |                | Sensitivity  |
|--|--------------------------------|---------------------------------|--------------------------------|----------------|--|
|  |                                |                                 | Increase by 1%                 | Decrease by 1% |  |
| Contingent consideration               | 475.96                         | Risk adjusted discount rate     | 472.50                         | 479.42         | Increase in discount rate by 1% would decrease the fair value by INR 3.46 lakhs and decrease in discount rate by 1% would increase the fair value by INR 3.46 lakhs.               |
|  |                                | EBITDA projection               | 480.80                         | 471.12         | Increase in EBITDA projection by 1% would increase the fair value by INR 4.84 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by INR 4.84 lakhs.       |
|  |                                | PAT projection                  | 480.80                         | 471.12         | Increase in PAT by 1% would increase the fair value by INR 4.84 lakhs and decrease in PAT by 1% would decrease the fair value by INR 4.84 lakhs.                                   |
| Financial liability towards put option | 19,218.61                      | Risk adjusted discount rate     | 17,969.08                      | 20,646.76      | Increase in discount rate by 1% would decrease the fair value by INR 1,249.53 lakhs and decrease in discount rate by 1% would increase the fair value by INR 1,428.15 lakhs.       |
|  |                                | EBITDA projection               | 19,421.30                      | 19,015.92      | Increase in EBITDA projection by 1% would increase the fair value by INR 202.69 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by INR 202.69 lakhs.   |
|  |                                | Revenue projection              | 19,421.30                      | 19,015.92      | Increase in revenue projection by 1% would increase the fair value by INR 202.69 lakhs and decrease in revenue projection by 1% would decrease the fair value by INR 202.69 lakhs. |

#### Financial instruments measured at fair value

(Amount in INR lakhs)

| Particulars                              | Fair Value as at 31 March 2018 | Significant unobservable inputs | Fair Value as at 31 March 2018 |                | Sensitivity  |
|--|--------------------------------|---------------------------------|--------------------------------|----------------|--|
|  |                                |                                 | Increase by 1%                 | Decrease by 1% |  |
| Other non-current investments (unquoted) | 297.74                         | Risk adjusted discount rate     | 244.49                         | 363.02         | Increase in discount rate by 1% would decrease the fair value by INR 53.25 lakhs and decrease in discount rate by 1% would increase the fair value by INR 65.28 lakhs.         |
|  |                                | EBITDA projection               | 303.96                         | 291.52         | Increase in EBITDA projection by 1% would increase the fair value by INR 6.22 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by INR 6.22 lakhs.   |
|  |                                | Revenue projection              | 303.96                         | 291.52         | Increase in revenue projection by 1% would increase the fair value by INR 6.22 lakhs and decrease in revenue projection by 1% would decrease the fair value by INR 6.22 lakhs. |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Particulars                            | Fair Value as at 31 March 2018 | Significant unobservable inputs | Fair Value as at 31 March 2018 |                | Sensitivity  |  |
|--|--------------------------------|---------------------------------|--------------------------------|----------------|--|--|
|  |                                |                                 | Increase by 1%                 | Decrease by 1% |  |  |
| Contingent consideration               | 1,342.35                       | Risk adjusted discount rate     | 1,309.90                       | 1,375.95       | Increase in discount rate by 1% would decrease the fair value by INR 32.45 lakhs, decrease in discount rate by 1% would increase the fair value by INR 33.60 lakhs.          |  |
|  |                                |                                 | EBITDA projection              | 1,355.77       | 1,328.93   | Increase in EBITDA projection by 1% would increase the fair value by INR 13.42 lakhs, decrease in EBITDA projection by 1% would decrease the fair value by INR 13.42 lakhs.        |
|  |                                |                                 | PAT projection                 | 1,355.77       | 1,328.93   | Increase in PAT by 1% would increase the fair value by INR 13.42 lakhs, decrease in PAT by 1% would decrease the fair value by INR 13.42 lakhs.                                    |
| Financial liability towards put option | 18,804.18                      | Risk adjusted discount rate     | 17,535.42                      | 20,138.09      | Increase in discount rate by 1% would decrease the fair value by INR 1,268.76 lakhs and decrease in discount rate by 1% would increase the fair value by INR 1,333.91 lakhs. |  |
|  |                                |                                 | EBITDA projection              | 18,953.01      | 18,539.48  | Increase in EBITDA projection by 1% would increase the fair value by INR 148.83 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by INR 264.70 lakhs.   |
|  |                                |                                 | Revenue projection             | 18,953.01      | 18,539.48  | Increase in revenue projection by 1% would increase the fair value by INR 148.83 lakhs and decrease in revenue projection by 1% would decrease the fair value by INR 264.70 lakhs. |
| Financial liabilities                  | 15,760.32                      | Risk adjusted discount rate     | 15,643.26                      | 15,881.15      | Increase in discount rate by 1% would decrease the fair value by INR 117.06 lakhs and decrease in discount rate by 1% would increase the fair value by INR 120.83 lakhs.     |  |

### 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 INR lakhs)

| Particulars                                      | Fair value through other comprehensive income |                          | Fair value through profit and loss     |                     |
|--|---|--------------------------|--|---------------------|
|  | Other non-current investments (unquoted)      | Contingent consideration | Financial liability towards put option | Financial liability |
| <b>Balance as at 1 April 2017</b>                | <b>365.49</b>                                 | <b>2,615.92</b>          | -                                      | <b>14,041.24</b>    |
| Assumed in a business combination                | -   | -                        | 18,804.18                              | -                   |
| Disposal   | (67.75)                                       | -                        | -                                      | -                   |
| Transferred to consideration payable             | -   | (136.16)                 | -                                      | -                   |
| Net change in fair value (unrealised)            | -   | (1,137.41)               | -                                      | 1,719.08            |
| <b>Balance as at 31 March 2018</b>               | <b>297.74</b>                                 | <b>1,342.35</b>          | <b>18,804.18</b>                       | <b>15,760.32</b>    |
| Assumed in a business combination                | -   | -                        | (998.26)                               | -                   |
| Disposal   | (132.24)                                      | -                        | -                                      | (12,725.57)         |
| Transferred to fair value through amortised cost | -   | -                        | -                                      | (3,073.89)          |
| Transferred to consideration payable             | -   | -                        | -                                      | (1,439.37)          |
| Net change in fair value (unrealised)            | -   | (866.39)                 | 1,412.69                               | 1,478.51            |
| <b>Balance as at 31 March 2019</b>               | <b>165.50</b>                                 | <b>475.96</b>            | <b>19,218.61</b>                       | <b>-</b>            |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 40 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 Company. 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.

Credit risk on cash and cash equivalents and other bank balances and bank deposits is limited as the Group generally invests in deposits with banks with high credit ratings assigned by credit rating agencies. Current investments comprises of investment in mutual funds invested with mutual fund institutions having high credit ratings assigned by credit rating agencies. The loan represents security deposits given to suppliers, employees and others. The credit risk associated with such loans is relatively low.

#### Trade receivables and unbilled revenue

The Group'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 Group has established a credit policy under which each new customer is analysed individually for creditworthiness 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.

#### Expected credit loss assessment for corporate customers as at 31 March 2019 and 31 March 2018 are as follows:

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from customers and unbilled revenue.

Based on industry practices and the business environment in which the Group operates, the management considers that trade receivables are in default if the payments are due for more than specific number of days. 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 movement in the allowance for impairment in respect of trade receivables from customers and unbilled revenue is as follows:

| Particulars                                       | (Amount in INR lakhs) |               |
|---|-----------------------|---------------|
|   | 31 March 2019         | 31 March 2018 |
| Balance as at the beginning of the year           | (5,282.68)            | (5,260.32)    |
| Additions through business combination            | (421.39)              | (612.81)      |
| Disposals   | 15.65                 | -             |
| Impairment loss allowances (recognised)/ reversed | (2,143.03)            | (680.24)      |
| Bad debts written off                             | 1,855.90              | 1,270.69      |
| Exchange fluctuation                              | 2.79                  | -             |
| Balance as at the end of the year                 | (5,972.76)            | (5,282.68)    |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 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 equivalents 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 deposits and other financial instruments. 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:

The Group has taken cash credit and overdraft facilities having interest rates ranging from MCLR+0.35% to MCLR+2.25%. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

The Group has taken bill discounting facilities from banks having interest rate of MCLR plus 1.30% and bank rate plus 1.75%. 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/equipment's purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

The Group has taken working capital loan from banks having interest rate ranging from 6.00% p.a. to 9.95% p.a. 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.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

#### As at 31 March 2019

(Amount in INR lakhs)

| Particulars                 | Contractual cash flows |           |           |           |                   |
|-----------------------------|------------------------|-----------|-----------|-----------|-------------------|
|                             | Carrying amount        | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings*                 | 80,045.21              | 59,143.29 | 5,280.63  | 15,621.29 | -                 |
| Trade payables              | 17,291.75              | 17,291.75 | -         | -         | -                 |
| Other financial liabilities | 90,693.85              | 70,058.71 | 2,461.55  | 18,173.59 | -                 |

\* Current maturities of long-term borrowings included under borrowings and excluded from other financial liabilities

#### As at 31 March 2018

(Amount in INR lakhs)

| Particulars                 | Contractual cash flows |           |           |           |                   |
|-----------------------------|------------------------|-----------|-----------|-----------|-------------------|
|                             | Carrying amount        | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings*                 | 100,875.57             | 75,483.72 | 5,358.00  | 20,033.86 | -                 |
| Trade payables              | 14,812.32              | 14,812.32 | -         | -         | -                 |
| Other financial liabilities | 93,709.19              | 74,140.15 | 2,568.78  | 17,000.26 | -                 |

\* Current maturities of long-term borrowings included under borrowings and excluded from other financial liabilities

As disclosed in note 23 and note 26, the Group have secured bank loans that contains loan covenants. A future breach of covenants may require Group to repay the loans 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.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 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.

### a) 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:

| Particulars                 | Currency | As at 31 March 2019 |                     | As at 31 March 2018 |                     |
|-----------------------------|----------|---------------------|---------------------|---------------------|---------------------|
|                             |          | Foreign currency*   | Amount in INR lakhs | Foreign currency*   | Amount in INR lakhs |
| Trade and other receivables | USD      | 6,802,534           | 4,704.29            | 8,226,715           | 5,361.76            |
|                             | EURO     | 254,956             | 198.03              | 30,086              | 24.31               |
|                             | CAD      | 3,602               | 1.86                | -                   | -                   |
|                             | AED      | 1,687,290           | 317.67              | 1,158,874           | 205.64              |
|                             | GBP      | 97,754              | 88.49               | 326,180             | 300.99              |
|                             | HKD      | 152,701             | 13.45               | 286,982             | 23.83               |
|                             | MYR      | 2,227,818           | 377.39              | 2,476,826           | 417.78              |
|                             | PHP      | 13,639,442          | 179.81              | 14,060,852          | 174.68              |
|                             | QAR      | 2,632               | 0.50                | 16,000              | 2.86                |
|                             | VND      | 22,869              | 0.00                | 56,016,909          | 1.57                |
|                             | CNH      | 110,891             | 11.41               | -                   | -                   |
| Trade and other payables    | USD      | 523,381             | 361.94              | 515,921             | 336.25              |
|                             | EURO     | 52,860              | 41.06               | -                   | -                   |
|                             | CAD      | 196,926             | 101.50              | 209,556             | 106.14              |
|                             | AED      | 214,755             | 40.43               | 182,207             | 32.33               |
|                             | HKD      | -                   | -                   | 396,760             | 32.95               |
|                             | MYR      | -                   | -                   | 2,476,824           | 417.78              |
|                             | PHP      | 909,801             | 11.99               | 415,663             | 5.16                |
|                             | SAR      | 25,629              | 4.73                | 29,244              | 5.08                |

\*Foreign currency values are in actuals and not recorded in lakhs.

The following significant exchange rates have been applied

| Particulars | Year end spot rate |               |
|-------------|--------------------|---------------|
|             | 31 March 2019      | 31 March 2018 |
| USD/INR     | 69.16              | 65.18         |
| EUR/INR     | 77.67              | 80.81         |
| CAD/INR     | 51.54              | 50.65         |
| SAR/INR     | 18.44              | 17.38         |
| AED/INR     | 18.83              | 17.75         |
| GBP/INR     | 90.53              | 92.28         |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

| Particulars | Year end spot rate |               |
|-------------|--------------------|---------------|
|             | 31 March 2019      | 31 March 2018 |
| HKD/INR     | 8.81               | 8.31          |
| MYR/INR     | 16.94              | 16.87         |
| PHP/INR     | 1.32               | 1.24          |
| QAR/INR     | 19.00              | 17.90         |
| LKR/INR     | 0.40               | 0.42          |
| 100 VND/INR | 0.30               | 0.28          |
| CNH/INR     | 10.29              | 10.38         |

### Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the USD, EUR, CAD, SAR, AED, GBP, HKD, MYR, PHP, QAR, VND and CNH against INR at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and the consolidated statement of profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

| Particulars            | <i>(Amount in INR lakhs)</i> |           |                    |           |
|------------------------|------------------------------|-----------|--------------------|-----------|
|                        | Profit and loss              |           | Equity, net of tax |           |
|                        | Strengthening                | Weakening | Strengthening      | Weakening |
| <b>31 March 2019</b>   |                              |           |                    |           |
| USD (6.11% movement)   | 265.17                       | (265.17)  | 173.40             | (173.40)  |
| EUR (4.07% movement)   | 6.09                         | (6.09)    | 3.98               | (3.98)    |
| CAD (1.76% movement)   | (1.75)                       | 1.75      | (1.14)             | 1.14      |
| SAR (6.54% movement)   | (0.29)                       | 0.29      | (0.19)             | 0.19      |
| AED (6.10% movement)   | 16.91                        | (16.91)   | 11.06              | (11.06)   |
| GBP (1.92% movement)   | 1.68                         | (1.68)    | 1.10               | (1.10)    |
| HKD (6.08% movement)   | 0.82                         | (0.82)    | 0.53               | (0.53)    |
| MYR (0.43% movement)   | 1.62                         | (1.62)    | 1.06               | (1.06)    |
| PHP (6.12% movement)   | 10.27                        | (10.27)   | 6.71               | (6.71)    |
| QAR (6.56% movement)   | 0.03                         | (0.03)    | 0.02               | (0.02)    |
| VND (7.14% movement)*  | 0.00                         | (0.00)    | 0.00               | (0.00)    |
| CNH (0.50% movement)   | 0.10                         | (0.10)    | 0.07               | (0.07)    |
| <b>31 March 2018</b>   |                              |           |                    |           |
| USD (0.50% movement)   | 25.13                        | (25.13)   | 16.43              | (16.43)   |
| EUR (16.62% movement)  | 4.04                         | (4.04)    | 2.64               | (2.64)    |
| CAD (4.23% movement)   | (4.49)                       | 4.49      | (2.94)             | 2.94      |
| SAR (0.51% movement)   | (0.03)                       | 0.03      | (0.02)             | 0.02      |
| AED (0.51% movement)   | 0.88                         | (0.88)    | 0.58               | (0.58)    |
| GBP (14.06% movement)  | 42.32                        | (42.32)   | 27.67              | (27.67)   |
| HKD (0.48% movement)   | (0.04)                       | 0.04      | (0.03)             | 0.03      |
| MYR (15.12% movement)* | 0.00                         | (0.00)    | 0.00               | (0.00)    |
| PHP (3.75% movement)   | 6.36                         | (6.36)    | 4.16               | (4.16)    |
| QAR (0.52% movement)   | 0.01                         | (0.01)    | 0.01               | (0.01)    |
| VND (1.75% movement)   | 2.74                         | (2.74)    | 1.79               | (1.79)    |

\*Amounts are less than INR 1,000.00

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### b) 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 Group'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. The borrowings also includes cash credit, bill discounting and term loan facilities and loans from related parties which carries variable rate of interest.

#### (i) Interest rate risk exposure

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

| Particulars              | <i>(Amount in INR lakhs)</i> |                        |
|--------------------------|------------------------------|------------------------|
|                          | As at<br>31 March 2019       | As at<br>31 March 2018 |
| Variable rate borrowings | 35,263.33                    | 53,394.35              |
| Fixed rate borrowings    | 44,781.88                    | 47,481.22              |
| <b>Total borrowings</b>  | <b>80,045.21</b>             | <b>100,875.57</b>      |

Total borrowings considered above includes current maturities of long-term borrowings.

#### (ii) Sensitivity

| Particulars              | <i>(Amount in INR lakhs)</i> |             | Equity, net of tax |             |
|--------------------------|------------------------------|-------------|--------------------|-------------|
|                          | Profit and loss              |             | 1% Increase        | 1% decrease |
|                          | 1% Increase                  | 1% decrease |                    |             |
| <b>31 March 2019</b>     |                              |             |                    |             |
| Variable rate borrowings | (352.64)                     | 352.64      | (247.74)           | 247.74      |
| <b>31 March 2018</b>     |                              |             |                    |             |
| Variable rate borrowings | (338.59)                     | 338.59      | (224.93)           | 224.93      |

The sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

### c) Price risk

#### (a) Price risk exposure

The Group's exposure to price risk arises from investments held by the Group in the mutual fund units and classified as fair value through profit or loss in the consolidated balance sheet.

To manage its price risk arising from investments in mutual fund units, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Company's mutual fund investments are publicly traded and are listed on the recognised stock exchanges.

The exposure of the Group's mutual fund investments to security price changes at the end of the reporting period are as follows:

| Particulars                      | <i>(Amount in INR lakhs)</i> |                        |
|----------------------------------|------------------------------|------------------------|
|                                  | As at<br>31 March 2019       | As at<br>31 March 2018 |
| Investments in mutual fund units | 3,846.82                     | 19,740.20              |

#### (b) Sensitivity

| Particulars   | <i>(Amount in INR lakhs)</i> |             |
|---------------|------------------------------|-------------|
|               | Impact on profit after tax   |             |
|               | 1% increase                  | 1% decrease |
| 31 March 2019 | 38.47                        | (38.47)     |
| 31 March 2018 | 197.40                       | (197.40)    |

The sensitivity analysis is prepared assuming the amount of mutual funds outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in prices.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 41 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 maximise 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 borrowings, current borrowings, current maturities of long-term borrowings and current maturities of finance lease obligations less cash and cash equivalents.

The Group's policy is to keep the ratio below 2.00. The Group's adjusted net debt to equity ratio is as follows:

(Amount in INR lakhs)

| Particulars                     | As at             | As at             |
|---------------------------------|-------------------|-------------------|
|                                 | 31 March 2019     | 31 March 2018     |
| Gross debt                      | 80,045.21         | 100,875.57        |
| Less: Cash and cash equivalents | 50,477.39         | 56,611.15         |
| <b>Adjusted net debt</b>        | <b>29,567.82</b>  | <b>44,264.42</b>  |
| Total equity                    | 272,558.57        | 246,076.32        |
| <b>Total equity</b>             | <b>272,558.57</b> | <b>246,076.32</b> |
| <b>Net debt to equity ratio</b> | <b>0.11</b>       | <b>0.18</b>       |

### 42 Capital commitments

(Amount in INR lakhs)

| Particulars  | As at         | As at         |
|--|---------------|---------------|
|  | 31 March 2019 | 31 March 2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 596.62        | 711.14        |
|  | <b>596.62</b> | <b>711.14</b> |

### 43 Contingent liabilities and commitments (to the extent not provided for)

(Amount in INR lakhs)

| Particulars   | As at         | As at         |
|---|---------------|---------------|
|   | 31 March 2019 | 31 March 2018 |
| Corporate guarantee given as security for loan availed by related party [refer note (ii)] | 2,200.00      | 2,200.00      |
| Bonus [refer note (ii)]   | 3,258.77      | 3,258.77      |
| Provident fund [refer note (iii) and (iv) below]  | 321.66        | 1,014.14      |
| Direct and Indirect tax matters [refer note (iii) and (iv) below]                         | 1,336.64      | 1,895.54      |
| Other claims  | 648.09        | 468.99        |

- (i) The Group has given guarantees to banks for the loans availed by the related parties to make good any default made by its related parties in re-payment to banks.

**Movement of Corporate Guarantee given to related party during the current year is as follows:**

(Amount in INR lakhs)

| Related party                                 | As at           | Given during    | Settled /ex-      | As at           |
|---|-----------------|-----------------|-------------------|-----------------|
|   | 1 April 2018    | the financial   | pired during      | 31 March        |
|   |                 | year            | the financial     | 2019            |
|   |                 |                 | year              |                 |
| Terrier Security Services (India) Private Ltd | 2,200.00        | 2,200.00        | (2,200.00)        | 2,200.00        |
| <b>Total</b>                                  | <b>2,200.00</b> | <b>2,200.00</b> | <b>(2,200.00)</b> | <b>2,200.00</b> |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

Movement of Corporate Guarantee given to related party during the previous year is as follows:

(Amount in INR lakhs)

| Related party                                 | As at<br>1 April 2017 | Given during<br>the financial<br>year | Settled /ex-<br>pired during<br>the financial<br>year | As at<br>31 March<br>2018 |
|---|-----------------------|---------------------------------------|---|---------------------------|
| Terrier Security Services (India) Private Ltd | 2,200.00              | 2,200.00                              | (2,200.00)  | 2,200.00                  |
| <b>Total</b>                                  | <b>2,200.00</b>       | <b>2,200.00</b>                       | <b>(2,200.00)</b>                                     | <b>2,200.00</b>           |

- (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 INR 10,000.00 per month to INR 21,000.00 per month [Section 2(13)] and the ceiling for computation of such salary or wages has been increased from INR 3,500.00 per month to INR 7,000.00 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.

For the period ended 31 March 2015, the Company has obtained a legal opinion from an external lawyer and was 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. Accordingly an amount of INR 3,258.77 lakhs being bonus for such retrospective period has been considered as contingent liability.

- (iii) Pending resolution of the respective proceedings, it is not practicable for the Group 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. The Group is contesting the demand and the Management believes that its position will likely be upheld. The Management believes that the outcome of this proceedings will not have material adverse effect on the Group's financial position and results of operations.
- (iv) The Group 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 consolidated financial statements. The Group does not expect outcome of these proceedings to have a material adverse effect on its financial position.

- 44 On 28 February 2019, the Hon'ble Supreme Court of India delivered a judgement clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. The Group has been legally advised that there are various interpretative challenges on the application of the judgement retrospectively. Based on such legal advice, the management believes that it is not practicable at this stage to reliably measure the contingencies relating to amounts payable if any on potential demands relating to PF.

### 45 Earnings per share

(Amount in INR lakhs except number of shares and per share data)

| Particulars  | For the year ended |               |
|--|--------------------|---------------|
|  | 31 March 2019      | 31 March 2018 |
| Nominal value of equity shares (INR per share)                                 | 10.00              | 10.00         |
| Net profit after tax for the purpose of earnings per share (INR in lakhs)      | 25,674.11          | 31,098.72     |
| Weighted average number of shares used in computing basic earnings per share   | 145,791,911        | 141,021,748   |
| <b>Basic earnings per share (INR)</b>  | <b>17.61</b>       | <b>22.05</b>  |
| Weighted average number of shares used in computing diluted earnings per share | 146,595,041        | 142,502,809   |
| <b>Diluted earnings per share (INR)</b>  | <b>17.51</b>       | <b>21.82</b>  |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### Computation of weighted average number of shares

| Particulars   | For the year ended |                    |
|---|--------------------|--------------------|
|   | 31 March 2019      | 31 March 2018      |
| <b>Number of equity shares outstanding at beginning of the year</b>   | <b>145,484,178</b> | <b>133,940,224</b> |
| <b>Add: Weighted average number of equity shares issued during the year</b>   |                    |                    |
| - 600,655 number of equity shares issued under ESOP scheme on 26 September 2018 for 187 days                              | 307,733            | -                  |
| - 10,924,029 number of equity shares issued under Institutional Placement Programme scheme on 18 August 2017 for 226 days | -                  | 6,763,919          |
| - 619,925 number of equity shares issued under ESOP scheme on 26 September 2017 for 187 days                              | -                  | 317,605            |
| <b>Weighted average number of shares outstanding at the end of year for computing basic earnings per share</b>            | <b>145,791,911</b> | <b>141,021,748</b> |
| <b>Add: Impact of potentially dilutive equity shares</b>  |                    |                    |
| - 8,36,126 (31 March 2018: 1,495,599) number of ESOP's at fair value  | 803,130            | 1,481,061          |
| <b>Weighted average number of shares outstanding at the end of year for computing diluted earnings per share</b>          | <b>146,595,041</b> | <b>142,502,809</b> |

#### 46 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 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. |
| Technology solutions | It provides IT staffing and technology solutions and products.  |
| 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.   |
| Internet business    | It provides recruitment solutions such as resume database access, job postings, distribution of access rights of third party.   |

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. The Group has a corporate center, which provides various accounting and administrative support function. Segment information for this activity has been aggregated under "Unallocated". Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expense, cost of material consumed, recruitment and training expenses, stores and tools consumed, sub-contractor charges and operating expenses that can be allocated on a reasonable basis to respective segments. Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Group therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly these are separately disclosed as 'Unallocated'.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### A Operating segment information for the period from 1 April 2018 to 31 March 2019 is as follows:

(Amount in INR lakhs)

| Particulars   | People services  | Technology solutions | Facility management | Industrials     | Internet business | Unallocated        | Total            |
|---|------------------|----------------------|---------------------|-----------------|-------------------|--------------------|------------------|
| Segment revenue   | 388,021.32       | 279,620.36           | 123,014.48          | 47,189.96       | 14,853.16         | -                  | 852,699.28       |
| Segment cost  | (369,664.77)     | (263,202.96)         | (114,550.11)        | (45,556.52)     | (17,903.64)       | -                  | (810,878.00)     |
| <b>Segment result</b>   | <b>18,356.55</b> | <b>16,417.40</b>     | <b>8,464.37</b>     | <b>1,633.44</b> | <b>(3,050.48)</b> | <b>-</b>           | <b>41,821.28</b> |
| Other income  | -                | -                    | -                   | -               | -                 | 7,122.57           | 7,122.57         |
| Finance charges   | -                | -                    | -                   | -               | -                 | (11,439.94)        | (11,439.94)      |
| Unallocated corporate expenses  | -                | -                    | -                   | -               | -                 | (7,678.48)         | (7,678.48)       |
| Share of profit/ (loss) of equity accounted investees (net of income tax) | -                | -                    | -                   | -               | -                 | (880.85)           | (880.85)         |
| <b>Profit before taxation</b>   | <b>18,356.55</b> | <b>16,417.40</b>     | <b>8,464.37</b>     | <b>1,633.44</b> | <b>(3,050.48)</b> | <b>(12,876.70)</b> | <b>28,944.58</b> |
| Taxation  | -                | -                    | -                   | -               | -                 | (3,289.66)         | (3,289.66)       |
| <b>Profit after taxation</b>  | <b>18,356.55</b> | <b>16,417.40</b>     | <b>8,464.37</b>     | <b>1,633.44</b> | <b>(3,050.48)</b> | <b>(16,166.36)</b> | <b>25,654.92</b> |
| Segment assets  | 41,836.16        | 160,335.52           | 110,535.58          | 24,363.54       | 21,471.90         | 142,624.63         | 501,167.33       |
| Segment liabilities   | 22,434.95        | 62,579.12            | 18,465.50           | 9,607.15        | 11,745.63         | 103,466.48         | 228,298.83       |
| Capital expenditure   | 2,443.70         | 4,960.00             | 609.27              | 662.04          | 722.00            | 80.39              | 9,477.40         |

### Operating segment information for the period from 1 April 2017 to 31 March 2018 is as follows:

(Amount in INR lakhs)

| Particulars   | People and services | Technology solutions | Facility management | Industrials     | Internet Business | Unallocated       | Total            |
|---|---------------------|----------------------|---------------------|-----------------|-------------------|-------------------|------------------|
| Segment revenue   | 287,814.10          | 186,806.69           | 102,725.19          | 37,041.16       | 2,338.93          | -                 | 616,726.07       |
| Segment cost  | (274,189.75)        | (175,000.79)         | (96,010.17)         | (35,543.54)     | (2,700.83)        | -                 | (583,445.08)     |
| <b>Segment result</b>   | <b>13,624.35</b>    | <b>11,805.90</b>     | <b>6,715.02</b>     | <b>1,497.62</b> | <b>(361.90)</b>   | <b>-</b>          | <b>33,280.99</b> |
| Other income  | -                   | -                    | -                   | -               | -                 | 5,692.16          | 5,692.16         |
| Finance charges   | -                   | -                    | -                   | -               | -                 | (7,545.39)        | (7,545.39)       |
| Unallocated corporate expenses  | -                   | -                    | -                   | -               | -                 | (5,318.60)        | (5,318.60)       |
| Share of profit/ (loss) of equity accounted investees (net of income tax) | -                   | -                    | -                   | -               | -                 | 36.49             | 36.49            |
| <b>Profit before taxation</b>   | <b>13,624.35</b>    | <b>11,805.90</b>     | <b>6,715.02</b>     | <b>1,497.62</b> | <b>(361.90)</b>   | <b>(7,135.34)</b> | <b>26,145.65</b> |
| Taxation  | -                   | -                    | -                   | -               | -                 | 4,830.54          | 4,830.54         |
| <b>Profit after taxation</b>  | <b>13,624.35</b>    | <b>11,805.90</b>     | <b>6,715.02</b>     | <b>1,497.62</b> | <b>(361.90)</b>   | <b>(2,304.80)</b> | <b>30,976.19</b> |
| Segment assets  | 42,809.19           | 132,538.39           | 101,772.97          | 25,552.78       | 18,493.38         | 168,696.62        | 489,863.33       |
| Segment liabilities   | 29,433.67           | 42,967.14            | 15,597.43           | 8,665.02        | 13,142.20         | 133,823.77        | 243,629.23       |
| Capital expenditure   | 1,688.83            | 3,055.56             | 1,174.73            | 3,433.78        | 32.68             | 1,878.71          | 11,264.29        |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 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.

(Amount in INR lakhs)

| Geographic information     | Revenue            |                   | Non-current assets* |                   |
|----------------------------|--------------------|-------------------|---------------------|-------------------|
|                            | For the year ended |                   | As at               |                   |
|                            | 31 March<br>2019   | 31 March<br>2018  | 31 March<br>2019    | 31 March<br>2018  |
| India                      | 725,355.37         | 505,753.83        | 169,105.26          | 155,667.05        |
| Other countries:           |                    |                   |                     |                   |
| - Singapore                | 49,653.87          | 43,199.68         | 21,373.11           | 21,967.45         |
| - Canada                   | 33,403.76          | 31,664.83         | 3,735.08            | 3,247.99          |
| - Philippines              | 2,232.08           | 1,549.54          | 33.26               | 12.59             |
| - United States of America | 25,027.13          | 25,795.14         | 11,589.25           | 12,022.90         |
| - Malaysia                 | 8,333.90           | 4,252.70          | 1,824.13            | 1,135.37          |
| - Srilanka                 | 6,574.58           | 4,448.99          | 147.60              | 108.38            |
| - Hongkong                 | 386.85             | 61.36             | 532.83              | 525.61            |
| - Dubai                    | 1,120.49           | -                 | 620.13              | -                 |
| - Vietnam                  | 611.25             | -                 | 6.02                | -                 |
| <b>Total</b>               | <b>852,699.28</b>  | <b>616,726.07</b> | <b>208,966.67</b>   | <b>194,687.34</b> |

\*Non-current assets exclude financial instruments and deferred tax assets.

The Group has disclosed the investments in 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 Group has revenue which is more than 10.00 % of the Group's total revenue.

### 47 Related party disclosures

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

|   |   |
|---|---|
| - Entities having significant influence                               | Fairfax Financial Holdings Limited<br>Thomas Cook (India) Limited<br>Fairfax (US) Inc.<br>National Collateral Management Services Limited |
| - Subsidiaries, associates and joint venture                          | Refer Note (ii)   |
| - Entities having common directors                                    | Net Resources Investments Private Limited<br>Go Digit Infoworks Service Private Limited<br>Go Digit General Insurance Limited             |
| - Entity in which key managerial personnel have significant influence | Careworks Foundation  |

#### Key executive management personnel

|                   |  |
|-------------------|--|
| Ajit Isaac        | Chairman & Managing Director & Chief Executive Officer (upto 23 January 2018)<br>Chairman & Managing Director (w.e.f 24 January 2018)      |
| Subrata Kumar Nag | Whole time Director & Chief Finance Officer (upto 23 January 2018)<br>Executive Director & Chief Executive Officer (w.e.f 24 January 2018) |
| Manoj Jain        | Chief Financial Officer (w.e.f 24 January 2018)  |
| Sudershan Pallap  | Company Secretary (upto 23 June 2018)  |
| Rajesh Kumar Modi | Company Secretary (w.e.f. 23 June 2018 upto 9 November 2018)   |
| Kundan K. Lal     | Company Secretary (w.e.f. 17 April 2019)   |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### (ii) List of subsidiaries (including step-subsiidiaries), associates and joint venture

| Name of the entity                                  | Note  | Nature of relation | Country of domicile | Holdings as at |               |
|---|-------|--------------------|---------------------|----------------|---------------|
|   |       |                    |                     | 31 March 2019  | 31 March 2018 |
| 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.                            | 1     | Subsidiary         | Canada              | 100.00%        | 100.00%       |
| Mindwire Systems Limited                            | 2     | Subsidiary         | Canada              | 100.00%        | 100.00%       |
| Brainhunter Companies LLC, USA                      | 3     | Subsidiary         | USA                 | -              | 100.00%       |
| Qess (Philippines) Corp.                            |       | Subsidiary         | Philippines         | 100.00%        | 100.00%       |
| Qess Corp (USA) Inc.                                |       | Subsidiary         | USA                 | 100.00%        | 100.00%       |
| Quesscorp Holdings Pte. Ltd.                        |       | Subsidiary         | Singapore           | 100.00%        | 100.00%       |
| Qess Corp Vietnam LLC                               |       | Subsidiary         | Vietnam             | 100.00%        | -             |
| Quessglobal (Malaysia) SDN. BHD.                    | 4     | Subsidiary         | Malaysia            | 100.00%        | 100.00%       |
| Qess Corp Lanka (Private) Limited                   | 4     | Subsidiary         | Sri Lanka           | 100.00%        | 100.00%       |
| Comtel Solutions Pte. Ltd.                          |       | Subsidiary         | Singapore           | 100.00%        | 64.00%        |
| Ikyu Business Services (Private) Limited            | 5     | Subsidiary         | Sri Lanka           | -              | -             |
| MFXchange Holdings, Inc.                            |       | Subsidiary         | Canada              | 100.00%        | 100.00%       |
| MFXchange US, Inc.                                  | 6     | Subsidiary         | USA                 | 100.00%        | 100.00%       |
| MFX Chile SpA                                       | 6     | Subsidiary         | Chile               | 100.00%        | 100.00%       |
| MFXchange (Ireland) Limited                         | 7     | Subsidiary         | Ireland             | 100.00%        | 100.00%       |
| Dependo Logistics Solutions Private Limited         |       | Subsidiary         | India               | 100.00%        | 100.00%       |
| Inticore VJP Advance Systems Private Limited        | 8     | Subsidiary         | India               | -              | 73.95%        |
| CentreQ Business Services Private Limited           |       | Subsidiary         | India               | 100.00%        | 100.00%       |
| Excelus Learning Solutions Private Limited          |       | Subsidiary         | India               | 100.00%        | 100.00%       |
| Conneqt Business Solution Limited                   |       | Subsidiary         | India               | 51.00%         | 51.00%        |
| Vedang Cellular Services Private Limited            |       | Subsidiary         | India               | 70.00%         | 70.00%        |
| Master Staffing Solutions Private Limited           |       | Subsidiary         | India               | 100.00%        | 100.00%       |
| Golden Star Facilities and Services Private Limited |       | Subsidiary         | India               | 70.00%         | 70.00%        |
| Comtelpro Pte. Limited.                             | 4 & 9 | Subsidiary         | Singapore           | 100.00%        | 51.00%        |
| Comtelink Sdn. Bhd                                  |       | Subsidiary         | Malaysia            | 100.00%        | 100.00%       |
| Monster.com (India) Private Limited                 |       | Subsidiary         | India               | 99.99%         | 99.99%        |
| Monster.com.SG PTE Limited                          |       | Subsidiary         | Singapore           | 100.00%        | 100.00%       |
| Monster.com HK Limited                              |       | Subsidiary         | Hong Kong           | 100.00%        | 100.00%       |
| Agensi Pekerjaan Monster Malaysia SDN. BHD          | 10    | Subsidiary         | Malaysia            | 49.00%         | 49.00%        |
| Quesscorp Management Consultancies                  | 11    | Subsidiary         | Dubai, UAE          | 100.00%        | -             |
| Quesscorp Manpower Supply Services LLC              | 12    | Subsidiary         | Dubai, UAE          | 100.00%        | -             |
| Qdigi Services Limited                              | 13    | Subsidiary         | India               | 100.00%        | -             |
| Greenpiece Landscapes India Private Limited         | 14    | Subsidiary         | India               | 90.00%         | -             |
| Simpliance Technologies Private Limited             | 15    | Subsidiary         | India               | 53.00%         | 45.00%        |
| Trimax Smart Infraprojects Private Limited          |       | Associate          | India               | 51.00%         | 51.00%        |
| Terrier Security Services (India) Private Limited   |       | Associate          | India               | 49.00%         | 49.00%        |
| Heptagon Technologies Private Limited               | 16    | Associate          | India               | 49.00%         | 46.00%        |
| Qess East Bengal FC Private Limited                 | 17    | Associate          | India               | 70.00%         | -             |
| Qess Recruit, Inc.                                  |       | Associate          | Philippines         | 25.00%         | 25.00%        |
| Agency Pekerjaan Qess Recruit SDN. BHD.             | 18    | Associate          | Malaysia            | 49.00%         | -             |
| Himmer Industrial Services (M) Sdn. Bhd.            |       | Joint venture      | Malaysia            | 49.00%         | 49.00%        |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

1. Quess Corp Limited has diluted its holding to 19.00% in Brainhunter Systems Ltd. 81.00% is held by Quess Corp (USA) Inc.
2. Wholly owned subsidiaries of Brainhunter Systems Ltd.
3. Acquired by MFXchange Holdings Inc. on 24 January 2019 and merged
4. Wholly owned subsidiaries of Quesscorp Holdings Pte. Ltd.
5. The subsidiary does not have any operations and is struck off effective 11 March 2018
6. Wholly owned subsidiary of MFXchange Holdings Inc.
7. Dissolved with effect from 16 September 2017
8. On 29 August 2018, Quess Corp Limited has disposed its share of 74.00% in Inticore VJP Advance Systems Private Limited.
9. On 24 October 2018, Quesscorp Holdings Pte. Ltd. has acquired the residual 49.00% shares in Comtelpro Pte. Ltd.
10. Name of Monster Malaysia SDN. BHD has been changed to Agensi Pekerjaan Monster Malaysia SDN. BHD.
11. On 19 December 2018, Quesscorp Holdings Pte. Ltd. has acquired control in Quesscorp Management Consultancies (formerly known as Styracorp Management Services)
12. On 31 January 2019, Quesscorp Holdings Pte. Ltd. has acquired control in Quesscorp Manpower Supply Services LLC (formerly known as SMS Manpower Supply Services LLC)
13. On 11 April 2018, Quess Corp Limited acquired 100.00% equity shares in Qdigi Services Limited (formerly known as HCL Computing Products Limited).
14. On 2 April 2018, Quess Corp Limited acquired 90.00% equity shares in Greenpiece Landscapes India Private Limited.
15. On 14 August 2018, Quess Corp Limited acquired additional 8.00% equity shares in Simpliance Technologies Private Limited and has become the subsidiary of the Company.
16. On 5 September 2018, Quess Corp Limited acquired additional 3.00% equity shares in Heptagon Technologies Private Limited.
17. During the quarter ended 31 December 2018, Quess Corp Limited acquired 70.00% equity shares in Quess East Bengal FC Private Limited.
18. On 23 January 2018, Agency Pekerjaan Quess Recruit SDN. BHD. ("APKR") was incorporated. Quessglobal (Malaysia) SDN. BHD. subscribed to 49.00% equity stake in APKR and accordingly it has become an associate.

### (iii) Related party transactions during the year

(Amount in INR lakhs)

| Nature of transaction and relationship | Name of related party   | For the year ended   |               |
|--|---|----------------------|---------------|
|  |   | 31 March 2019        | 31 March 2018 |
| <b>Revenue from operations</b>         |   |                      |               |
| Entities having significant influence  | Thomas Cook (India) Limited   | 1,566.75             | 1,647.54      |
|  | National Collateral Management Services Limited                     | 2,030.22             | 2,446.20      |
| Associate                              | Terrier Security Services (India) Private Limited                   | 1,209.44             | 1,742.63      |
|  | Trimax Smart Infraprojects Private Limited                          | 3,767.42             | 748.30        |
|  | Heptagon Technologies Private Limited                               | 0.59                 | -             |
| Entities having common directors       | Go Digit General Insurance Limited                                  | 118.60               | 64.73         |
|  | Go Digit Infoworks Services Private Limited                         | 155.92               | 79.40         |
|  | Net Resources Investments Private Limited                           | 11.74                | -             |
| Joint venture                          | Himmer Industrial Services (M) SDN. BHD.                            | 193.55               | -             |
|  | Entity in which key managerial personnel have significant influence | Careworks foundation | 125.51        |

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# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of transaction and relationship                             | Name of related party                             | For the year ended |               |
|--|---|--------------------|---------------|
|  |   | 31 March 2019      | 31 March 2018 |
| <b>Other expenses</b>  |   |                    |               |
| Entities having significant influence                              | Fairfax (US) Inc.                                 | 104.36             | -             |
|  | Thomas Cook (India) Limited                       | 172.52             | 606.71        |
| Entities having common directors                                   | Net Resources Investments Private Limited         | 364.69             | 347.33        |
| Associate  | Terrier Security Services (India) Private Limited | 1,854.21           | 573.60        |
|  | Heptagon Technologies Private Limited             | 41.32              | 9.46          |
|  | Simpliance Technologies Private Limited           | -                  | 32.55         |
| <b>Intangible assets under development</b>                         |   |                    |               |
| Associate  | Heptagon Technologies Private Limited             | 227.98             | 189.68        |
| <b>Intangible assets</b>   |   |                    |               |
| Associate  | Heptagon Technologies Private Limited             | 34.65              | -             |
| <b>Tangible assets</b>   |   |                    |               |
| Associate  | Terrier Security Services (India) Private Limited | 9.01               | -             |
| <b>Expenses incurred by the Group on behalf of related parties</b> |   |                    |               |
| Associate  | Trimax Smart Infraprojects Private Limited        | 882.95             | 505.24        |
| <b>Finance costs</b>   |   |                    |               |
| - Interest expense   | Fairfax (US) Inc.                                 | 122.68             | 103.15        |
| Entities having significant influence                              | Fairfax Financial Holdings Limited                | 14.15              | 13.58         |
| - Interest income  |   |                    |               |
| Associate  | Trimax Smart Infraprojects Private Limited        | 891.08             | 251.70        |
|  | Quesscorp Management Consultancies                | 25.17              | 26.00         |
|  | Terrier Security Services (India) Private Limited | 82.45              | -             |
|  | Heptagon Technologies Private Limited             | 642.79             | -             |
|  | Quess East Bengal FC Private Limited              | 27.80              | -             |
| <b>Loans given to related parties</b>                              |   |                    |               |
| Associate  | Trimax Smart Infraprojects Private Limited        | 568.00             | 13,538.26     |
|  | Quesscorp Management Consultancies                | -                  | 559.43        |
|  | Terrier Security Services (India) Private Limited | 2,250.00           | -             |
|  | Heptagon Technologies Private Limited             | 7,757.00           | -             |
|  | Quess East Bengal FC Private Limited              | 1,253.71           | -             |
| <b>Repayment/ Adjustment of loans given to related parties</b>     |   |                    |               |
| Associate  | Trimax Smart Infraprojects Private Limited        | 5,396.81           | 25.15         |
|  | Quess East Bengal FC Private Limited              | 509.54             | -             |
| <b>Contingent consideration paid</b>                               |   |                    |               |
| Entities having significant influence                              | Fairfax Financial Holdings Limited                | -                  | 356.89        |
| <b>Availment/ (repayment) of loans from related parties</b>        |   |                    |               |
| Entities having significant influence                              | Fairfax (US), Inc.                                | -                  | (90.15)       |
|  | Fairfax Financial Holdings Limited                | -                  | 21.13         |
| <b>Guarantees provided to banks on behalf of associates</b>        |   |                    |               |
| Associate  | Terrier Security Services (India) Private Limited | 2,200.00           | 2,200.00      |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

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

(Amount in INR lakhs)

| Nature of balances and relationship                                 | Name of related party                                      | As at         |               |
|---|--|---------------|---------------|
|   |  | 31 March 2019 | 31 March 2018 |
| <b>Trade receivables (gross of loss allowance)</b>                  |  |               |               |
| Entities having significant influence                               | Thomas Cook (India) Limited                                | 112.89        | 551.16        |
|   | National Collateral Management Services Limited            | -             | 0.14          |
| Associate   | Trimax Smart Infraprojects Private Limited (refer note 57) | 4,763.85      | -             |
|   | Terrier Security Services (India) Private Limited          | 3,223.14      | 1,676.64      |
| Entities having common directors                                    | Go Digit Infoworks Service Private Limited                 | 2.58          | 28.06         |
|   | Go Digit General Insurance Limited                         | 18.37         | 9.93          |
| Joint venture   | Himmer Industrial Services (M) SDN. BHD.                   | 83.09         | -             |
| Entity in which key managerial personnel have significant influence | Careworks foundation                                       | 148.10        | -             |
| <b>Trade payables</b>   |  |               |               |
| Entities having significant influence                               | Fairfax (US) Inc.  | 31.84         | -             |
|   | Thomas Cook (India) Limited                                | 25.74         | 20.72         |
| Associate   | Terrier Security Services (India) Private Limited          | 1,902.16      | 305.01        |
|   | Heptagon Technologies Private Limited                      | 38.95         | 0.54          |
| <b>Loans</b>  |  |               |               |
| Associate   | Trimax Smart Infraprojects Private Limited (refer note 57) | 8,935.98      | 14,018.35     |
|   | Quesscorp Management Consultancies                         | -             | 1,327.16      |
|   | Terrier Security Services (India) Private Limited          | 2,250.00      | -             |
|   | Heptagon Technologies Private Limited                      | 7,757.00      | -             |
|   | Quess East Bengal FC Private Limited                       | 744.18        | -             |
| <b>Unbilled revenue</b>   |  |               |               |
| Entities having significant influence                               | Thomas Cook (India) Limited                                | 47.00         | 70.96         |
| Associate   | Trimax Smart Infraprojects Private Limited                 | 415.00        | 748.30        |
| Entities having common directors                                    | Go Digit General Insurance Limited                         | 0.56          | 1.50          |
|   | Go Digit Infoworks Service Private Limited                 | 0.15          | -             |
| <b>Consideration payable</b>  |  |               |               |
| Entities having significant influence                               | Fairfax Financial Holdings Limited                         | -             | 136.16        |
| <b>Contingent consideration payable (non-current)</b>               |  |               |               |
| Entities having significant influence                               | Fairfax Financial Holdings Limited                         | 475.96        | 764.86        |
| <b>Contingent consideration payable (current)</b>                   |  |               |               |
| Entities having significant influence                               | Fairfax Financial Holdings Limited                         | -             | 577.49        |
| <b>Other financial assets (interest receivable)</b>                 |  |               |               |
| Associate   | Terrier Security Services (India) Private Limited          | 74.21         | -             |
|   | Trimax Smart Infraprojects Private Limited (refer note 57) | 403.78        | 251.70        |
|   | Heptagon Technologies Private Limited                      | 578.50        | -             |
|   | Quess East Bengal FC Private Limited                       | 25.02         | -             |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

(Amount in INR lakhs)

| Nature of balances and relationship                      | Name of related party                                      | As at         |               |
|--|--|---------------|---------------|
|  |  | 31 March 2019 | 31 March 2018 |
| <b>Other financial assets (Due from related parties)</b> |  |               |               |
| Associate  | Trimax Smart Infraprojects Private Limited (refer note 57) | 1,136.51      | -             |
| <b>Other current financial liabilities</b>               |  |               |               |
| Associate  | Terrier Security Services (India) Private Limited          | 579.63        | -             |
|  | Qess Recruit, Inc.   | 7.82          | -             |
| <b>Current borrowings</b>                                |  |               |               |
| Entities having significant influence                    | Fairfax (US), Inc.*  | 2,795.00      | 2,607.00      |
|  | Fairfax Financial Holdings Limited                         | 554.88        | 531.62        |
| <b>Guarantee outstanding</b>                             |  |               |               |
| Associate  | Terrier Security Services (India) Private Limited          | 2,200.00      | 2,200.00      |

\*includes interest

### (v) Compensation of key managerial personnel\*

(Amount in INR lakhs)

| Particulars   | For the year ended |                 |
|---|--------------------|-----------------|
|   | 31 March 2019      | 31 March 2018   |
| Salaries and other employee benefits to whole-time directors and executive officers | 1,196.35           | 1,046.50        |
|   | <b>1,196.35</b>    | <b>1,046.50</b> |

\*Managerial remuneration does not include cost of employee benefits such as gratuity, compensated absences and employee share-based payments 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.

## 48 Leases

### Operating Leases

The Group 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 INR lakhs)

| Particulars                | As at         | As at         |
|----------------------------|---------------|---------------|
|                            | 31 March 2019 | 31 March 2018 |
| Payable within 1 year      | 3,993.73      | 3,158.09      |
| Payable between 1-5 years  | 8,601.81      | 3,044.41      |
| Payable later than 5 years | 325.42        | 418.72        |

(Amount in INR lakhs)

| Particulars                                      | For the year ended |               |
|--|--------------------|---------------|
|  | 31 March 2019      | 31 March 2018 |
| Total rental expense relating to operating lease | 10,375.30          | 5,486.53      |
| - Non-cancellable                                | 5,514.11           | 2,066.29      |
| - Cancellable                                    | 4,861.19           | 3,420.24      |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

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:

| Particulars                                    | <i>(Amount in INR lakhs)</i>       |                                    |
|--|------------------------------------|------------------------------------|
|  | <b>As at<br/>31 March<br/>2019</b> | <b>As at<br/>31 March<br/>2018</b> |
| Payable within 1 year                          | 1,682.79                           | 1,633.72                           |
| Payable between 1-5 years                      | 614.59                             | 1,671.29                           |
| <b>Total</b>                                   | <b>2,297.38</b>                    | <b>3,305.01</b>                    |
| Less: Finance charges                          | (88.40)                            | (172.56)                           |
| <b>Present value of minimum lease payments</b> | <b>2,208.98</b>                    | <b>3,132.45</b>                    |

### 49 Assets and liabilities relating to employee benefits

| Particulars                                  | <i>(Amount in INR lakhs)</i>       |                                    |
|--|------------------------------------|------------------------------------|
|  | <b>As at<br/>31 March<br/>2019</b> | <b>As at<br/>31 March<br/>2018</b> |
| Net defined benefit liability, gratuity plan | 8,575.16                           | 6,280.86                           |
| Liability for compensated absences           | 2,617.74                           | 2,827.45                           |
| <b>Total employee benefit liability</b>      | <b>11,192.90</b>                   | <b>9,108.31</b>                    |
| Current (refer note 30)                      | 994.46                             | 1,438.46                           |
| Non-current (refer note 25)*                 | 10,198.44                          | 7,669.85                           |
|  | <b>11,192.90</b>                   | <b>9,108.31</b>                    |

\* The Group has reviewed and reassessed the presentation of defined benefit obligations. Consequently, an amount of INR 3,334.42 lakhs representing provision for gratuity as at 31 March 2018, earlier classified under "current provisions" has been reclassified to "non-current provisions".

For details about employee benefit expenses, see note 35.

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.

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

The Group'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. The Group 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.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 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/ asset and its components:

| Particulars  | <i>(Amount in INR lakhs)</i> |                           |
|--|------------------------------|---------------------------|
|  | As at<br>31 March<br>2019    | As at<br>31 March<br>2018 |
| <b>Reconciliation of present value of defined benefit obligation</b> |                              |                           |
| Obligation at the beginning of the year                              | 9,141.42                     | 5,552.66                  |
| Additions through business combination                               | 190.00                       | 1,695.96                  |
| Disposals  | (3.11)                       | -                         |
| Current service cost   | 2,525.51                     | 1,643.39                  |
| Interest cost  | 651.90                       | 391.09                    |
| Past service cost  | -                            | 5.04                      |
| Benefit settled  | (904.80)                     | (643.18)                  |
| Actuarial (gains)/ losses recognised in other comprehensive income   |                              |                           |
| - Changes in experience adjustments                                  | 861.52                       | 525.70                    |
| - Changes in demographic assumptions                                 | (995.44)                     | 74.30                     |
| - Changes in financial assumptions                                   | 421.46                       | (103.54)                  |
| Obligation at the end of the year                                    | 11,888.46                    | 9,141.42                  |
| <b>Reconciliation of present value of plan assets</b>                |                              |                           |
| Plan assets at the beginning of the year, at fair value              | 2,860.56                     | 1,599.03                  |
| Additions through business combination                               | 24.55                        | 510.06                    |
| Disposals  | (1.61)                       | -                         |
| Interest income on plan assets                                       | 219.82                       | 112.27                    |
| Remeasurement - actuarial gain/(loss)                                | -                            | (8.69)                    |
| Return on plan assets recognised in other comprehensive income       | (58.96)                      | 34.30                     |
| Contributions  | 996.41                       | 1,226.86                  |
| Benefits settled   | (727.47)                     | (613.27)                  |
| <b>Plan assets as at the end of the year, at fair value</b>          | <b>3,313.30</b>              | <b>2,860.56</b>           |
| <b>Net defined benefit liability</b>                                 | <b>8,575.16</b>              | <b>6,280.86</b>           |

### C i) Expense recognised in profit or loss

| Particulars              | <i>(Amount in INR lakhs)</i> |                  |
|--------------------------|------------------------------|------------------|
|                          | For the year ended           |                  |
|                          | 31 March<br>2019             | 31 March<br>2018 |
| Current service cost     | 2,525.51                     | 1,643.39         |
| Interest cost            | 651.90                       | 391.09           |
| Past service cost        | -                            | 5.04             |
| Interest income          | (219.82)                     | (112.27)         |
| <b>Net gratuity cost</b> | <b>2,957.59</b>              | <b>1,927.25</b>  |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### ii) Remeasurement recognised in other comprehensive income

(Amount in INR lakhs)

| Particulars  | For the year ended |               |
|--|--------------------|---------------|
|  | 31 March 2019      | 31 March 2018 |
| Remeasurement of the net defined benefit liability | 287.54             | 496.46        |
| Remeasurement of the net defined benefit asset     | 58.96              | (25.61)       |
|  | <b>346.50</b>      | <b>470.85</b> |

### D Plan assets

(Amount in INR lakhs)

| Particulars | As at 31 March 2019      | As at 31 March 2018 |
|-------------|--------------------------|---------------------|
|             | Funds managed by insurer | 3,313.30            |
|             | <b>3,313.30</b>          | <b>2,860.56</b>     |

### E Defined benefit obligation - Actuarial Assumptions

| Particulars   | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|----------------------------------|----------------------------------|
|   | Discount rate                    | 6.50% - 7.52%                    |
| Future salary growth                                      | 6.00% - 12.00%                   | 6.00% - 12.00%                   |
| Attrition rate  | 2.00% - 80.00%                   | 3.10% - 70.00%                   |
| Average duration of defined benefit obligation (in years) | 1 - 18                           | 1 - 8                            |

### F Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, the defined benefit obligation would be as shown below:

#### Core employees

(Amount in INR lakhs)

| Particulars                        | As at 31 March 2019 |          | As at 31 March 2018 |          |
|------------------------------------|---------------------|----------|---------------------|----------|
|                                    | Increase            | Decrease | Increase            | Decrease |
| Discount rate (1% movement)        | 3,069.70            | 3,660.68 | 1,427.26            | 1,757.35 |
| Future salary growth (1% movement) | 3,651.06            | 3,072.67 | 1,752.25            | 1,427.57 |
| Attrition rate (1% - 50% movement) | 2,526.16            | 2,860.34 | 1,222.92            | 1,445.63 |

#### Associate employees

(Amount in INR lakhs)

| Particulars                         | As at 31 March 2019 |          | As at 31 March 2018 |          |
|-------------------------------------|---------------------|----------|---------------------|----------|
|                                     | Increase            | Decrease | Increase            | Decrease |
| Discount rate (1% movement)         | 7,975.07            | 8,269.44 | 5,875.68            | 6,183.38 |
| Future salary growth (1% movement)  | 8,267.71            | 7,973.97 | 6,179.22            | 5,874.11 |
| Attrition rate (10% - 50% movement) | 7,748.08            | 8,629.84 | 6,313.00            | 5,758.60 |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 50 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 Group does not have any amounts payable to such enterprises as at 31 March 2019 based on the information received and available with the Group. Also the Group has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

(Amount in INR lakhs)

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

### 51 Share-based payments

#### A Description of share based payment arrangement

At 31 March 2019, the Group has the following share-based payment arrangements:

##### Share option plans (equity settled)

##### IKYA Employee Stock Option Scheme 2009 ("Scheme 2009")

The Board of Directors in its meeting held on 19 November 2009 approved the 'IKYA Employee Stock Option Scheme 2009' ('Scheme 2009'), under which stock options are granted to specified employees of the Company. The Scheme 2009 provides for the issue of 52,00,000 bonus adjusted options with an exercise price of INR 10.00 each that would eventually convert into 52,00,000 equity shares of INR 10.00 each. The options vest over a period of three years and are exercisable only on occurrence of the liquidity event. The Scheme 2009 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. All outstanding options were vested as at 31 March 2015. As at 31 March 2019, the Company has 6,71,340 exercisable options outstanding. (31 March 2018: 12,71,995).

##### Quess Corp Limited Employee Stock Option Scheme 2015 ("Scheme 2015")

The Board of Directors in its meeting held on 22 December 2015 approved the 'Quess Corp Limited Employee Stock Option Scheme 2015' ('Scheme 2015'), under which stock options are granted to specified employees of the Company. The Scheme 2015 provides for the issue of not more than 4,75,000 options (19,00,000 bonus adjusted options) with an exercise price of INR 10.00 each that would eventually convert into equity shares of INR 10.00 each. The options vest over a period of three years and are exercisable over a period of three years from the vesting date of each tranche. As at 31 March 2019, the Company has Nil exercisable options outstanding (31 March 2018: Nil).

#### B Measurement of fair values

##### Scheme 2009

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 carried out.

##### Scheme 2015

The fair value of Employee Stock Options has been measured using Black Scholes Model of pricing.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

| Particulars                     | 31 March 2019 | 31 March 2018 |
|---------------------------------|---------------|---------------|
| Share price at grant date (INR) | 893.95        | 893.95        |
| Exercise price (INR)            | 10.00         | 10.00         |
| Risk free rate of interest      | 6.20%         | 6.20%         |
| Expected volatility             | 33.40%        | 33.40%        |
| Expected Dividend               | -             | -             |
| Term to maturity                | 1 - 3 years   | 1 - 3 years   |

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

### C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

**Scheme 2009** *(Share price in INR)*

| Particulars   | For the year ended      |                                 |                         |                                 |
|---|-------------------------|---------------------------------|-------------------------|---------------------------------|
|   | 31 March 2019           |                                 | 31 March 2018           |                                 |
|   | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| <b>Outstanding options at the beginning of the year</b> | <b>1,271,995</b>        | <b>10.00</b>                    | <b>1,891,920</b>        | <b>10.00</b>                    |
| Add: Granted during the year                            | -                       | -                               | -                       | -                               |
| Less: Exercised during the year                         | (600,655)               | 10.00                           | (619,925)               | 10.00                           |
| Less: Lapsed/forfeited during the year                  | -                       | -                               | -                       | -                               |
| <b>Outstanding options as at the end of the year</b>    | <b>671,340</b>          | <b>10.00</b>                    | <b>1,271,995</b>        | <b>10.00</b>                    |

The options outstanding as at 31 March 2019 have an exercise price of INR 10.00 (31 March 2018: INR 10.00) and a weighted average remaining contractual life of 2.17 years (31 March 2018: 3.17 years).

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2019 is INR 10.00 (31 March 2018: INR 10.00)

Grant date of options issued under ESOP 2009 Scheme:

| Grant Date                                       | Exercise price | Number of options outstanding as at 1 April 2018 |
|--|----------------|--|
| 1 December 2009                                  | 10.00          | 294,800  |
| 1 October 2010                                   | 10.00          | 377,103  |
| 21 May 2011                                      | 10.00          | 428,995  |
| 31 May 2012                                      | 10.00          | 686,690  |
| 31 December 2013                                 | 10.00          | 104,332  |
| <b>Total</b>                                     |                | <b>1,891,920</b>                                 |
| Less: Options exercised during FY 2017-18        |                | (619,925)  |
| Less: Options exercised during FY 2018-19        |                | (600,655)  |
| <b>Closing options as at the end of the year</b> |                | <b>671,340</b>                                   |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### Scheme 2015

(Share price in INR)

| Particulars  | For the year ended      |                                 |                         |                                 |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
|  | 31 March 2019           |                                 | 31 March 2018           |                                 |
|  | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| <b>Outstanding options as at the beginning of the year</b>   | <b>223,604</b>          | <b>10.00</b>                    | -                       | -                               |
| Add: Granted during the year                                 | -                       | -                               | 230,680                 | 10.00                           |
| Less: Exercised during the year                              | -                       | -                               | -                       | -                               |
| Less: Lapsed/forfeited during the year                       | (58,818)                | -                               | (7,076)                 | -                               |
| <b>Options vested and exercisable at the end of the year</b> | <b>164,786</b>          | <b>10.00</b>                    | <b>223,604</b>          | <b>10.00</b>                    |

The options outstanding as at 31 March 2019 have an exercise price of INR 10.00 (31 March 2018: INR 10.00) and a weighted average remaining contractual life of 0.58 years (31 March 2018: 1.38 years)

The weighted average share price at the date of exercise for share options exercised in 2018-19 is INR 10.00 (2017-18: INR 10.00).

### D Expense recognised in consolidated statement of profit and loss

For details on the employee benefits expense, refer note 35.

## 52 Details of non-current investments purchased and sold during the year

### (i) Investment in associates and joint venture

(Amount in INR lakhs)

| Particulars  | Investment in associates                      |   |  |                                       |                     |                                      | Investment in joint ventures             |  |
|--|---|---|--|---------------------------------------|---------------------|--------------------------------------|--|--|
|  | Terrier Security Services (India) Private Ltd | Simpliance Technologies Private Limited | Trimax Smart Infraprojects Private Limited | Heptagon Technologies Private Limited | Quess Recruit, Inc. | Quess East Bengal FC Private Limited | Agency Pekerjaan Quess Recruit Sdn. Bhd. | Himmer Industrial Services (M) SDN BHD |
| No. of shares acquired                             | 245,000                                       | 4,068                                   | 5,100                                      | 13,612                                | 2,500               | 1,035,000                            | 122,500                                  | 49,000                                 |
| Value per share including premium                  | 2,938.78                                      | 2,777.78                                | 10.00                                      | 7,645.95                              | Peso 100            | 100.00                               | RM 1                                     | RM 1                                   |
| <b>As at 1 April 2017</b>                          | <b>7,291.33</b>                               | <b>105.57</b>                           | -  | -                                     | -                   | -                                    | -  | <b>1.43</b>                            |
| Purchased during the year                          | -   | 137.00                                  | 0.51                                       | 977.00                                | 3.05                | -                                    | -  | -                                      |
| Sold during the year                               | -   | -                                       | -  | -                                     | -                   | -                                    | -  | -                                      |
| Adjustment on account of corporate guarantee       | 11.00   | -                                       | -  | -                                     | -                   | -                                    | -  | -                                      |
| Share in total comprehensive income for the year   | 133.87  | (34.37)                                 | 8.88                                       | (54.36)                               | (0.70)              | -                                    | -  | (1.43)                                 |
| <b>As at 31 March 2018</b>                         | <b>7,436.20</b>                               | <b>208.20</b>                           | <b>9.39</b>                                | <b>922.64</b>                         | <b>2.35</b>         | -                                    | -  | -                                      |
| Purchased during the year                          | -   | 200.00                                  | -  | 150.00                                | -                   | 1,003.50                             | 20.65                                    | -                                      |
| Sold during the year                               | -   | -                                       | -  | -                                     | -                   | -                                    | -  | -                                      |
| Cancelled on business combination (refer note 6.2) | -   | (401.76)                                | -  | -                                     | -                   | -                                    | -  | -                                      |
| Adjustment on account of corporate guarantee       | -   | -                                       | -  | -                                     | -                   | -                                    | -  | -                                      |
| Share in total comprehensive income for the year   | 523.39  | (6.44)                                  | (9.39)                                     | (233.73)                              | 11.97               | (1,003.50)                           | (0.73)                                   | -                                      |
| <b>As at 31 March 2019</b>                         | <b>7,959.59</b>                               | <b>0.00</b>                             | -  | <b>838.91</b>                         | <b>14.32</b>        | -                                    | <b>19.92</b>                             | -                                      |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### (ii) Investment in equity instruments, preference shares and other non-current investments

(Amount in INR lakhs)

| Particulars   | Investment in equity instruments | Other non-current investments |                 |
|---|----------------------------------|-------------------------------|-----------------|
|   | KMG Infotech Limited             | Styracorp Management Services | IME Consultancy |
| No. of shares acquired                              | 200,000.00                       | NA                            | NA              |
| Value per share including premium                   | 82.75                            | NA                            | NA              |
| <b>As at 1 April 2017</b>                           | <b>165.50</b>                    | <b>132.24</b>                 | <b>67.75</b>    |
| Purchased during the year                           | -                                | -                             | -               |
| Sold during the year                                | -                                | -                             | -               |
| Cancelled on business combination (refer note 6.11) | -                                | -                             | (67.75)         |
| Adjustment on account of corporate guarantee        | -                                | -                             | -               |
| Share in total comprehensive income for the year    | -                                | -                             | -               |
| <b>As at 31 March 2018</b>                          | <b>165.50</b>                    | <b>132.24</b>                 | <b>-</b>        |
| Purchased during the year                           | -                                | -                             | -               |
| Sold during the year                                | -                                | -                             | -               |
| Cancelled on business combination (refer note 6.11) | -                                | (132.24)                      | -               |
| Adjustment on account of corporate guarantee        | -                                | -                             | -               |
| Share in total comprehensive income for the year    | -                                | -                             | -               |
| <b>As at 31 March 2019</b>                          | <b>165.50</b>                    | <b>-</b>                      | <b>-</b>        |

# Notes

to the consolidated financial statements for the year ended 31 March 2019

53 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

| 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           |
| <b>Parent</b>                                       |  |                   |  |                  |  |                 |  |                  |
| Quest Corp Limited                                  | 80.80%                                   | 259,496.53        | 76.80%                                       | 23,128.03        | 34.99%   | (302.59)        | 78.04%   | 22,825.44        |
| <b>Subsidiaries - Indian</b>                        |  |                   |  |                  |  |                 |  |                  |
| Coachieve Solutions Private Limited                 | -0.10%                                   | (335.97)          | 0.26%  | 79.48            | -0.44%   | 3.82            | 0.28%  | 83.30            |
| MFx Infotech Private Limited                        | 0.27%                                    | 882.49            | 0.15%  | 44.18            | -3.37%   | 29.14           | 0.25%  | 73.32            |
| Aravon Services Private Limited                     | 0.77%                                    | 2,480.92          | -0.04%                                       | (3.13)           | -1.76%   | 15.20           | 0.01%  | 2.07             |
| Dependo Logistics Solutions Private Limited         | -0.11%                                   | (358.18)          | -1.25%                                       | (377.68)         | 0.00%  | -               | -1.29%   | (377.68)         |
| Inticore YJP Advance Systems Private Limited        | 0.00%                                    | -                 | 0.05%  | 15.20            | 0.01%  | (0.10)          | 0.05%  | 15.10            |
| CentreQ Business Services Private Limited           | 0.00%                                    | 2.01              | 0.00%  | 0.82             | 0.00%  | -               | 0.00%  | 0.82             |
| Excelus Learning Solutions Private Limited          | -0.06%                                   | (199.78)          | 1.02%  | 306.22           | 0.15%  | (1.31)          | 1.04%  | 304.91           |
| Connect Business Solutions Limited                  | 6.73%                                    | 21,629.99         | 13.57%                                       | 4,087.47         | 13.04%   | (112.75)        | 13.59%   | 3,974.72         |
| Vedang Cellular Services Private Limited            | 0.68%                                    | 2,185.95          | 0.21%  | 64.20            | 0.81%  | (6.99)          | 0.20%  | 57.21            |
| Master Staffing Solutions Private Limited           | 0.62%                                    | 1,989.73          | 0.72%  | 217.74           | -15.01%  | 129.78          | 1.19%  | 347.52           |
| Golden Star Facilities and Services Private Limited | 0.59%                                    | 1,882.44          | 0.49%  | 147.11           | -2.16%   | 18.70           | 0.57%  | 165.81           |
| Monster.com (India) Private Limited                 | 0.87%                                    | 2,803.15          | -1.53%                                       | (461.64)         | -6.83%   | 59.05           | -1.38%   | (402.59)         |
| Qdigi Services Limited                              | 0.87%                                    | 2,795.80          | -0.54%                                       | (162.92)         | -0.58%   | 5.01            | -0.54%   | (157.91)         |
| Greenpiece Landscapes India Private Limited         | -0.11%                                   | (352.81)          | -0.74%                                       | (223.31)         | -0.40%   | 3.42            | -0.75%   | (219.89)         |
| Simpliance Technologies Private Limited             | 0.10%                                    | 338.02            | 0.16%  | 49.16            | 0.00%  | -               | 0.17%  | 49.16            |
| <b>Subsidiaries - Foreign</b>                       |  |                   |  |                  |  |                 |  |                  |
| Brainhunter Systems Ltd.                            | -0.11%                                   | (352.98)          | 1.88%  | 565.10           | 15.19%   | (131.34)        | 1.48%  | 433.76           |
| Quest (Philippines) Corp.                           | 0.13%                                    | 406.28            | 0.28%  | 85.59            | -2.21%   | 19.14           | 0.36%  | 104.73           |
| Quest Corp (USA) Inc.                               | -0.14%                                   | (457.62)          | -1.12%                                       | (336.03)         | 1.81%  | (15.61)         | -1.20%   | (351.64)         |
| Questcorp Holdings Pte. Ltd.                        | 6.39%                                    | 20,528.50         | 1.39%  | 419.05           | 72.80%   | (629.54)        | -0.72%   | (210.49)         |
| Quest Corp Vietnam LLC                              | 0.05%                                    | 146.79            | 0.06%  | 19.35            | 0.30%  | (2.60)          | 0.06%  | 16.75            |
| MFx Chile Spa                                       | 0.00%                                    | -                 | 0.00%  | -                | 0.00%  | -               | 0.00%  | -                |
| Questglobal (Malaysia) Sdn. Bhd.                    | 0.31%                                    | 997.56            | 1.61%  | 484.16           | 0.34%  | (2.93)          | 1.65%  | 481.23           |
| Quest Corp Lanka (Private) Limited                  | 0.27%                                    | 871.68            | 0.45%  | 134.66           | 6.34%  | (54.81)         | 0.27%  | 79.85            |
| Comtel Solutions Pte. Ltd.                          | 3.54%                                    | 11,358.16         | 9.48%  | 2,853.43         | -40.33%  | 348.75          | 10.95%   | 3,202.18         |
| Ilya Business Services (Private) Limited            | 0.00%                                    | -                 | 0.00%  | -                | 0.00%  | -               | 0.00%  | -                |
| MFxchange Holdings, Inc.                            | -2.21%                                   | (7,100.53)        | -1.53%                                       | (461.79)         | 26.99%   | (233.42)        | -2.38%   | (695.21)         |
| Comtelpro Pte. Limited.                             | -0.09%                                   | (300.20)          | -0.84%                                       | (253.28)         | -0.13%   | 1.12            | -0.86%   | (252.16)         |
| Comtelink Sdn. Bhd                                  | 0.06%                                    | 197.42            | 0.02%  | 5.44             | -0.10%   | 0.88            | 0.02%  | 6.32             |
| Monster.com.SG PTE Limited                          | -0.04%                                   | (140.74)          | -1.82%                                       | (547.41)         | -1.42%   | 12.32           | -1.83%   | (535.09)         |
| Monster.com HK Limited                              | -0.07%                                   | (223.06)          | 0.42%  | 127.84           | 2.46%  | (21.28)         | 0.36%  | 106.56           |
| Agensi Pekerjaan Monster Malaysia Sdn. Bhd          | 0.09%                                    | 303.40            | 0.10%  | 29.67            | 0.07%  | (0.60)          | 0.10%  | 29.07            |
| Questcorp Manpower Supply Services LLC              | 0.05%                                    | 147.88            | 0.32%  | 96.83            | 0.39%  | (3.34)          | 0.32%  | 93.49            |
| Questcorp Management Consultancies                  | -0.15%                                   | (465.71)          | -0.03%                                       | (10.02)          | -0.94%   | 8.11            | -0.01%   | (1.91)           |
| <b>Subtotal</b>                                     | <b>100.00%</b>                           | <b>321,157.12</b> | <b>100.00%</b>                               | <b>30,113.52</b> | <b>100.00%</b>   | <b>(864.77)</b> | <b>100.00%</b>   | <b>29,248.75</b> |
| Adjustment arising out of consolidation             |  | (57,431.29)       |  | (3,558.56)       |  | 1,337.03        |  | (2,221.53)       |
| Non-controlling interests in subsidiaries           |  | 309.93            |  | (19.19)          |  | -               |  | (19.19)          |

# Notes

to the consolidated financial statements for the year ended 31 March 2019

53 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements (continued)

| 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           |
| <b>Associates - Indian</b>                        |  |                   |  |                  |  |               |  |                  |
| Terrier Security Services (India) Private Limited |  | 7,959.59          |  | 544.12           |  | (20.73)       |  | 523.39           |
| Simpliance Technologies Private Limited           |  | -                 |  | (6.44)           |  | -             |  | (6.44)           |
| Trimax Smart Infraprojects Private Limited        |  | -                 |  | (9.39)           |  | -             |  | (9.39)           |
| Heptagon Technologies Private Limited             |  | 838.91            |  | (416.88)         |  | 183.15        |  | (233.73)         |
| Quess East Bengal FC Private Limited              |  | -                 |  | (1,003.50)       |  | -             |  | (1,003.50)       |
| <b>Associates - Foreign</b>                       |  |                   |  |                  |  |               |  |                  |
| Quess Recruit, Inc.                               |  | 14.32             |  | 11.97            |  | -             |  | 11.97            |
| Agency Pekerjaan Quess Recruit Sdn. Bhd.          |  | 19.92             |  | (0.73)           |  | -             |  | (0.73)           |
| <b>Joint venture - Foreign</b>                    |  |                   |  |                  |  |               |  |                  |
| Himmer Industrial Services (M) Sdn. Bhd.          |  | -                 |  | -                |  | -             |  | -                |
| <b>Total</b>                                      |  | <b>272,868.50</b> |  | <b>25,654.92</b> |  | <b>634.68</b> |  | <b>26,289.60</b> |

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 54 Transfer pricing

The Group 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.

55 During the year ended 31 March 2019, the Company entered into a Composite Scheme of Arrangement and Amalgamation ("the Scheme") with Thomas Cook India Limited ("TCIL"), Travel Corporation (India) Limited, TC Travel and Services Limited, TC Forex Services Limited and SOTC Travel Management Private Limited and their respective shareholders and creditors, wherein TCIL will demerge its Human Resource Services business (including investment in shares of Quess Corp Limited) into the Company on a going concern basis. The Board vide its meeting dated 23 April 2018 approved the Scheme and filed the Scheme with BSE and NSE and is awaiting approval. As a part of consideration, the Company will issue its own shares to the shareholders of TCIL. The anticipated issue of shares to TCIL pursuant to the scheme of arrangement set out above is not expected to create a parent subsidiary or associate relationship with TCIL.

56 The Board of Directors of the Company at its Meeting held on 25 October 2018, approved the Scheme of Amalgamation ("Scheme") among Quess Corp Ltd ("Transferee Company") with four of its wholly owned subsidiaries viz. Aravon Services Private Limited ("ASPL"), CentreQ Business Services Private Limited ("CBSP"), Coachieve Solutions Private Limited ("COAL"), and Master Staffing Solutions Private Limited ("MSSP") together known as ("Transferor Companies") and their respective shareholders and creditors. Upon the Scheme becoming effective, the Transferor Companies stand dissolved, all the assets and liabilities of these Transferor Companies will be recorded at the carrying values in the consolidated financial statements. The carrying amount of the Transferee Company's investment in the shares of the Transferor Companies, which shall stand cancelled in the terms of this Scheme, and the aggregate face value of such shares shall, subject to other provisions contained in the Scheme, be adjusted and reflected in the Capital Reserve of the Transferee Company. The Scheme upon approval by the Administration and Investment committee has been filed with NSE and BSE on 27 March 2019. The Scheme of amalgamation shall be subject to receipt of necessary approvals of shareholders and creditors, SEBI, Stock Exchanges, Regional Director and other regulatory authorities as may be required.

57 The Company through a subcontracting arrangement with its associate, Trimax Smart Infraprojects Private limited (TSIPL) provides hardware, software, maintenance and technical support to Trimax IT Infrastructure & Services Limited ("Trimax"). The joint venture partner is Trimax. Trimax executed an agreement with Smart City Ahmedabad Development Limited ("SCADL") a government undertaking, in 2017 for supply, installation, commissioning and operation and maintenance for a Pan CIT infrastructure and intelligent command and control centre for the Ahmedabad Smart City ("Project").

On 21 February 2019, the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench ordered the commencement of Corporate Insolvency Resolution Process for Trimax based on a petition filed by Corporation Bank which had declared Trimax as an NPA on 31 March 2018.

At 31 March 2019, the Company has an outstanding trade receivable of INR 4,763.85 lakhs, advance receivable of INR 1,136.51 lakhs and loan and interest receivable of INR 9,339.76 lakhs recoverable from TSIPL. Similarly, TSIPL and therefore Trimax has an outstanding trade receivable of INR 15,100.00 lakhs from Trimax and SCADL respectively.

As at 31 March 2019, the resolution professional handling the Insolvency process for Trimax, has acknowledged INR 15,100.00 lakhs as debts due to TSIPL. Further as per the Tripartite agreement between TSIPL, Trimax and Axis Bank ("Escrow Agent"), amounts recoverable from SCADL will be deposited into an escrow account and 99.00% of the money received will be paid to TSIPL. TSIPL will utilize the proceeds to settle the obligation of the Company. Currently, the Company considers the amounts due from Trimax as recoverable, based on an independent legal opinion, which provides that 99.00% of the amounts due from SCADL will be transferred to the Escrow account during the Insolvency process extending over 180 days from 21 February 2019.

Based on the current facts and circumstances, the Company considers the amounts outstanding to be eventually recoverable, although such recovery is contingent on the inherent uncertainties over the outcome and timing of the ongoing Insolvency process before the NCLT.

# Notes

## to the consolidated financial statements for the year ended 31 March 2019

### 58 Subsequent events

- (a) Subsequent to 31 March 2019, the Company ("PAC") through its subsidiary Conneqt Business Solutions Limited ("Acquirer") has entered into a Share Purchase Agreement ("SPA") with Mr. Ramamoorthy Jagadish and Mr. Adisheshan Saravanan ("SPA1") and First Carlyle Ventures Mauritius ("SPA2") and shareholders of Allsec Technologies Limited ("Target") to acquire 1,33,11,060 fully paid equity shares. On 17 April 2019, the Acquirer has entered into a SPA with SPA1 to acquire 53,87,155 shares at INR 320.00 per share amounting to INR 17,238.90 lakhs and with SPA2 to acquire 39,61,940 shares at INR 250.00 per share amounting to INR 9,904.85 lakhs. Pursuant to Regulations 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011, as amended ("SEBI SAST Regulations") the Acquirer along with the PAC have made a Public Announcement ("PA") for Open Offer ("Offer") to the shareholders of the Target Company to acquire up to 39,61,965 fully paid equity shares of INR 10.00 each at a price of INR 320.00 per share, payable in cash. On 3 May 2019 the Draft Letter of Offer is Filed with Securities and Exchange Board of India ("SEBI"). The Acquirer and the PAC have appointed Axis Capital Limited as the Managers to the Open Offer, in terms of Regulation 12 of the SEBI SAST Regulations.
- (b) Subsequent to 31 March 2019, the Board of Directors of the Company at its meeting held on 17 April 2019, considered and approved additional investment of (a) INR 19,310.00 lakhs by way of subscription to equity shares to be issued and allotted by Conneqt Business Solutions Limited ("CBSL") ("the Equity Subscription") and (b) Not exceeding INR 21,000.00 lakhs by way of subscription to compulsorily convertible debentures ("CCDs") to be issued and allotted by CBSL. Pursuant to the Equity Subscription, the total shareholding of the Company in CBSL will increase from 51.00% to 70.00%. The foregoing shareholding of Qess in CBSL may further increase on conversion of the CCDs.
- (c) Subsequent to 31 March 2019, on 7 May 2019 the Company acquired balance 10.00% equity stake in GLIPL at a consideration of INR 280.00 lakhs and GLIPL has become 100.00% subsidiary of the Company.

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018

for and on behalf of the Board of Directors of

**Qess Corp Limited**

**Anand Subramanian**

Partner

Membership No.: 110815

**Ajit Isaac**

Chairman &  
Managing Director  
DIN : 00087168

**Subrata Kumar Nag**

Executive Director &  
Chief Executive Officer  
DIN: 02234000

**Manoj Jain**

Chief Financial Officer

**Kundan K. Lal**

Company Secretary  
Membership No.: F8393

Place: Bengaluru

Date: 22 May 2019

Place: Bengaluru

Date: 22 May 2019

**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures**  
[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 - AOC-1]

**Part A: Subsidiaries**

| Sl. No. | Name of the subsidiary                              | Date of acquisition/incorporation | 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       | Coachive Solutions Private Limited                  | 14.12.2009                        | INR                | NA                    | 31.03.2019             | 311.00                            | (646.97)    | 1,358.79     | 1,694.75          | -           | 3,493.96  | -                      | 79.48                  | 79.48                 | 100.00       |
| 2       | MFx Infotech Private Limited                        | 20.08.2014                        | INR                | NA                    | 31.03.2019             | 100.00                            | 782.49      | 4,612.19     | 3,729.70          | -           | 5,010.95  | (7.72)                 | 44.18                  | 36.47                 | 100.00       |
| 3       | Aravon Services Private Limited                     | 01.04.2015                        | INR                | NA                    | 31.03.2019             | 3,941.16                          | (1,460.23)  | 4,008.03     | 1,527.11          | -           | 5,956.23  | (341.72)               | (13.13)                | (354.85)              | 100.00       |
| 4       | Brainhunter Systems Ltd.1                           | 23.10.2014                        | CAD                | 51.5400               | 31.03.2019             | 3,853.93                          | (4,025.81)  | 6,954.20     | 7,126.08          | -           | 11,792.33 | (451.45)               | -                      | (450.92)              | 100.00       |
| 5       | Mindwire Systems Limited2                           | 23.10.2014                        | CAD                | 51.5400               | 31.03.2019             | 1,280.75                          | (181.09)    | 3,604.16     | 2,504.50          | -           | 19,869.20 | 1,525.24               | 175.65                 | 1,348.67              | 100.00       |
| 6       | Brainhunter Companies LLC, USA3                     | 23.10.2014                        | CAD                | 51.5400               | 31.03.2019             | -                                 | -           | -            | -                 | -           | 2,205.06  | (333.04)               | -                      | (332.65)              | 100.00       |
| 7       | Quest Corp (USA) Inc.                               | 19.11.2014                        | USD                | 69.1550               | 31.03.2019             | 62.54                             | (520.16)    | 1,768.52     | 2,226.14          | -           | -         | -                      | (336.03)               | (336.03)              | 100.00       |
| 8       | Quest (Philippines) Corp.                           | 14.05.2013                        | PESO               | 1.3183                | 31.03.2019             | 122.74                            | 283.54      | 1,805.19     | 1,398.92          | 3.10        | 2,232.08  | (37.71)                | 85.59                  | 47.88                 | 100.00       |
| 9       | Questcorp Holdings Pte. Ltd.                        | 16.06.2015                        | SGD                | 51.0375               | 31.03.2019             | 20,219.17                         | 309.33      | 39,952.26    | 19,423.76         | 7.43        | 764.67    | (4.70)                 | 419.05                 | 414.35                | 100.00       |
| 10      | Questglobal (Malaysia) Sdn. Bhd.4                   | 12.08.2015                        | MYR                | 16.9400               | 31.03.2019             | 83.30                             | 914.26      | 2,968.79     | 1,971.23          | 20.65       | 7,211.51  | (0.73)                 | 484.16                 | 483.43                | 100.00       |
| 11      | MFxchange Holdings, Inc.                            | 01.01.2016                        | USD                | 69.1550               | 31.03.2019             | 24,662.36                         | (15,421.65) | 9,746.70     | 505.99            | -           | 4,326.26  | 222.11                 | -                      | 221.51                | 100.00       |
| 12      | MFxchange US, Inc.5                                 | 01.01.2016                        | USD                | 69.1550               | 31.03.2019             | -                                 | (16,346.30) | 8,177.55     | 24,523.85         | -           | 24,329.48 | (630.29)               | 53.62                  | (683.30)              | 100.00       |
| 13      | Dependo Logistics Solutions Private Limited         | 25.10.2016                        | INR                | NA                    | 31.03.2019             | 1.00                              | (359.18)    | 1,200.45     | 1,558.63          | -           | 6,032.82  | -                      | (377.68)               | (377.68)              | 100.00       |
| 14      | CentreQ Business Services Private Limited           | 25.01.2017                        | INR                | NA                    | 31.03.2019             | 1.00                              | 1.01        | 16.04        | 14.03             | -           | 19.38     | (2.49)                 | 0.82                   | (1.67)                | 100.00       |
| 15      | Excelus Learning Solutions Private Limited          | 09.01.2017                        | INR                | NA                    | 31.03.2019             | 1.00                              | (200.78)    | 4,515.33     | 4,715.11          | -           | 3,869.28  | (105.79)               | 306.22                 | 200.43                | 100.00       |
| 16      | Golden Star Facilities and Services Private Limited | 01.12.2016                        | INR                | NA                    | 31.03.2019             | 100.00                            | 1,782.44    | 6,616.99     | 4,734.55          | -           | 21,694.54 | 34.91                  | 147.11                 | 182.01                | 70.00        |
| 17      | Master Staffing Solutions Private Limited           | 01.12.2016                        | INR                | NA                    | 31.03.2019             | 101.00                            | 1,888.73    | 5,138.37     | 3,148.64          | -           | 15,735.18 | (98.06)                | 2,177.4                | 119.67                | 100.00       |

(Amount in INR lakhs, except % of shareholding and exchange rate)

## Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 - AOC-1]

### Part A: Subsidiaries

| Sl. No. | Name of the subsidiary                                    | Date of acquisition/incorporation | 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 |
|---------|---|-----------------------------------|--------------------|-----------------------|------------------------|-----------------------------------|------------|--------------|-------------------|-------------|-----------|------------------------|------------------------|-----------------------|--------------|
| 18      | Comtel Solutions Pvt. Ltd.                                | 14.02.2017                        | SGD                | 51.0375               | 31.03.2019             | 235.70                            | 11,122.45  | 16,082.75    | 4,724.60          | -           | 47,046.30 | (500.80)               | 2,853.43               | 2,352.62              | 100.00       |
| 19      | Quess Corp Lanka (Private) Limited <sup>4</sup>           | 26.04.2016                        | LKR                | 0.3958                | 31.03.2019             | 55.30                             | 816.37     | 1,545.25     | 673.58            | -           | 6,574.58  | (24.27)                | 134.66                 | 110.39                | 100.00       |
| 20      | Vedang Cellular Services Private Limited                  | 10.11.2017                        | INR                | NA                    | 31.03.2019             | 18.21                             | 2,167.75   | 4,709.57     | 2,523.62          | -           | 10,715.62 | (21.67)                | 64.20                  | 42.53                 | 70.00        |
| 21      | Conneqt Business Solution Limited                         | 27.11.2017                        | INR                | NA                    | 31.03.2019             | 9,150.85                          | 12,479.14  | 45,438.12    | 23,808.13         | -           | 85,417.08 | (976.56)               | 4,087.47               | 3,110.91              | 51.00        |
| 22      | Comtelink Sdn. Bhd  | 14.11.2017                        | MYR                | 16.9400               | 31.03.2019             | 156.11                            | 41.31      | 204.05       | 6.64              | -           | 254.85    | (3.95)                 | 5.44                   | 1.49                  | 100.00       |
| 23      | Comtelpro Pte. Limited <sup>4&amp;6</sup>                 | 10.10.2017                        | SGD                | 51.0375               | 31.03.2019             | 96.38                             | (396.58)   | 114.58       | 414.78            | -           | 272.22    | -                      | (253.28)               | (253.28)              | 100.00       |
| 24      | Monster.com (India) Private Limited                       | 08.02.2018                        | INR                | NA                    | 31.03.2019             | 5.00                              | 2,798.15   | 11,540.09    | 8,736.94          | -           | 13,097.25 | 920.33                 | (461.64)               | 458.70                | 99.99        |
| 25      | Monster.com.SG PTE Limited                                | 08.02.2018                        | SGD                | 51.0375               | 31.03.2019             | 0.00                              | (140.74)   | 4,052.30     | 4,193.03          | -           | 2,636.48  | (0.19)                 | (547.41)               | (547.60)              | 100.00       |
| 26      | Monster.com HK Limited                                    | 08.02.2018                        | HKD                | 8.8100                | 31.03.2019             | 3,187.14                          | (3,410.20) | 264.74       | 487.81            | -           | 435.62    | (8.04)                 | 127.84                 | 119.79                | 100.00       |
| 27      | Agensi Pekerjaan Monster Malaysia Sdn. Bhd <sup>7</sup>   | 08.02.2018                        | MYR                | 16.9400               | 31.03.2019             | 81.79                             | 221.61     | 1,301.81     | 998.41            | -           | 1,138.12  | 2.20                   | 29.67                  | 31.87                 | 49.00        |
| 28      | Quess Corp Vietnam LLC                                    | 26.03.2018                        | VND                | 0.0030                | 31.03.2019             | 130.04                            | 16.75      | 365.95       | 219.16            | -           | 611.25    | (5.23)                 | 19.35                  | 14.12                 | 100.00       |
| 29      | Quesscorp Management Consultancies <sup>8</sup>           | 19.12.2018                        | AED                | 18.8275               | 31.03.2019             | 38.20                             | (503.91)   | 1,511.32     | 1,977.03          | -           | 19.59     | -                      | (10.02)                | (10.02)               | 100.00       |
| 30      | Quesscorp Manpower Supply Services LLC <sup>9</sup>       | 31.01.2019                        | AED                | 18.8275               | 31.03.2019             | -                                 | 147.88     | 2,544.62     | 2,396.74          | -           | 1,100.89  | -                      | 96.83                  | 96.83                 | 100.00       |
| 31      | Qdigi Services Limited <sup>10</sup>                      | 11.04.2018                        | INR                | NA                    | 31.03.2019             | 500.00                            | 2,295.80   | 7,232.22     | 4,436.42          | -           | 17,067.66 | 20.82                  | (162.92)               | (142.09)              | 100.00       |
| 32      | Greenpiece Landscapes India Private Limited <sup>11</sup> | 02.04.2018                        | INR                | NA                    | 31.03.2019             | 78.00                             | (430.81)   | 2,675.13     | 3,027.94          | -           | 3,346.65  | 86.07                  | (223.31)               | (137.24)              | 90.00        |
| 33      | Simpliance Technologies Private Limited <sup>12</sup>     | 31.07.2018                        | INR                | NA                    | 31.03.2019             | 2.34                              | 335.68     | 369.71       | 31.69             | -           | 233.49    | 0.44                   | 49.16                  | 49.60                 | 53.00        |

(Amount in INR lakhs, except % of shareholding and exchange rate)

**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures**  
[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 - AOC-1]

**Part A: Subsidiaries**

(Amount in INR lakhs, except % of shareholding and exchange rate)

1. Quess Corp Limited has diluted its holding to 19.00% in Brainhunter-Systems Ltd. 81.00% is held by Quess Corp (USA) Inc.
2. Wholly owned subsidiary of Brainhunter-Systems Ltd.
3. Acquired by MFExchange Holdings Inc. on 24 January 2019 and merged.
4. Wholly owned subsidiaries of Quesscorp Holdings Pte. Ltd.
5. Wholly owned subsidiary of MFExchange Holdings Inc.
6. On 24 October 2018, Quesscorp Holdings Pte. Ltd. has acquired the residual 49.00% shares in Comtelpro Pte. Ltd.
7. Formerly known as Monster Malaysia SDN. BHD.
8. On 19 December 2018, Quesscorp Holdings Pte. Ltd. has acquired control in Quesscorp Management Consultancies (formerly known as Stryacor Management Services)
9. On 31 January 2019, Quesscorp Holdings Pte. Ltd. has acquired control in Quesscorp Manpower-Supply Services LLC (formerly known as SMS Manpower Supply Services LLC)
10. On 1 April 2018, Quess Corp Limited acquired 100.00% equity shares in Odig Services Limited (Formerly known as: HCL Computing Products Limited).
11. On 1 April 2018, Quess Corp Limited acquired 90.00% equity shares in Greenpiece Landscapes India Private Limited
12. On 14 August 2018, Quess Corp Limited acquired additional 8.00% equity shares in Simppliance Technologies Private Limited and has become the subsidiary of the Company.
13. On 29 August 2018, Quess Corp Limited has disposed its share of 74.00% in Initcore VJP Advance Solutions Private Limited.
14. MFExchange (Ireland) Limited is dissolved with effect from 16 September 2017.

**Notes:**

1. Total assets include investments.
2. Investments exclude investments in Subsidiaries.
3. Proposed dividend from any of the subsidiaries is nil.
4. Reserves and surplus include other comprehensive income and securities premium.

**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 |                                 |
|---------|---|-----------------------------------|---|---|---|-----------------------------------|---|--|---|-----------------------------|---------------------------------|
|         |   |                                   |   | Number  | Amount of Investment in Associates or Joint Venture | Extent of Holding (in percentage) |   |  |   | Considered in Consolidation | Not Considered in Consolidation |
| 1       | Tertier Security Services (India) Private Limited | 31.03.2019                        | 09.12.2016  | 245,000   | 7,200.00  | 49.00                             | More than 20% holding                             | No control   | 1,892.33  | 544.12                      | 566.33                          |
| 1       | Himmer Industrial Services (M) Sdn. Bhd.          | 31.03.2019                        | 28.03.2017  | 49,000  | 7.43  | 49.00                             | More than 20% holding                             | No control   | (13.10)   | -                           | (18.52)                         |
| 2       | Trimax Smart Infraprojects Private Limited        | 31.03.2019                        | 15.12.2017  | 5,100   | 0.51  | 51.00                             | More than 20% holding                             | No control   | (425.60)  | (9.39)                      | (826.65)                        |
| 3       | Heptagon Technologies Private Limited             | 31.03.2019                        | 22.06.2017  | 13,612  | 1,127.00  | 49.00                             | More than 20% holding                             | No control   | (210.90)  | (416.88)                    | (455.48)                        |
| 4       | Quess Recruit, Inc.                               | 31.03.2019                        | 01.01.2018  | 2,500   | 3.10  | 25.00                             | More than 20% holding                             | No control   | 14.32   | 11.97                       | 35.91                           |
| 5       | Quess East Bengal FC Private Limited              | 31.03.2019                        | 13.07.2018  | 1,035,000   | 1,003.50  | 70.00                             | More than 20% holding                             | No control   | (22.33)   | (1,003.50)                  | (461.97)                        |
| 6       | Agency Pekerjaan Quess Recruit Sdn. Bhd.          | 31.03.2019                        | 23.01.2018  | 122,500   | 20.65   | 49.00                             | More than 20% holding                             | No control   | 20.02   | (0.73)                      | (0.76)                          |

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