



Quess Corp Limited
Annual Report 2017-18

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Standalone

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Consolidated

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Quess Corp Limited

Corporate Information

Board of Directors

Ajit Isaac

Chairman & Managing Director

Pratip Chaudhuri

Independent Director

Pravir Kumar Vohra

Independent Director

Revathy Ashok

Independent Director

Sanjay Anandaram

Independent Director

Chandran Ratnaswami

Non-Executive Director

Madhavan Menon

Non-Executive Director

Subrata Kumar Nag

Group CEO & Executive Director

Registered Office

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

Investor Cell

Rajesh Kumar Modi
Vice President - Legal & Company Secretary
investor@quesscorp.com

Registrar

Link Intime India Pvt Limited

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

Auditors

B S R & Associates LLP

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

Bankers

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

The World of Qness Corp



Qness Corp Limited is India's leading business services provider. At Qness, we excel in helping large and emerging companies manage their non-core activities by leveraging our integrated service offerings across industries and geographies which provides significant operational efficiencies to our clients. Qness has a team of ~261,700 employees across India, North America, South America, South East Asia and the Middle East across segments such as Industrials, Facility Management, People Services, Technology Solutions and Internet Business. Qness serves over 1,700+ clients worldwide. Established in 2007, Qness is headquartered in Bengaluru, India. Qness Corp is promoted by Fairfax Financial Holdings through its Indian subsidiary, Thomas Cook India Ltd (TCIL) and Mr. Ajit Isaac, Chairman & MD.

2007

FOUNDED

5

BUSINESS VERTICALS

22

ACQUISITIONS AND
INVESTMENTS*



10

COUNTRIES

~261,700

EMPLOYEES*

1,700+

CLIENTS*

₹6,167

CRORE REVENUE*

₹310

CRORE PROFIT AFTER
TAX*

~₹15,000

CRORE MARKET CAP*

* As on 31 March, 2018

Delivering Growth



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

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

Our Culture



CUSTOMER CENTRICITY

Our customer-focused approach helps us build long term relationships with our partners.



EMPLOYEE ENGAGEMENT

We provide growth opportunities for our people to continually improve & make their lives better.



SPEED & AGILITY

Operational agility is our competitive advantage. Ability to respond to change, identify opportunities, drive productivity and focus on getting things done.

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 8,000+ students across 40+ 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 our 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 our 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 35 years of experience in the fields of banking, finance and foreign exchange management. He has been a Director at Qess since May 2013.



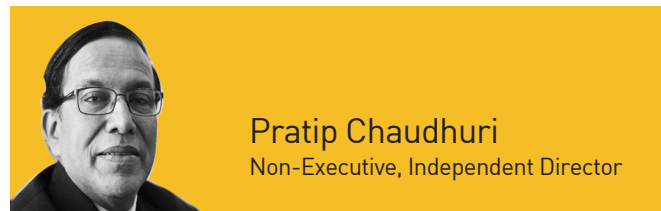
Chandran Ratnaswami
Non-Executive Director

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



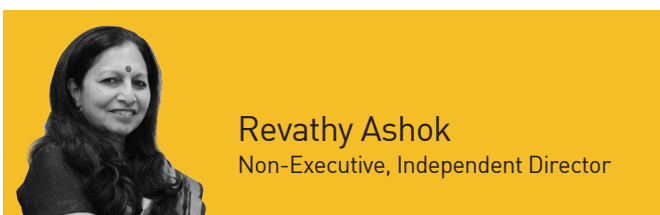
Pravir Kumar Vohra
Non-Executive, Independent Director

Pravir Kumar Vohra is an Independent Director of our 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 39 years of experience in the fields of banking and information technology. He was previously the Group Chief Technical Officer at ICICI Bank Limited. He has held various leadership positions in India and overseas with State Bank of India. He has been a Director at Qess since July 2015.



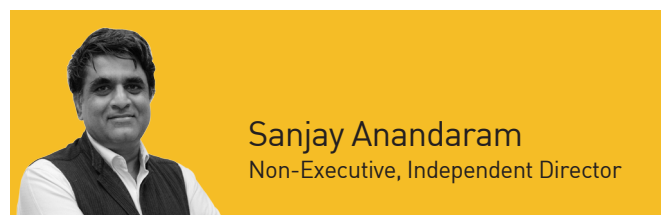
Pratip Chaudhuri
Non-Executive, Independent Director

Pratip Chaudhuri is an Independent Director of our 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 our 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 our 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 28 years of experience as a corporate executive, investor, teacher, and advisor to funds and entrepreneurs. He has been a Director at Qess since December 2015.

From the Chairman's Desk

Dear Shareholder,

This is our second annual communication since we've been listed, and this fiscal year has seen us continue our run of solid performance and strategic progress. In this year's communication, before delving into the specifics of our operations in the last year, I would like to walk you through the institutional journey of Qess since its inception, leading up to where we stand now.



2007-2012

Setting the foundations of a business services platform

Our journey began a decade ago in 2007 when a small group of highly motivated individuals came together to lay the foundations of the company. The team used to operate out of a small 2,000 sq. ft. house in one of the neighborhoods of Koramangala, Bangalore. While our initial operations largely focused around human resource services, we had at a very early stage realized the potential of setting up a business services platform to tap into the huge opportunities presented by the space. Our business model was simple: target all non-core activities of our clients to bring in operational efficiency with a philosophy that states 'whatever is non-core to our clients is core to us'. Our strategy was to build this platform through a judicious mix of organic and inorganic growth, and we started our foray into the space through careful deliberation and planning.

Our first acquisition in this direction was **Avon** in 2008, which helped us start a new line of business in the Facility Management space. This was followed by **Coachieve** in 2009, a Human Resource Solutions company which expanded our offerings into the HR solutions space. 2010 saw us venturing into the high-margin business of professional IT Staffing with the acquisition of **Magna Infotech**. Our organic businesses witnessed a rapid

growth during this time, and soon we expanded our operations into the Learning & Skill Development space. Qess grew from ₹ 3 crore in revenue and 1,100 people in 2007, to ~ ₹ 640 crore in revenue and over 44,000 people in 2012, marking a very successful growth curve.

2013-Now

Becoming India's leading business services provider

In 2013, our company secured a strategic investment from Fairfax Financial Holdings. Fairfax invested in Qess through their Indian subsidiary, Thomas Cook India Limited. The strategic backing of Fairfax – a globally renowned brand, helped further our growth agenda in terms of business diversification and geographical expansion. We acquired **Hofincons** in 2014 to set up a new business segment in the Industrial Asset Management space. We successfully closed two highly opportunistic acquisitions in North America during this time– **MFX** in the United States and **Brainhunter** in Canada, thereby expanding our geographical footprint and diversifying our revenue lines.

The acquisition of Aramark's Indian operations in 2015 further bolstered our offerings in the facility management space. The

year 2016 was nothing short of being a milestone year for Qness. We became a publicly listed company in July 2016, and our **IPO** was oversubscribed 144 times! The listing of our company brought in enhanced visibility to our brand, making us a category leader in the business services market. The year 2016 also saw our strategic entry into Manned and Electronic Security services through the acquisition of **Terrier**.

In 2017, we further expanded our geographical footprint by acquiring **Comtel** – a market leader in IT Staffing in Singapore, where we hope to leverage our presence in the region for expansion of other Qness' services such as general staffing and facility management.

The year gone by: 2017-18

Qness now stands at its 10th consecutive year of growth, and it has been a terrific year for us where we saw significant momentum in our group's expansion initiatives; from acquiring and managing new businesses to improving operational efficiencies.

- **Revenue** grew 43% YoY to ₹ 6,167 crore and **EBITDA** grew 49% YoY to ₹ 354 crore.
- **EBITDA Margin** improved from 5.51% to 5.75%.
- **PAT** grew 154%YoY at ₹ 310 crore from ₹ 122 crore. **PAT Margin** increased to 5.02% as against 2.82% in FY 2017, registering an expansion of 220 bps YoY.
- **Diluted EPS** was higher by 127%YoY at ₹ 21.8.
- **Cash flow from operations** stood at ₹ 109 crore in FY 2018.

As indicated in our topline growth and expansion of profit margins, we are continuing to compound value for our shareholders. I am happy to share that Qness is now a company in excess of USD 1 billion of revenue, based on the revenue run rate of the last quarter. During the year, we successfully closed our first Institutional Placement Programme (IPP) where we raised about ₹ 874 crore of stock and through this process added some marquee investors who joined our roster of shareholders. Our employee headcount reached ~261,700 compared to ~159,200 employees last year which helped us become one of the largest private sector employers in the country. This is a very fulfilling achievement for us as we continue to create more jobs for our youth, giving them the right platform to grow.

At the current scale of our operation, we believe that our business has achieved a non-linear growth model. Our headcount has grown at a CAGR of 34% in the last 5 years which has contributed towards a revenue growth of 44%, resulting in an EBITDA CAGR growth of 50%. Thus every incremental headcount is benefitting our bottom-line in a non-linear manner.

Our operating business segments continue to solidify market leadership positions and break new ground.

Our **People Services** business grew by 23% to ₹ 2,878 crore while EBIT margins improved to 4.73%. This segment

contributed 47% and 41% to our overall Group Revenue and EBIT respectively. Our **General Staffing** business within the People Services segment had an exceptional year in FY 2018 wherein we became the first staffing company to reach 150,000 employees by adding an impressive 43,000 associates during the year. With an associate count of 157,000+ people, we are the largest staffing provider in the country. I would like to thank my colleagues, **Guruprasad S** and **Lohit Bhatia** for their incredible efforts over the years in bringing our staffing business to a market leadership position today.

Our **Technology Solutions** business saw a revenue growth of 58% to ₹ 1,868 crore while EBIT margins stood at 6.3%. The segment contributed 30% and 35% to our overall Group Revenue and EBIT respectively. Our professional IT Staffing business has witnessed steady growth in the last year across India, Singapore and Canada with MFX continuing to deliver strong financial results for the overall group. **Pinaki Kar**, with his deep technology expertise and strong professional track record will be spearheading growth in this segment across all geographies.

Our **Facility Management** business grew by 83% to ₹ 1,027 crore while EBIT margins improved by 110 bps to 6.54%. The segment contributed 17% and 20% to our overall Group Revenue and EBIT respectively. We provide a complete range of facility management services including janitorial and electro-mechanical services, pest control solutions, security solutions, landscaping services as well as food and hospitality solutions. Given our integrated service offering and the topline, we are among the leading players in this segment in the country. I am confident that **Anand C** will continue to do a wonderful job in growing this segment in the coming years.

Our **Industrials** business continued its solid topline growth during the year as the revenue grew by 65% to ₹ 370 crore and the EBIT margin stood at 4.04%. The segment contributed 6% and 4% to our overall Group Revenue and EBIT respectively. In the industrial space, we have noticed that the infrastructure is slowly moving from civil, mechanical, electrical, and electronic spaces to the digital space. The digital infrastructure layout or rollout in India is a big area of opportunity for us. In the telecom space, both active and passive infra management would be key growth areas for us as well. **Satyakam Basu along with Saurav Lenka** and their teams will continue to leverage their domain expertise to drive growth in the segment.

During the year, we closed a number of acquisitions and investments across segments from, active Telecom Infrastructure Management to Customer Lifecycle Management. The financial consolidation of **Manipal Integrated Services** has established our position as a leading player in the integrated facility management space. We forayed into the promising area of Customer Lifecycle Management through the acquisition of **Conneqt Business Solutions Limited** (formerly known as Tata Business Support Services). The acquisition of **Vedang Cellular Services Private Limited**, led by **Ashish Kapoor** marked our entry into active infrastructure management in the Telecom space with a strong annuity business potential. The year also saw us entering into the high growth area of Online Career and

Recruitment space through the acquisition of **Monster India** and its business in South East Asia and the Middle East. The strategic intent behind acquiring Monster was to secure an online platform through which we could offer our HR services and eventually go on to build a workflow management platform. **Abhijeet Mukherjee**, President of our Internet Business is responsible for strategizing and spearheading the overall internet business operations with a primary focus on Monster. The acquisition of **QDigi Services (Branded as DigiCare)** gave us a strategic entry into the mobile and consumer durable break-fix and repairs market across India and it compellingly fits into our customer lifecycle management business that we have initiated through the acquisition of Conneqt Business Solutions. The acquisition of **Greenpiece Landscapes** expanded our offerings spectrum in the Facility Management vertical. This investment brought in the much-needed institutional approach to the growing landscaping segment.

The way we work

A great deal of credit for our business' success over the years goes to our excellent management team. We follow a decentralized mode of operation supported by a strong centralized shared services center. Each of our businesses is run by a President & we strive to create an inclusive and all compassing work environment while nurturing leadership qualities. Some of our colleagues who joined us a decade back are today leading world-class businesses. Our corporate office is involved only in three areas: capital allocation, performance goal setting and leadership planning. This encourages open, transparent communication between the corporate office and all our businesses. I am thankful to my colleague, **Subrata Nag**, our Group CEO, for his extraordinary commitment to the vision and purpose of Qess over the last decade.

In the past year, we have further strengthened our senior leadership team by hiring several new team members: **Manoj Jain** as the Group CFO, **Neeraj Tandon** as CEO of Conneqt and **Ravi Tennety** as the CEO of the Excelus business. Each of these business leaders brought with them their deep domain knowledge and expertise that has been integral to Qess' growth.

The journey ahead

We believe the implementation of GST has initiated the transition from unorganized to organized sector while opening other segments of the economy for our expanded range of business services. We would continue to grow each of our business segments organically to maintain our leadership position with a focus on high growth markets while supplementing it through a margin and return accretive M&A strategy. 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 flexible in our investment strategy and will therefore continue to allocate capital strategically to derive superior financial outcomes for our company.

Digitization remains a key focus area to transform business processes, and also improve customer experience and service delivery. We will continuously make efforts to improve our margins through operating leverage and continued shifts in our overall business mix in favor of higher margin segments. We are continuously making efforts to improve our operating cash flows (OCF). We have achieved an OCF/EBITDA conversion of ~30% in the last couple of years. We believe in the short to medium term, we would be able to generate significantly higher amount of operating cash from our business. Owing to our capex light model, we believe our internal cash generation would be sufficient for us to make future acquisitions.

As we move forward in our journey, our focus will continue to remain on long term growth and not quarterly earnings. For us, building an enduring institution is of prime focus thereby creating long term value for all our stakeholders.

Beyond business

Last year I had spoken about our community outreach program. I am incredibly happy to share the success of our work at Careworks Foundation (CWF) that focuses on education and healthcare initiatives for primary school children. We have expanded our reach to 43 government schools in Karnataka through our flagship School Enhancement Programme thereby improving outcomes for over 8,000 children. Our Scholarship program has benefited over 338 students. We continue to focus on improving the overall infrastructure of schools by rebuilding classrooms, and improving their sanitation and drinking water facilities. We have also provided educational kits, conducted skill development programmes and organized wellness camps for school-going children. I would like to thank **Smitha B S** for her excellent efforts last year. The coming year will see us break newer ground for the future leaders of tomorrow.

The past year has been extremely fruitful and productive for us, but this only means that there's a world of possibilities and opportunities to be explored moving ahead as the Indian economy continues to expand and the contribution of business services to the GDP increases. On behalf of all of us at Qess, I would like to express my heartfelt thanks for all the support and encouragement that you've given us, and the implicit faith you've had in our work. It is our aim to work to the best of our capacities here to ensure that we can deliver long term value for you. I look forward to interacting and meeting you at our annual meet for shareholders.

Best Regards,



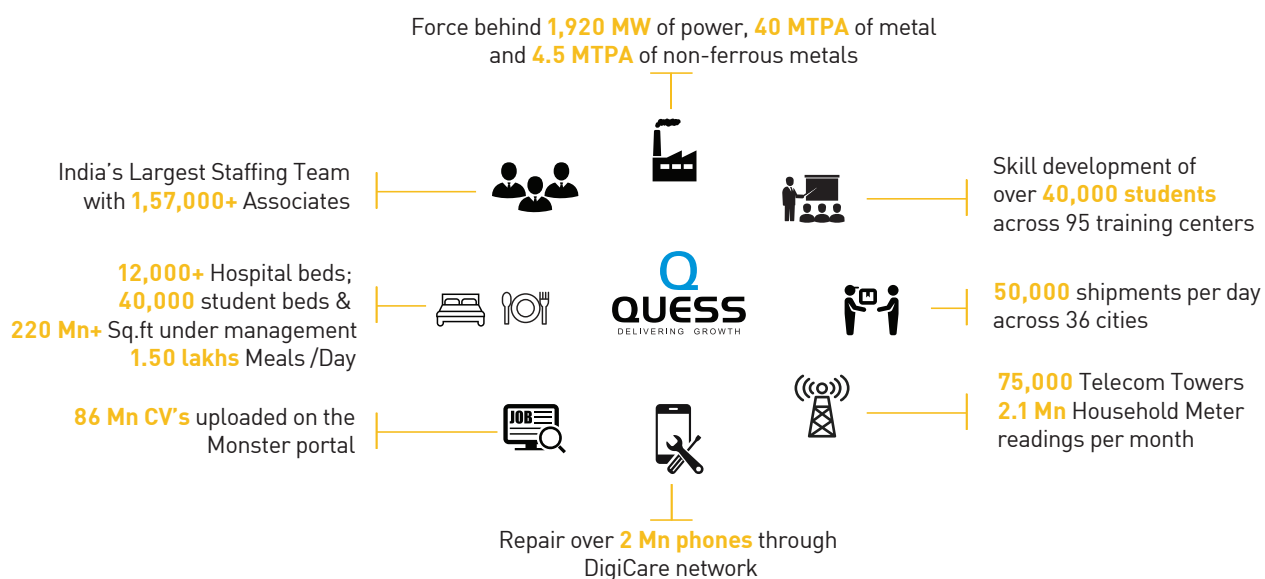
Ajit Isaac

Chairman & Managing Director
Qess Corp Limited

Line of Business

| Segment | Services | | | | |
|----------------------|--------------------------|-------------------------------|----------------------------------|------------------------------|--|
| Industrials | O&M of Industrial Assets | Telecom and Utility Solutions | Digital Infrastructure Solutions | Technology and Consulting | |
| Facility Management | Facility Maintenance | Food Catering | Security Services | Landscaping | |
| People Services | General Staffing | Skill Development | Payroll and compliance | Logistics & Warehousing | |
| Technology Solutions | IT Staffing | IT Products and Solutions | Customer Lifecycle Management | Break-fix & Managed Services | |
| Internet Business | Job Portal | Online Compliance Management | | | |

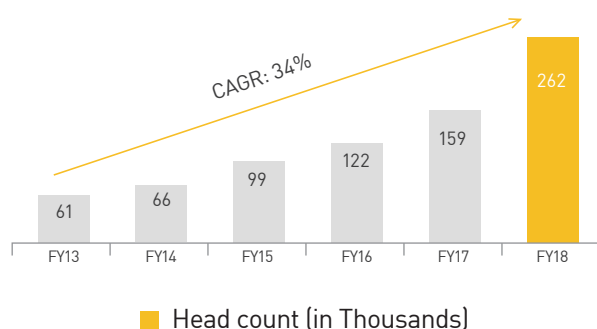
Scale of Business



Strong Long Term Growth and Profitability

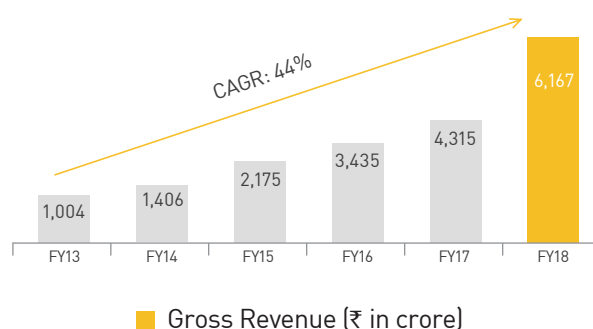
Headcount

Absolute headcount increase of ~200K in 5 years



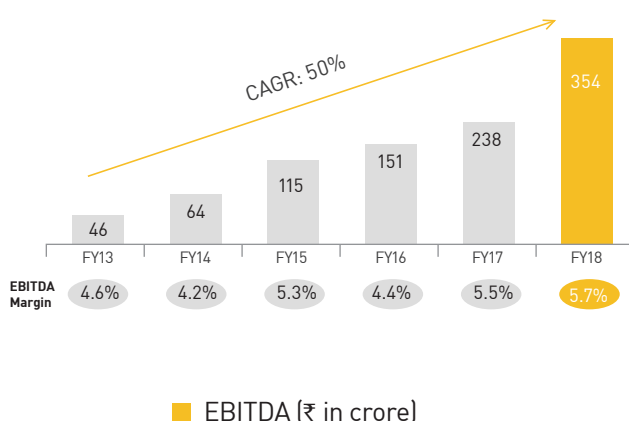
Gross Revenue

Revenue CAGR of 44% over the last 5 years



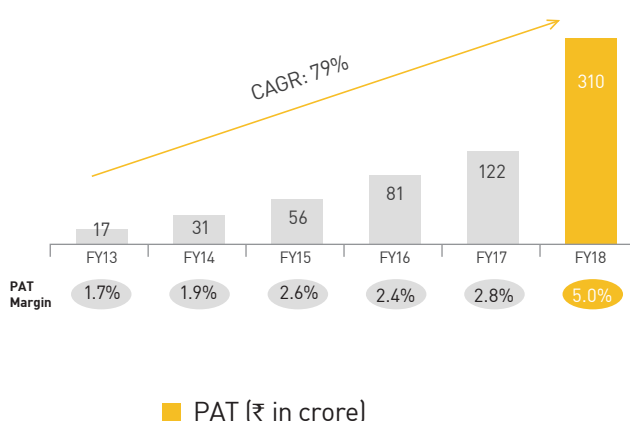
EBITDA

Improvement of 110 bps in EBITDA Margin in 5 years



PAT

Increase of PAT Margin by 330 bps in 5 years



Financial Highlights FY 2018

₹6,167 crore

Consolidated Revenue

43% Y-o-Y Growth

₹354 crore

Consolidated EBITDA

49% Y-o-Y Growth

₹310 crore

Consolidated PAT

154% Y-o-Y Growth

₹109 crore

Cash Flow From
Operations

0.41x

Debt to Equity ratio

₹21.8 Diluted EPS

127% Y-o-Y Growth

Segment Overview

Industrials



Our Industrials segment provides industrial operations and maintenance services and related asset record maintenance services under the Hofincons brand across various industries, including energy, oil & gas, chemicals and ferrous & non-ferrous metal industries, across India and the Middle East. Vedang, our group company, plans, designs and optimizes telecom cell sites and also installs active components on cellular towers and their O&M. Additionally, we also provide managed services and passive infrastructure solutions for telecom companies under the Maxeed brand. We have consolidated our offerings in the power sector under EnerQ brand. EnerQ provides a range of services across the value chain in power sector including O&M of power plants and managed services for utilities. Last year we entered into Digital Infrastructure segment under QInfra brand. QInfra focuses on Infrastructure EPC projects in domains like Urban Infra and Transportation. Our Industrial business segment is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified.



Industrial Asset Management

- Operations & Maintenance
- Technology & Consulting
- Fabrication & Erection



Digital Infrastructure Services

- Well-Equipped for Delivering World-Class Solutions for the Smart City and Digital India Initiatives in India



Telecom Network Operations & Maintenance

- Serves Major Telecom OEMs & Telecom Operators in India



Complete Solution Provider of Energy Services

- Offers Wide Range of Services Across the Value Chain in Power Sector i.e. Generation and Transmission & Distribution



Managed Services

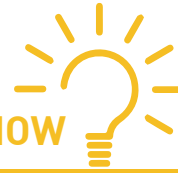
- Provides Passive Infra I&C and Managed Services to Major Telecom operators

GEOGRAPHIES SERVED



India, South East Asia and the Middle East

DID YOU KNOW



We are the force behind **1920 MW** of power, **40 MTPA** of metal and **75,000** Telecom Towers in India.

SECTORS SERVED

Power, Telecom, Energy, Oil & Gas, Chemicals and Ferrous & Non-ferrous metal industries.

Industrial O&M:

Hofincons, with over 40-years of industry-leading experience, helps maintain the plants of our industrial clients. EnerQ focuses on O&M and managed services in power sector.

Telecom Network and Operations Maintenance:

The recently acquired Vedang Cellular Services Private Limited plans, designs and optimizes telecom cell sites and undertakes installation of active components on cellular towers, as well as their operations and maintenance.

Digital Infrastructure Solutions:

QInfra provides technological solutions to install and commission smart infrastructure including surveillance system, command and control centres, intelligent transit management and Wi-Fi installation. Currently, QInfra is in the process of laying out city wide IT infrastructure for the smart city of Ahmedabad.

Telecom Infra and Managed Services:

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

Facility Management



Our Facility Management segment provides an entire range of facility management services including soft services (housekeeping), landscaping services, electro-mechanical services, corporate catering, pest control and hospitality services. We have carved a niche for ourselves with the ability to deliver cost savings to our clients along with providing multiple support facility maintenance services. Our Facility Management business has received global process quality certifications (ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007) and ISO 22000:2005 for our Food Services.



Diversified Facilities Management Services

- Soft Services
- Pest Control Services & Guest House Management
- Building Management System and O&M of Electromechanical Assets



Catering Services

- Catering Services
- Kitchen Design and Setup Services



Real Estate End-to-End Design & Landscaping

- Offers Wide Spectrum of Services for Real Estate Clients



Housekeeping & Engineering Operations

- Specialised Facility Management Services for Hospitals and Educational Institutions



Integrated Security Services

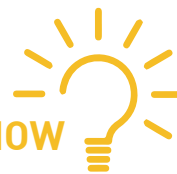
- Man Guarding, Electronic Security Service and Security Consultations

GEOGRAPHIES SERVED



India and South East Asia

DID YOU KNOW



We manage **12,000+** Hospital beds; **40,000** student beds & **220** Mn+ Sqft for our clients. We serve **1.50** lakhs Meals /Day.

SECTORS SERVED

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

Facility Management:

Avon and Spiffy are some of the largest brands in the facility management space, offering hard and soft services to clients with a combined employee strength of over 42,000.

Catering Services:

Chef on Wheels provides food and catering services across sectors while managing over 35 kitchens across india.

Integrated Security Solutions:

Terrier, with a track record of 29 years, is amongst the leading providers of manned guarding services in India. Headquartered in Bengaluru, Terrier has a pan-India footprint with presence in over 60 cities across 14 states.

Design and Landscaping Services:

Recently acquired Greenpiece Landscapes India Private Limited is 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.

People Services



Our People Services segment provides comprehensive staffing services and solutions including general staffing, recruitment & executive search, recruitment process outsourcing, as well as payroll, compliance and background verification services under the IKYA and Coachieve brands.

Additionally, we provide training and skill development services through over 95 centers spread across 12 states in India, under our Excelus brand in partnership with the Government of India. We are authorized to provide training and skill development programs covering 21 trades/sectors, including ITES sector for technical support, logistics sector for warehouse assistance and travel & tourism sector for domestic tour operators.

Our logistics division provides first & last mile delivery solutions for leading e-commerce clients.



General Staffing

- Manages Transition, Transformation & Delivery of Outsourced Manpower and Processes
- High Expertise in Managing Field Force



Skill Development

- Vocational Training to Youth
- Facilitates Employment Linkages & Career Progression Path



Logistics Solutions

- First & Last Mile Delivery
- Distribution Centre Management
- Reverse Logistics



Payroll & Compliance

- Statutory Compliance Management
- Payroll Management
- Employee Background Verification



Recruitment Process Outsourcing

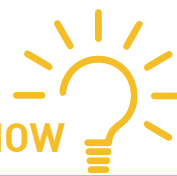
- Empower Clients' Business
- Maximize Opportunities with Unique, Innovative & Tailor-made Solutions

GEOGRAPHIES SERVED



India, South East Asia and the Middle East

DID YOU KNOW



We have India's Largest Staffing Team with

157,000+ Associates.

SECTORS SERVED

Corporates in Financial Services & Insurance, Retail, Consumer Services & Consumer Durables, Telecom, Pharmaceutical & Healthcare, Industrial Engineering, e-Commerce & Logistics and Manufacturing & Agro.

General Staffing & Retail Solutions:

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

Search, Recruitment & Recruitment Process Outsourcing:

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

Skill Development:

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

Logistics:

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

Technology Solutions



Our Technology Solutions segment provides a host of IT/ITeS support services viz. Customer Lifecycle Management, Business Process Management, IT staff augmentation, IT infrastructure managed services, IT products, Digital solutions and After-sales support services. Our comprehensive range of offerings are spread across India, South East Asia and North America.



IT Staffing - India

- IT Staff Augmentation
- Managed Services Providers

Customer Lifecycle Management and Business Process Management

- End to End CLM Services
- Digital Transformation Services under "Digital in a Box" framework
- Agency Based Collection Services
- Shared Services including Finance & Accounts and HR Outsourcing

IT Staffing - USA & Canada

- IT Staff Augmentation
- Talent Management Solutions

IT Staffing - Singapore

- IT Staff Augmentation
- IT Managed Services



IT Solutions & Products

- Property & Casualty Insurance Platform
- Digital Transformation
- Data Centre Services

Break-fix Services

- After sales support for consumer durables
- Extended Warranty
- Refurbishment

Managed Services

- IT Infra Managed Services
- Information Security
- Cloud Services

Digital Transformation Solutions

- Blockchain
- Data Analytics
- IoT
- Mobility

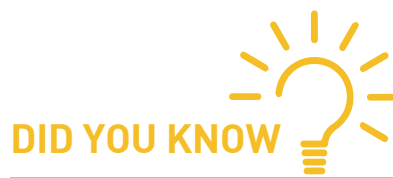
GEOGRAPHIES SERVED



India, South East Asia and North America

SECTORS SERVED

IT/ITeS, BFSI, Manufacturing & Engineering, Aerospace, Government, Communications and Telecom & Media.



DID YOU KNOW

We are **#1** in Indian IT Staffing market, **#1** in Singapore IT Staffing space, and **Top 3** BPO services provider in India. Our DigiCare network repairs over **2 million** mobile phones and consumer durables annually.

Customer Lifecycle Management & Business Process Management:

Connect (Formerly Tata Business Support Services Limited) is one of the leading Customer Lifecycle Management companies with ~27,000 employees handling ~500 million customer transactions every year through 29 delivery centers and 470 field offices. We offer multilingual services in 24 Indian and 12 global languages.

We serve 110+ Clients from Telecom & Media, Retail, Manufacturing and BFSI sectors across India, North America & Europe.

IT Staff Augmentation:

Magna | Comtel | Brainhunter | Mindwire

Magna is the market leader in Indian IT staffing, 3x larger than the nearest competitor. Comtel operates in two countries, namely Malaysia and Singapore with a market-leading presence in Singapore.

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

After Sales Support Services:

DigiCare (formerly Care Business of HCL Services Ltd.), provides after sales services across product categories like smartphones, consumer electronics, consumer durables, audio devices and geysers. It has a PAN India presence across 24 states with more than 200+ service centers. As a preferred partner for leading consumer durable and smartphone companies, DigiCare performs over 2 million repairs annually.

System Integration:

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

IT Infrastructure Managed Services:

Our home grown brand Qtek, provides IT Infrastructure Managed Services to over 60 customers. It delivers solutions in Infrastructure Managed Services, Information Security Services and Cloud Services. Qtek is a partner of choice for some of the large System Integrators in India and manages multiple clients for them.

Digital Transformation Solutions:

Through our investee company Heptagon, we deliver products and services across Mobility, Blockchain, IoT and Data Analytics. It caters to large enterprises, SMEs and startups. Heptagon's approach is to create an agile and responsive organization with strategic transformation and lean product innovation.

Internet Business



The internet business segment at Quesst consists of the company's recent acquisition of Monster India and its business in South East Asia & the Middle East, and Simpliance, a leading digital labour law compliance management platform.



Online Job Board Portal

- Online career & recruitment resources
- Caters to all sectors and has marquee IT and ITeS Clients



Digital Labour Law Compliance

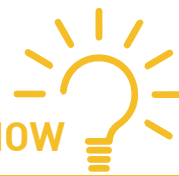
- Easy-to-install Plug-and-Play Solution
- Statutory compliance on real time basis

GEOGRAPHIES SERVED



India, South East Asia
& the Middle East

DID YOU KNOW



Monster has **~68 million** registered users, over **86 million** resumes & around **~770,000 monthly** new registrations.

SECTORS SERVED

This segment caters to staffing and compliance requirements across industry segments through its web-based portal and mobile app.

Online Recruitment Portal:

Monster: A leading online recruitment portal, which provides recruitment solutions and services to ~68 Million registered users across India, South East Asia and the Gulf. It caters to all sectors including marquee clients in the IT/ITES sector, with long standing relationships with CHROs, Head of HRs and recruiters.

Digital labor law compliance:

Simpliance is India's leading digital labor law compliance platform. It allows organizations to comply with statutory compliance on real time basis. It has the largest e-library in India with over 50,000 pages of curated data including 120+ acts and over 27,000 subscribers.

Community Outreach

Careworks Foundation

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

School Enhancement Programme

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

Objectives

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

Reach

- Working with 43 schools, 8,188 children and 257 teachers
- In FY 2018, we adopted 24 schools

School Environment Programme

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

What we do

- Renovate and upgrade the 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, handwash areas, restrooms) in schools
- Facilitate the maintenance of school infrastructure

Health Programmes

CWF organises general, dental and eye camps to ensure the general well-being of students. In FY 2018, CWF health programmes covered 7,000 children and treated major dental 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 to school teachers and children
- Ensure accessibility to pure drinking water with installation of purifiers at school campuses

Stakeholder Engagement:

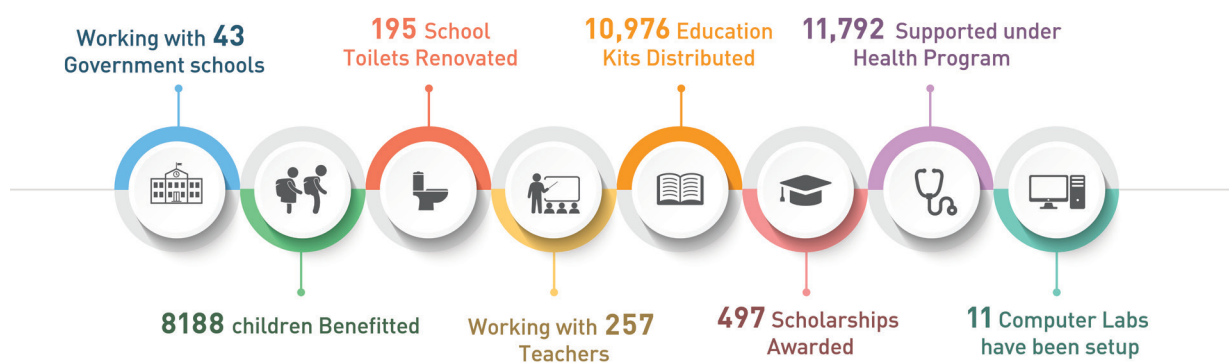
School Mapping is a tool to understand the efficacy of existing facilities, and to undertake improvement measures required to bring positive change, involving all stakeholders.

Other initiatives

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



**Average 36% increase
in the enrollment**



Management Discussion and Analysis

The table below gives an overview of the consolidated and standalone financial results for FY 2018 and FY 2017

1. Financial Results

| Particulars (in ₹ crores) | Consolidated | | Standalone | |
|--|-----------------|-----------------|-----------------|-----------------|
| | FY 2018 | FY 2017 | FY 2018 | FY 2017 |
| Revenue | 6,167.26 | 4,314.93 | 4,410.81 | 3,442.93 |
| Less: Cost of material and stores and spare parts consumed | 142.22 | 71.38 | 123.06 | 58.34 |
| Less: Employee expenses | 5,079.32 | 3,633.95 | 3,643.02 | 2,945.97 |
| Less: Other expenses | 591.36 | 371.68 | 405.49 | 250.49 |
| EBITDA | 354.36 | 237.93 | 239.24 | 188.14 |
| <i>EBITDA Margin</i> | <i>5.75%</i> | <i>5.51%</i> | <i>5.42%</i> | <i>5.46%</i> |
| Add: Other Income | 56.92 | 15.42 | 46.30 | 16.21 |
| Less: Finance Costs | 75.45 | 47.86 | 46.21 | 38.91 |
| Less: Depreciation and Amortisation Expense | 74.74 | 33.30 | 35.31 | 21.79 |
| Add: Share of Profits in Associates | 0.36 | 0.12 | - | - |
| Profit Before Tax | 261.46 | 172.31 | 204.02 | 143.65 |
| <i>Profit Before Tax Margin</i> | <i>4.24%</i> | <i>3.99%</i> | <i>4.63%</i> | <i>4.17%</i> |
| Less: Tax Expense | (48.31) | 50.44 | (55.24) | 48.86 |
| Profit After Tax | 309.76 | 121.88 | 259.26 | 94.79 |
| <i>Profit After Tax Margin</i> | <i>5.02%</i> | <i>2.82%</i> | <i>5.88%</i> | <i>2.75%</i> |
| Add: Other Comprehensive Income/ (Losses) | (3.86) | (5.28) | (3.54) | (2.01) |
| Total comprehensive income for the year | 305.90 | 116.60 | 255.72 | 92.78 |
| Diluted EPS (in ₹) | 21.82 | 9.59 | 18.19 | 7.46 |

2. Economic Scenario

Global Economy

The overall world output in 2017 witnessed its fastest growth since 2011, clocking a growth of 3.8%. This growth was driven by increased investments in advanced economies, continued strong growth in emerging Asia, an upswing in Europe, and initial signs of recovery of demand in several commodities. The Advanced Economies grew at 2.3% in 2017 versus 1.7% in 2016 due to a strong pick up in investment spending, whilst the Emerging Market and Developing Economies (EMDE) grew at 4.8% in 2017 against 4.4% in 2016, led by the growth of net exports in China and a strong private consumption recovery in India. With financial conditions still being supportive, global growth is expected to pick up to 3.9% across 2018 and 2019.

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Indian economy

India's GDP growth bottomed out in the middle of 2017 after slowing for five consecutive quarters, and post that it continued to improve significantly throughout FY 2018. As per the data released by the Central Statistics Organisation (CSO), India's GDP registered a growth of 7.7% in Q4 of FY 2018. At the sectoral level, services sector growth is estimated at 7.7% during the same period. Post the disruption of demonetization, and aftershocks of Goods and Services Tax (GST) implementation, growth for FY 2018 was aided by the spill over of latent demand, pick up in private consumption, gradual revival in investments and a host of Government initiatives like Indian Bankruptcy Code (IBC), recapitalization of public sector banks, investments in national highways and railways, 100% electrification across all villages, and direct benefit transfer to citizens etc. There was also a significant rise in Consumer Confidence Index, industrial growth and ease in inflation, which further helped economic growth.

As per the data released by the Central Statistics Organisation (CSO), India's GDP registered a growth of 7.7% in Q4 of FY 2018.

The Central Government's public healthcare insurance scheme 'Ayushman Bharat-National Health Protection Mission' (ABNHPM) aims to provide ₹ 5 lakh health cover to 100 million of India's poorest families. The scheme is expected to create more than 100,000 long term skilled and semi-skilled jobs in the next three to four years. In addition, it is expected to create more than 80 lakh short-term 'unskilled' and 'semi-skilled' jobs during the roll out of the mission.

Ayushman Bharat- National Health Protection Mission scheme is expected to create more than 100,000 long term skilled and semi-skilled jobs in the next three to four years.

As per the World Bank data, the Indian economy is expected to grow by a robust 7.3% in FY 2019 and 7.5% in FY 2020, which is the fastest growth seen among emerging economies. India's GDP is expected to reach USD 5 trillion by 2025 from USD 2.5 trillion in FY 2018. Led by major economic reforms and fiscal measures undertaken by the government, a cumulative growth in investment and consumption is expected to sustain this growth momentum.

3. Industry Overview

With rising business complexities, organisations are increasingly looking to outsource their non-core business functions so as to be able to focus on core business processes. India is currently a USD 2.5 trillion economy, with the share of business services as a percentage of GDP only at 2%. In other BRIC nations, such as Russia, Brazil and China, business services stands at more than 6% of GDP. Similarly, in developed economies, such as the US and European Union (EU), penetration of business services is more than 11% of GDP. The low penetration in India presents a huge opportunity for several leading integrated business services providers as the likelihood of outsourcing non-core business activities is much higher in India. Based on the GDP growth forecast for FY19, we expect the business services market to reach approximately USD 56 billion in FY19.

India is currently a USD 2.5 trillion economy, with the share of business services as a percentage of GDP only at 2%.

A. People Services

i. HR Solutions

The growth in HR solutions market is expected to be driven by a surge in overall employment in India based on a stable political environment and strong economic fundamentals with increasing outsourcing of customer facing sales roles and back office roles. This growth is expected to be driven by sectors such as BFSI, Retail, FMCG & FMCD, Healthcare and E-commerce. Implementation of GST is expected to open up the outsourcing of jobs in the Manufacturing sector. The total HR solutions outsourcing market in India was estimated to be at ₹ 98,022 crore in 2016, which grew at 21.8% CAGR between 2011 and 2016. The temporary general staffing market was at around ₹ 50,033 crore as in 2016. The segment is expected to reach ₹ 1,08,749 crore by 2021 growing at 16.8% CAGR between 2016 and 2021. Increasing demand for skilled labour and the inclination of companies to work with intermediaries would continue to be the key drivers of growth in the temporary staffing market over the next five years.

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ii. Training & Skill Development

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. With nearly 12 million youth joining the workforce in India every year, India is witnessing a huge skill gap in employability. Based on the skill gap study conducted by the National Skill Development Corporation over 2017 - 2022, there is an additional net requirement of 103.4 million skilled manpower by 2022 across 24 key sectors.

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

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B. Technology Solutions

i. Business Process Management

The growth in business process management (BPM) market is driven by an increasing use of automation and digital transformation. Globally, the BPM industry witnessed a moderate growth of 3.4% to reach USD 189 billion in 2017 as compared to USD 183 billion in 2016. India's share in global BPM industry has steadily risen to 15% in 2017 as compared to 11% in 2012, due to a shift in focus to high-end services. Among the major regions, APAC has only 17% revenue share but is emerging as the fastest growing market at 7.9% in 2017, as compared to 3.2% and 0.7% achieved by Americas and EMEA respectively. Indian BPM industry is pegged at USD 32.5 billion in FY 2018 as compared to USD 30.1 billion in FY 2017. With over 2500 firms, and emergence of new technology platforms like analytics, cloud and mobility, the market is expected to reach USD 50-55 billion by 2025. Demand is being driven by design thinking, automation & cognitive computing abilities, as well as innovation centres. Supported by government policies and initiatives, India's domestic BPM industry has grown by 7.1% to reach USD 4.2 billion in FY 2018, as compared to USD 3.8 billion in FY 2017. Among other segments, customer services and high-end analytics remain the key drivers of industry growth with 81% share in FY 2018.

Indian BPM industry is pegged at USD 32.5 billion in FY 2018 as compared to USD 30.1 billion in FY 2017. With over 2500 firms, and emergence of new technology platforms like analytics, cloud and mobility, the market is expected to reach USD 50-55 billion by 2025.

ii. Professional IT Staffing

The services under IT Flexi Staffing includes providing contractual or contingent manpower support for different IT requirements. According to Indian Staffing Federation, the professional IT Staffing market in India was at USD 3.04 billion in 2017. With staff strength of 0.26 million, the current penetration of IT Flexi Staffing is only 5.6% in India. IT/ITES contributes 90% of Indian IT Flexi Staffing industry and the industry is expected to reach USD 5.32 billion by FY 2021 growing at 14%-16% YoY.

North American IT staffing markets are among the most liberal temporary staffing markets in the world due to a low regulatory burden in terms of sector prohibitions, limits on the length of assignments and the percentage of agency workers allowed. In 2016, the US IT staffing market size was USD 28.6 billion and is expected to maintain a 4% growth in 2018.

The Singapore IT staffing market primarily caters to the staffing requirements of technology and banking majors that operate from Singapore including MNCs with their regional headquarters in Singapore. The IT Staff Augmentation market in Singapore was SGD 2.15 billion in size as of 2016. The tightening of issue of employment pass had a negative impact on the staffing market. However, during the last quarter of FY 2018, positive trends are being witnessed in terms of the relaxations in issue of employment pass for high end tech professionals which is helping the Industry.

The professional IT Staffing market in India was at USD 3.04 billion in 2017. With a staff strength of 0.26 million, the current penetration of IT Flexi Staffing is only 5.6% in India. The Industry is expected to reach USD 5.32 billion by FY 2021 growing at 14%-16% YoY.

iii. Mobile and Consumer Durable Break-Fix and Repairs Market

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

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

C. Integrated Facility Management

i. Facility Management (FM)

Increased acceptance of outsourcing non-core activities and sustained commercial and office space absorption have been significant for the growth of this segment in India. In FY16, the FM market size grew to ₹ 10,400 crore, at a historic five year CAGR of ~15%. The market is highly fragmented and dominated by various small and medium sized unorganised players and is dominated by the soft services (Housekeeping) segment due to low awareness about the need for professional hard services (Technical Services or Utilities). The FM market is now shifting from a single service contract model to an integrated model. Increase in consumables, manpower and management cost have impacted the cost of FM services, forcing customers to replace long-term contracts and providing momentum for Integrated Facility Management contracts in India.

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ii. Food Services

The Food Services market in India was at ₹ 7,530 crore in 2016 growing at 17.9% CAGR since 2010. The market is dominated by the Office and Health care & Educational Institutions sub-segments with a contribution of 34% and 26% respectively. It is estimated to grow at 22% CAGR between 2016 and 2021 driven by food price inflation, supply chain and sourcing practices, competition, food safety laws etc. mainly in industrial, educational and healthcare sectors. The next big trend in the Food Services market is the growing prevalence of customized healthy food with high nutritional value, quality, and hygiene.

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iii. Security Services

The Indian market for Security Services is driven by opportunities emanating from the development of new infrastructure assets and increased preparedness towards both common and unexpected security threats. With approximately 7 million guards, the domestic security services sector is one of the largest employment providers in the country. The current market is at approximately USD 13 billion and is dominated by the unorganised players presenting a huge growth opportunity for the organised players led by GST implementation. A combination of high-tech surveillance and intrusion detection devices supplemented by competent guards is turning out to be the right security solution in India. India's security services market is likely to grow at a rate of 18-20% per annum for the next 5 years.

With approximately 7 million guards, the domestic security services sector is one of the largest employment providers in the country. The current market is at approximately USD 13 billion and is dominated by the unorganised players presenting a huge growth opportunity for the organised players led by GST implementation.

D. Industrials

i. Operation and Maintenance (O&M)

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 at ₹ 4,770 crore in 2016, growing at 8.4% CAGR since 2011. Service providers with industry specific experience, proven safety track record with ISO (9001, 14001 and 18001) certification, compliance with quality, environment and health & safety standards of end-user industries are highly preferred.

ii. Utilities

India's power demand is likely to grow from 1,100 TWh in 2017 to approximately 1,300 TWh by 2020. As per our estimates, total market for outsourced O&M services in power sector is likely to reach ₹ 4,500 crore by 2020. Several government initiatives and policies, such as Restructured Accelerated Power Development and Reform Program (R-APDRP) and Central Electricity Authority (CEA) guidelines have paved the way for intelligent smart metering in the country. The current size of the energy metering market is approximately USD 340.82 million and is expected to grow at a CAGR of 8-10% over the next 4-5 years.

Total market for outsourced O&M services in power sector is likely to reach ₹ 4,500 crore by 2020.

iii. Telecom Infrastructure Management

The Telecom Infrastructure Management offerings include network design, planning, deployment and network operations (maintaining and optimizing communication networks), to deliver voice, video and data services. The service providers build the network and operate and maintain it along with facilitating integration of value added service platforms. India has approximately 400,000 telecom towers which are estimated to increase at a CAGR of 3 % over the next 4-5 years. With addition of 360,000 base transceiver stations by 2021, industry average tower tenancy ratio is projected to increase from current level of 1.8 to 3.5 by 2021.

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iv. Digital Infra

India is one of the fastest growing nations in terms of digital adoption. According to McKinsey Global Institute, India's Digital Index rose by 56% during 2014-2017 making it the second fastest growing country among 17 emerging and mature digital economies. Digital transformation is projected to create USD 1 trillion in value and sustain 55-60 million jobs by 2025. The Government's Smart City

Mission (SCM) wherein the Government is upgrading 100 cities will be one of the major contributors in India's digital transformation. As of now over 2,800 projects have been identified under the mission and the total investment in the mission is estimated to be over ₹130,000 crore. These smart cities will use a host of digital infrastructure including environmental sensors to detect & measure pollution level and other environmental parameters, smart street lights that can be controlled through Command & Control Room, camera and VMD boards to control traffic, GPS devices in waste collection vehicles to monitor solid waste management, automatic number plate recognition & traffic violation detection sensors.

Digital transformation is projected to create USD 1 trillion in value and sustain 55-60 million jobs by 2025.

E. Internet

India is ranked second largest in terms of mobile phone penetration after China with an internet user base set to cross 50 crore by mid 2018. The overall growth in digital landscape together with a large working age population of over 90 crore, presents a significant growth opportunity for the overall recruitment market especially the online market. With over 80 lakh college-going students in 2016 and addition of around 30 lakh graduates every year to the Indian job market, this presents a huge opportunity for the online recruitment market.

Government initiatives like Pradhan Mantri Kaushal Vikas Yojna and Make in India are expected to fuel employment generation in the country. Manufacturing, IT & BPM/ITES and Finance, Insurance & Real Estate are the major contributors of organized private jobs which rely heavily on online recruitment.

The online recruitment market in India, Middle East and South East Asia is expected to reach USD 622 million in 2019, as compared to USD 294 million in 2016, at a CAGR of 7.3%. This growth is led by expanding digitisation across these regions and demographic shift towards younger population.

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4. Financial Performance at a Glance

Consolidated Performance Highlights

Quess completed its 10th consecutive year of growth in FY 2018.

Highlights of the year include:-

- Employee headcount as on 31 March, 2018 was ~261,700 compared to ~159,200 employees in the corresponding quarter of last year, registering a growth of 64%.
- Consolidated Revenue grew by 43% from ₹ 4,315 crore in FY 2017 to ₹ 6,167 crore in FY 2018.
- Consolidated EBITDA grew by 49% from ₹ 238 crore in FY 2017 to ₹ 354 crore in FY 2018. EBITDA Margin expanded by 23 bps from 5.51% in FY 2017 to 5.75% in FY 2018.
- Consolidated PAT grew by 154% YoY from ₹ 122 crore in FY 2017 to ₹ 310 crore in FY 2018. The consolidated PAT for FY 2018 includes the impact of accounting adjustments under Ind AS, such as Amortization of Customer Related Intangible Assets of ₹ 30 crore and Non-controlling interest Put Option of ₹ 9 crore (included in the Finance costs).
- PAT Margin expanded by 220 bps from 2.82% in FY 2017 to 5.02% in FY 2018.
- Diluted EPS was higher by 127% YoY at ₹ 21.8.
- Cash flow from operations stood at ₹ 109 crore in FY 2018.
- Company started availing the benefit of 80JJAA of the Income Tax Act, 1961 from FY 2018.

Balance Sheet Analysis:

| | FY 2018 | FY 2017 |
|--------------------------------|---------------------|--------------------|
| Leverage Metrics | | |
| Debt: Equity | 0.41x | 0.60x |
| Working Capital Metrics | | |
| Billed Receivables DSO | 54 days | 43 days |
| Return Metrics | | |
| RoCE (pre-tax) | 13.79% (post IPP) | 18.13% (post IPO) |
| RoE (post tax) | 16.45% (post IPP) | 14.67% (post IPO) |
| Credit Rating | | |
| Long Term | [ICRA]AA-(Positive) | [ICRA]AA- (Stable) |
| Short Term | [ICRA]A1+ | [ICRA]A1+ |

During the year, the Company continued to maintain a close focus on keeping leverage levels under control. The drop in RoCE is primarily due to the expansion of capital base as the Company raised ₹ 874 crore through an Institutional Placement Program (IPP) during the year. A part of the IPP proceed has been deployed across a number of acquisitions and investments during the year for which only the partial financial consolidation has been considered during the year.

The increase in receivable days is primarily due to the full consolidation of the year end receivables of the newly acquired entities in the balance sheet whereas the sales contribution has been considered only for a partial period of the year.

Segment Wise Performance

| Particulars (in ₹ crore) | FY 2018 | FY 2017 | YoY (%) |
|---------------------------------------|----------|---------|---------|
| People Services | | | |
| Revenue | 2,878 | 2,345 | 23% |
| EBIT | 136 | 109 | 25% |
| EBIT Margin | 4.73% | 4.64% | |
| Technology Solutions | | | |
| Revenue | 1,868 | 1,183 | 58% |
| EBIT | 118 | 82 | 44% |
| EBIT Margin | 6.32% | 6.93% | |
| Integrated Facility Management | | | |
| Revenue | 1,027 | 562 | 83% |
| EBIT | 67 | 31 | 120% |
| EBIT Margin | 6.54% | 5.43% | |
| Industrials | | | |
| Revenue | 370 | 224 | 65% |
| EBIT | 15 | 17 | (12%) |
| EBIT Margin | 4.04% | 7.62% | |
| Internet Business | | | |
| Revenue | 23 | | |
| EBIT | (4) | | |
| EBIT Margin | (15.47%) | | |

A. People Services

The People Services business, comprising 47% of the total revenue share of the Company, provides HR related end-to-end service solutions in general staffing, training and skill development, payroll & compliance, search, recruitment process outsourcing (RPO), retail solutions and logistics.

Quess' General Staffing business within the People Services segment added 43,000 associates during the year and became the first staffing company in India to reach 150,000+ employees. The Company's associate count for the General Staffing business stood at approximately 157,000+ by 31 March, 2018. The Company works with over 600 clients across sectors such as: Retail, BFSI, FMCG & FMCD, Telecom, E- Commerce & Logistics, and Manufacturing & Agro etc. The Company continuously makes efforts in bringing operating leverage into its operations. The core to associate ratio, a key efficiency metric improved to approximately 290 in FY 2018 from approximately 200 in FY 2017.

Quess' General Staffing business added 43,000 associates during the year.

The Company's associate count for the General Staffing business stood at approximately 1,57,000+ as on 31 March, 2018.

Quess is among the largest training and skill development partners for the Ministry of Rural Development and National Skill Development Corporation. The Company provided training to 17,000 students across 91 training centres last year. The Company is on track to train 42,000 students across 95+ training centres in current year due to addition of 23 PMKK centres to existing 20 centres.

Bolstered by its successful track record of running projects under the DDU-GKY and PMKK Schemes, the Company has recently stepped into the Vocationalisation of Schools arena and was awarded the RMSA Project for Karnataka for the year 2017-18. As a part of this project, Quess has imparted training in the IT-ITES sectors and Retail sector across 75 and 10 Government Schools in Karnataka respectively.

Quess' Logistics operations (branded as Dependo) has emerged as a preferred service partner for Intra City Logistics riding on excellent Service Quality and Tech Capabilities. Quess currently delivers 50,000 packages per day across 36 cities.

In FY 2018, the revenue stood at ₹ 2878 crore as compared to ₹ 2,345 crore in FY 2017, up by 23%. EBIT stood at ₹ 136 crore as compared to ₹ 109 crore, up by 25%. EBIT margin stood at 4.73% as compared to 4.64%

B. Technology Solutions

The Technology Solutions business comprises 30% of the total revenue share of the Company, providing services related to Customer Lifecycle Management, IT Staff Augmentation, Solutions and Products and IT Infrastructure Management Services. The Company is the largest IT Staff Augmentation provider in India and also operates the largest independent IT Staffing firm in Singapore through its subsidiary – Comtel Solutions.

The Company is the largest IT Staff Augmentation provider in India and also operates the largest independent IT Staffing firm in Singapore through its subsidiary – Comtel Solutions.

FY 2018 saw improvement in the financial results of Brainhunter (Quess' vehicle into the North American IT Staff Augmentation market) and MFX (Solutions and Products business). Brainhunter and MFX closed FY 2018 with EBITDA of CAD 1.2 million and USD 4 million respectively.

The associate headcount in Company's Professional IT staffing operations stood at approximately over 12, 000 as on 31 March,

2018.

In FY 2018, the revenue for the GTS segment stood at ₹ 1,868 crore as compared to ₹ 1,183 crore in FY2017, up by 58%. EBIT stood at ₹ 118 crore as compared to ₹ 82 crore, up by 44%. EBIT margin stood at 6.32% as compared to 6.93%.

C. Integrated Facility Management

Quess is the leading integrated facility management provider in the country. The Facility Management business comprises 17% of the total revenue share of the Company in FY 2018. The Company is a one-stop shop for all facility management needs, offering a host of services including Soft Services (Housekeeping), Hard Services (Technical Services or Utilities), Food & Hospitality (Industrial Catering), Pest Control, Manned Guarding and Landscaping.

The Company is a one-stop shop for all facility management needs, offering a host of services including Soft Services (Housekeeping), Hard Services (Technical Services or Utilities), Food & Hospitality (Industrial Catering), Pest Control, Manned Guarding and Landscaping.

Quess provides facility management & security services to companies operating across sectors like Banking & Financial Services, Healthcare, Education, Airports, Real Estate & Property Management, Manufacturing, Information Technology, FMCG and Travel & Tourism.

Spiffy provides facility management services to Healthcare & Education sector. Chef on Wheels serves more than 1.5 lakh meals per day through its 35+ kitchens across India.

The segment' revenue stood at ₹ 1,027 crore in FY 2018 as compared to ₹ 562 crore in FY 2017, up 83%. EBIT stood at ₹ 67 crore as compared to ₹ 31 crore, up by 120%. EBIT margin stood at 6.54% as compared to 5.43%.

D. Industrials

Industrials business, comprising 6% of the total Company revenues, is one of the leaders in the Industrial Asset Management space. The Company offers a wide range of solutions in the Industrial space, including operations and maintenance of metal and power plants, installation and commissioning of active and passive infrastructure for Telecom and managed services in Utilities and Telecom. During FY 2018, Quess successfully forayed into the area of Digital Infrastructure with Installation and Commissioning of: 1) City wide IT infrastructure for the city of Ahmedabad and 2) Intelligent Transit Management System (ITMS) for one of the largest bus fleet operators in a leading metro city in India.

During 2017-18, Quess successfully forayed into the area of Digital Infrastructure with Installation and Commissioning of: 1) City wide IT infrastructure for the city of Ahmedabad and 2) Intelligent Transit Management System (ITMS) for one of the largest bus fleet operators in a leading metro city in India.

In FY 2018, revenue stood at ₹ 370 crore as compared to ₹ 224 crore in FY 2017, up by 65%. EBIT stood at ₹ 15 crore as compared to ₹ 17 crore, down by 12%. EBIT margin stood at 4.04% as compared to 7.62%.

E. Internet Business

The Internet Business segment at Quess consists of company's recent acquisition of Monster India and its business in South East Asia & the Middle East, and Simpliance, a leading digital labour law compliance platform.

Monster, a leading 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. The business has operations across India, Singapore, Malaysia, Philippines, Hong Kong, Vietnam, Thailand, Indonesia, UAE and Kingdom of Saudi Arabia, with ~68 million registered users, over 86 million resumes and ~770,000 monthly new registrations.

The Internet Business segment at Quess consists of Company's recent acquisition of Monster India and its business in South East Asia & the Middle East, and Simpliance, a leading digital labour law compliance platform.

In FY 2018, the internet business clocked a revenue of ₹ 23 crore with EBIT loss of ₹ 3.6 crore. The financials of this segment is reflective of only ~ one and half months of consolidation of our recent acquisition of Monster.

5. Strategic Review

Fund Raising During FY 2018

Institutional Placement Program (IPP)

- Quess successfully completed its first Institutional Placement Program in August, 2018. The Company raised ₹ 874 crore through a fully primary equity issuance.
- During the year, the Company utilised ₹ 517 crore towards repayment of debt, mergers and acquisitions, and working capital funding, in line with the objectives of the IPP.

Acquisition and Investments during FY 2018

The Company announced several acquisitions and investments in FY 2018 across segments from active Telecom Infrastructure Management to Customer Lifecycle Management. Each of these acquisitions complemented Quess' existing portfolio of services and diversified its geographical outreach and revenue streams.

Following key acquisitions and investments were made in FY 2018. The details of all the acquisitions and investments made in FY 2018 are available as part of the Board's Report.

Key Acquisitions

i. Vedang Cellular Services Private Limited (Vedang)

- On 25 October 2017, Quess entered into an agreement to acquire 70% equity in Vedang. Quess completed the acquisition for a consideration of ₹ 40 crores on 10 November, 2017.
- Vedang plans, designs and optimizes telecom cell sites and also installs active components on cellular towers and their O&M. It is one of the largest players in the telecom network operations and maintenance space with strong industry relations, superior service offerings and deep technical capabilities.
- Vedang generated a revenue of ₹ 78 crore with a PAT margin of 7.0% with a deployed headcount of 1,500 professionals in FY 2017.
- Vedang complements Quess' current capabilities in telecom network management in terms of diversified service offerings, wider geographical reach and customer base.

Vedang is one of the largest players in the telecom network operations and maintenance space with strong industry relations, superior service offerings and deep technical capability. The acquisition complements Quess'

current capabilities in telecom network management in terms of diversified service offerings, wider geographical reach and customer base.

ii. Conneqt Business Solutions (Conneqt) (formerly known as Tata Business Support Services Limited)

- On 20 November 2017, Quess entered into an agreement to acquire 51% stake in Conneqt which was earlier a subsidiary of Tata Sons Limited. Quess paid ₹ 153 crore cash consideration for the acquisition. The transaction was closed on 27 November 2017.
- Headquartered in Hyderabad, Conneqt is among India's premier Customer Experience (CX) management companies, with over ten years of sectoral expertise. The company serves diverse third-party clients across sectors like BFSI, Auto and Manufacturing, Telecom & Media, Retail and in other emerging industries, in India and abroad, with an employee strength of ~27,000 employees, handling ~500 million customer transactions every year, served through 29 delivery centres and over 470 field offices.
- Post-acquisition, the company is re-branded as 'Conneqt Business Solutions' to give it a distinct and unique corporate identity in the BPM sector.
- Conneqt reported a revenue of ₹ 661 crore with an EBITDA margin of 8.5 per cent in FY 2017.
- This acquisition gave Quess an entry into the promising area of Customer Lifecycle Management and also offers strong cross selling opportunities across our Technology Solutions and People Services business.

The acquisition of Conneqt Business Solutions gave Quess an entry into the promising area of Customer Lifecycle Management and also offers strong cross selling opportunities across our Technology Solutions and People Services business.

iii. Manipal Integrated Services Private Limited (MIS)

- On 30 November, 2017, National Company Law Tribunal (NCLT) approved the scheme of merger of the facilities management business of Manipal Integrated Services into Quess Corp with effect from 01 December, 2016.

- Pursuant to NCLT approval, Quess issued 7,149,263 equity shares to equity shareholders of MIS as part of the remaining consideration.
- In addition to Manipal Group entities, MIS serves more than 150 clients with presence in Healthcare, Education and BFSI sectors. As on 31 March, 2018, MIS had headcount in excess of 17,500 associates.
- This strategic acquisition gave Quess a strong foothold in the rapidly growing healthcare and education Facility Management space and helped Quess become a leading integrated facility management provider in the country.

The strategic acquisition of Manipal Integrated Services gave Quess a strong foothold in the rapidly growing healthcare and education Facility Management space and helped Quess become a leading integrated facility management provider in the country.

iv. Greenpiece Landscapes India Private Limited ("Greenpiece")

- On 24 January 2018, Quess announced to acquire 90% stake in Greenpiece Landscapes India Private Limited for a cash consideration upto ₹ 26 crore. This consideration was subject to adjustments based on future performance of the company. The transaction was closed on 08 May, 2018.
- Greenpiece is a leading end-to-end design and landscaping services firm catering to marquee corporate, industrial and real estate firms in India and abroad.
- Greenpiece generated a revenue of ₹33 crore with an EBITDA margin of 9.8% and a deployed headcount of 700 professionals in FY2017.
- Landscaping is an adjacency to Quess' Facility Management business and the acquisition further differentiated our offerings. Further, given the fragmented and informal nature of the industry, Quess brings in much-needed institutional approach to this segment.

Landscaping is an adjacency to Quess' Facility Management business and the acquisition further differentiated our offerings.

v. Monster India and its business in South East Asia and the Middle East ("Monster")

- On 31 January 2018, Qess announced to acquire 100% stake in Monster India and its business in South East Asia and the Middle East for a cash consideration of USD 14 million on a debt-free cash-free basis. The transaction was closed on 08 February, 2018.
- Monster, a leading 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. Monster, a 20+ year old marquee internet brand provides the widest and most sophisticated job seeking, career management, recruitment and talent management capabilities globally.
- The acquired business has operations across India, Singapore, Malaysia, Philippines, Hong Kong, Vietnam, Thailand, Indonesia, UAE and Kingdom of Saudi Arabia. With ~68 million registered users, over 86 million resumes and with ~770,000 monthly new registrations, the company is amongst the market leaders in the online recruitment space across each of its operating geographies.
- The acquired business had generated a revenue of USD 26 million in CY 2016 with over 600 professionals.
- In addition to owning a high-recall brand in the HR space, this acquisition complements Qess's market leading presence in the HR services space by establishing end-to-end offerings across the Employee Lifecycle Management space.

The acquisition of Monster complements Qess's market leading presence in HR Services by establishing end-to-end offerings across the Employee Lifecycle Management space.

vi. DigiCare Services (QDigi Services)

- On 31 January 2018, Qess announced to acquire 100% stake in HCL Computing Products Limited which further acquired Care Business of HCL Services Limited, a subsidiary of HCL Infosystems Limited. The consideration was ₹ 30 crore (on a debt-free cash-free basis) via a combination of primary and secondary pay-outs. The transaction was closed on 11 April, 2018.
- Post-acquisition, the acquired business has been re-branded as 'DigiCare' to give it a distinct and unique corporate identity in the Consumer Services space.
- DigiCare is one of the leading after-sales service providers for product categories such as mobile phones, consumer electronics and consumer durables in the customer lifecycle management space. It has an extensive service

network across the country and provides end to end support services with over 200 authorized service centers. It has strong relationships with leading smart phone makers and consumer durable companies with over 2 million repairs annually.

- DigiCare generated a revenue of ₹ 191 crore in FY2017 with a work force of over 1,400 professionals.
- 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.

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.

Strengthening of Management Bandwidth and Human Capital

Qess is one of the largest private sector employers in the country with an employee strength of over 261,700. Qess has institutionalised group level policies introducing good governance, including whistleblower policies and anti-sexual harassment policies. In addition, each business segment has implemented specific operational policies to meet the specific requirements of the said businesses. With increased scale of operation, it is essential to strengthen the management to help navigate the company towards its goal. Keeping this in mind, the Company has expanded its management bandwidth by onboarding several key leaders during the year. The key new leaders who joined the company are as follows:

1. The Board of Directors of Qess Corp elevated **Mr. Subrata Kumar Nag** to the position of Chief Executive Officer and Executive Director of the Company w.e.f. 24 January, 2018 in recognition of his decade long outstanding service at Qess.
2. The Board appointed **Mr. Manoj Jain** as the Chief Financial Officer of the Company w.e.f. 24 January, 2018. Mr. Jain is a qualified Chartered Accountant with over 25 years of professional experience. He is a strong believer in Lean & Kaizen techniques which has helped him become a strong Techno-Commercial leader, delivering measurable results in financial management and operations optimization.
3. The Company appointed **Mr. Pinaki Kar** as the President of Technology Solutions segment. This appointment fortifies Qess' aim at boosting the company's global expansion plans and to emerge as a leader in the Technology Solutions business. Mr Kar will spearhead IT services, IT Staffing, Customer Lifecycle Management and Business Process Management business in all geographies. Prior to joining Qess, Mr. Kar has had an exemplary track record of driving

growth in Global Technology Services. In his last assignment with Zensar Technologies, Mr. Kar was the President & Chief Executive of Infrastructure Management & Cloud Solutions.

4. **Mr. Abhijeet Mukherjee** was appointed as the President of Internet Business which includes the recently acquired e-recruitment platform, Monster.com, APAC. This appointment is in line with the digitization efforts of Quess as it continues to leverage the latest technology to provide simplified solutions to its clients. As part of this role, Abhijeet will be responsible for strategizing and spearheading the overall internet operations of the company. Mr. Mukherjee has cross - functional experience in domains such as Sales & Distribution, Marketing, Customer Service, TQM Consultancy, General Management, Franchise Management, Strategic Management and overall P&L responsibilities in reputed organizations such as Hindustan Unilever, Coca-Cola, Eicher, The General Electric Company and Aircel.
5. **Mr. Neeraj Tandon** joined Quess as the CEO of Conneqt Business Solutions. Mr. Tandon will spearhead sales across all geographies with a revived 'go-to market' strategy to meet the evolving needs of the clients. Prior to joining Conneqt, Mr. Tandon has held leadership positions in the Technology & Outsourcing space across reputed organizations such as HCL, IBM and a disruptive FinTech startup. As part of the founding management team of HCL's BPO business, he led business development in US, Europe, APAC and Delivery and Practice business units.
6. **Mr. Ravi Tennety** joined as the new CEO of the Excelus business. Mr. Tennety comes with more than 25 years of experience across various industries including manufacturing, retail, internet and telecommunications. Prior to joining Quess, Mr. Tennety was the Chief Operating Officer for Tata Teleservices Consumer Business, handling the circles of MP, Chhattisgarh and Gujarat where he was responsible for ₹1200 crore revenue business and managing a 500 member team in the B2C space.

6. Risk Management

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

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. The Risk Management policy, as approved by the Board, is available on the website of the Company at:

http://quesscorp.com/investor/corporate_governance.php.

7. Internal Control System 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, prevention and detection of 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 monitor and evaluate the efficacy and adequacy of the 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 actions were undertaken, thereby strengthened controls. Significant audit observations and an action plan were presented to the Audit Committee of the Board on a quarterly basis.

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Board's Report

To the Members,

Your Board of Directors have pleasure in presenting their Eleventh (11th) Annual Report on the business and operations of the Company together with the audited financial statements (standalone and consolidated) for the financial year ended 31 March, 2018.

1. Financial Results

| Particulars (in ₹ crores) | Consolidated | | Standalone | |
|--|-----------------|-----------------|----------------|-----------------|
| | FY 2018 | FY 2017 | FY 2018 | FY 2017 |
| Revenue | 6,167.26 | 4,314.93 | 4410.81 | 3,442.93 |
| Less: Cost of material and stores and spare parts consumed | 142.22 | 71.38 | 123.06 | 58.34 |
| Less: Employee expenses | 5,079.32 | 3,633.95 | 3,643.02 | 2,945.97 |
| Less: Other expenses | 591.36 | 371.68 | 405.49 | 250.49 |
| EBITDA | 354.36 | 237.93 | 239.24 | 188.14 |
| <i>EBITDA Margin</i> | 5.75% | 5.51% | 5.42% | 5.46% |
| Add: Other Income | 56.92 | 15.42 | 46.30 | 16.21 |
| Less: Finance Costs | 75.45 | 47.86 | 46.21 | 38.91 |
| Less: Depreciation and Amortisation Expense | 74.74 | 33.30 | 35.31 | 21.79 |
| Add: Share of Profits in Associates | 0.36 | 0.12 | - | - |
| Profit Before Tax | 261.46 | 172.31 | 204.02 | 143.65 |
| <i>Profit Before Tax Margin</i> | 4.24% | 3.99% | 4.63% | 4.17% |
| Less: Tax Expense | (48.31) | 50.44 | (55.24) | 48.86 |
| Profit After Tax | 309.76 | 121.88 | 259.26 | 94.79 |
| <i>Profit After Tax Margin</i> | 5.02% | 2.82% | 5.88% | 2.75% |
| Add: Other Comprehensive Income/ (Losses) | (3.86) | (5.28) | (3.54) | (2.01) |
| Total comprehensive income for the year | 305.90 | 116.60 | 255.72 | 92.78 |
| Diluted EPS (in ₹) | 21.82 | 9.59 | 18.19 | 7.46 |

TRANSFER TO RESERVES

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

MATERIAL CHANGES

Material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report are as follows:

- On 11 April, 2018, acquired 100% in QDigi Services Limited, a mobile and consumer durable break-fix and repairs services Company.

- On 08 May, 2018, acquired 90% in Greenpiece Landscapes India Pvt. Ltd, a leading end-to-end design and landscaping services Company.
- On 17 May, 2018, approved further investment in the following Companies, through its wholly owned subsidiary Quess Corp Holdings Pte. Ltd., Singapore:
 - Additional 36% equity in Comtel Solutions Pte. Ltd., Singapore with an investment upto SGD 22 million (currently hold 64%) and
 - Additional 49% equity in Comtelpro Pte. Limited, Singapore with an investment upto SGD 0.5 million (currently holds 51%).

2. FINANCIAL PERFORMANCE AT A GLANCE

Quess completed its 10th consecutive year of growth in FY 2018.

Highlights of the year include:-

- Employee headcount as on 31 March, 2018 was ~261,700 compared to ~159,200 employees in the corresponding quarter of last year, registering a growth of 64%.
- Consolidated Revenue grew by 43% from ₹ 4,315 crore in FY 2017 to ₹ 6,167 crore in FY 2018.
- Consolidated EBITDA grew by 49% from ₹ 238 crore in FY 2017 to ₹ 354 crore in FY 2018. EBITDA Margin expanded by 23 bps from 5.51% in FY 2017 to 5.75% in FY 2018.
- Consolidated PAT grew by 154% YoY from ₹ 122 crore in FY 2017 to ₹ 310 crore in FY 2018. The consolidated PAT for FY 2018 includes the impact of accounting adjustments under Ind AS, such as Amortization of Customer Related Intangible Assets of ₹ 30 crore and Non-controlling interest Put Option of ₹ 9 crore (included in the Finance costs).
- PAT Margin expanded by 220 bps from 2.82% in FY 2017 to 5.02% in FY 2018.
- Diluted EPS was higher by 127% YoY at ₹ 21.8.
- Cash flow from operations stood at ₹ 109 crore in FY 2018.
- Company started availing the benefit of 80JJAA of the Income Tax Act, 1961 from FY 2018.

| Balance Sheet | Analysis: |
|--------------------------------|---------------------------------------|
| Leverage Metrics | |
| Debt: Equity | 0.41x 0.60x |
| Working Capital Metrics | |
| Billed Receivables DSO | 54 days 43 days |
| Return Metrics | |
| RoCE (pre-tax) | 13.79% (post IPP) 18.13% (post IPO) |
| RoE (post tax) | 16.45% (post IPP) 14.67% (post IPO) |
| Credit Rating | |
| Long Term | [ICRA]AA-(Positive) [ICRA]AA-(Stable) |
| Short Term | [ICRA]A1+ [ICRA]A1+ |

During the year, the Company continued to maintain a close focus on keeping leverage levels under control. The drop in RoCE is primarily due to the expansion of capital base as the Company raised ₹ 874 crore through an Institutional Placement Program (IPP) during the year. A part of the IPP proceed has been deployed across a number of acquisitions and investments during the year for which only the partial financial consolidation has been considered during the year.

The increase in receivable days is primarily due to the full consolidation of the year end receivables of the newly acquired entities in the balance sheet whereas the sales contribution has been considered only for a partial period of the year.

Fund Raising During FY 2018:

Institutional Placement Programme (IPP)

- During the financial year 2017-18, the Company has allotted 10,924,029 equity shares of ₹ 10/- each for an Issue Price of ₹ 800/- per equity share aggregating to ₹ 8,73.99 crores under Institutional Private Placement basis.

- The proceeds were utilized in line with the objects mentioned in the Prospectus.

Acquisitions during FY 2018:

Quess announced a number of acquisitions and investments in FY 2018 across segments from active telecom infrastructure management to customer lifecycle management. This is in line with its established track record of successful inorganic growth through strategic acquisitions to supplement business verticals, diversify revenue streams and integrate such acquired businesses to further strengthen the service portfolio.

a) Acquisitions

a.1) Vedang Cellular Services Private Limited (Vedang)

- On 25 October 2017, Quess entered into an agreement to acquire 70% equity in Vedang. Quess completed the acquisition for a consideration of ₹ 40 crores on 10 November, 2017.
- Vedang plans, designs and optimizes telecom cell sites and also installs active components on cellular towers and their O&M. It is one of the largest players in the telecom network operations and maintenance space with strong industry relations, superior service offerings and deep technical capabilities.
- Vedang generated a revenue of ₹ 78 crore with a PAT margin of 7.0% with a deployed headcount of 1,500 professionals in FY 2017.
- Vedang complements Quess' current capabilities in telecom network management in terms of diversified service offerings, wider geographical reach and customer base.

a.2) Conneqt Business Solutions (Conneqt) (formerly known as Tata Business Support Services Limited)

- On 20 November 2017, Quess entered into an agreement to acquire 51% stake in Conneqt which was earlier a subsidiary of Tata Sons Limited. Quess paid ₹ 153 crore cash consideration for the acquisition. The transaction was closed on 27 November 2017.
- Headquartered in Hyderabad, Conneqt is among India's premier Customer Experience (CX) management companies, with over ten years of sectoral expertise. The company serves diverse third-party clients across sectors like BFSI, Auto and Manufacturing, Telecom & Media, Retail and in other emerging industries, in India and abroad, with an employee strength of ~27,000 employees, handling ~500 million customer transactions every year, served through 29 delivery centres and over 470 field offices.
- Post-acquisition, the company is re-branded as 'Conneqt Business Solutions' to give it a distinct and unique corporate identity in the BPM sector.
- Conneqt reported a revenue of ₹ 661 crore with an EBITDA margin of 8.5 per cent in FY 2017.
- This acquisition gave Quess an entry into the promising area of Customer Lifecycle Management and also offers strong cross selling opportunities across our Technology Solutions and People Services business.

a.3) Manipal Integrated Services Private Limited (MIS)

- On 30 November, 2017, National Company Law Tribunal (NCLT) approved the scheme of merger of the facilities management business of Manipal Integrated Services into Qess Corp with effect from 01 December, 2016.
- Pursuant to NCLT approval, Qess issued 7,149,263 equity shares to equity shareholders of MIS as part of the remaining consideration.
- In addition to Manipal Group entities, MIS serves more than 150 clients with presence in Healthcare, Education and BFSI sectors. As on 31 March, 2018, MIS had headcount in excess of 17,500 associates.
- This strategic acquisition gave Qess a strong foothold in the rapidly growing healthcare and education Facility Management space and helped Qess become a leading integrated facility management provider in the country. As part of the aforesaid Demerger Scheme, Qess Corp Limited acquired the following two subsidiaries of the Transferor Company.

a.3.i) Golden Star Facilities and Services Private Limited ('GSFS')

a.3. ii) Master Staffing Solutions Private Limited ("MSS")

a.3.i). Golden Star Facilities and Services Private Limited ('GSFS')

- Qess acquired 60% equity in GSFS pursuant to the scheme of arrangement between Qess Corp Limited and Manipal Integrated Services Private Limited on November 30, 2017.
- GSFS is a Facilities Management company based out of Hyderabad. Established in March 2008, it provides housekeeping, electro-mechanical, pest control and production support services to over 200 clients in the states of Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Haryana, and also in cities viz., Noida, Mumbai and New Delhi.
- Qess further acquired additional 10% equity in GSFS, for a consideration of ₹ 5 Crores on February 8, 2018.

a.3. ii) Master Staffing Solutions Private Limited ("MSS")

- Qess acquired 100% equity in MSS as part of the Scheme of arrangement between Manipal Integrated Services Private Limited and Qess Corp Limited on November 30, 2017.
- MSS was incorporated as the recruitment engine for the Manipal Group and is currently engaged in Mobilization, Training and Deployment of human resources for MIS. It has Training and fulfillment centres in Karnataka, Andhra Pradesh, Telangana, Rajasthan and Delhi/NCR.

a.4) Trimax Smart Infraprojects Private Limited ("Trimax")

- Qess and Trimax entered into a Joint-Venture agreement on 25 October, 2017 to implement smart city project in Ahmedabad. Qess completed acquisition of 51% equity in Trimax for a consideration of ₹ 0. 51 Lakhs on 15 December, 2017. Investment in Trimax helped Qess gaining relevant experience and qualification for future smart city projects.

a.5) Monster India and its business in South East Asia and the Middle East ("Monster")

- On 31 January 2018, Qess announced to acquire 100% stake in Monster India and its business in South East Asia and the Middle East for a cash consideration of USD 14 million on a debt-free cash-free basis. The transaction was closed on 08 February, 2018.
- Monster, a leading 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. Monster, a 20+ year old marquee internet brand provides the widest and most sophisticated job seeking, career management, recruitment and talent management capabilities globally.
- The acquired business has operations across India, Singapore, Malaysia, Philippines, Hong Kong, Vietnam, Thailand, Indonesia, UAE and Kingdom of Saudi Arabia. With ~68 million registered users, over 86 million resumes and with ~770,000 monthly new registrations, the company is amongst the market leaders in the online recruitment space across each of its operating geographies.
- The acquired business had generated a revenue of USD 26 million in CY 2016 with over 600 professionals.
- In addition to owning a high-recall brand in the HR space, this acquisition complements Qess's market leading presence in the HR services space by establishing end-to-end offerings across the Employee Lifecycle Management space.

a.6) Greenpiece Landscapes India Private Limited ("Greenpiece")

- On 24 January 2018, Qess announced to acquire 90% stake in Greenpiece Landscapes India Private Limited for a cash consideration upto ₹ 26 crore. This consideration was subject to adjustments based on future performance of the company. The transaction was closed on 08 May, 2018.
- Greenpiece is a leading end-to-end design and landscaping services firm catering to marquee corporate, industrial and real estate firms in India and abroad.
- Greenpiece generated a revenue of ₹33 crore with an EBITDA margin of 9.8% and a deployed headcount of 700 professionals in FY2017.
- Landscaping is an adjacency to Qess' Facility Management business and the acquisition further differentiated our offerings. Further, given the fragmented and informal nature of the industry, Qess brings in much-needed institutional approach to this segment.

a.7) DigiCare Services (QDigi Services)

- On 31 January 2018, Qess announced to acquire 100% stake in HCL Computing Products Limited which further acquired Care Business of HCL Services Limited, a subsidiary of HCL Infosystems Limited. The consideration was ₹ 30 crore (on a debt-free cash-free basis) via a combination of primary and secondary pay-outs. The transaction was closed on 11 April, 2018.

- Post-acquisition, the acquired business has been re-branded as 'DigiCare' to give it a distinct and unique corporate identity in the Consumer Services space.
- DigiCare is one of the leading after-sales service providers for product categories such as mobile phones, consumer electronics and consumer durables in the customer lifecycle management space. It has an extensive service network across the country and provides end to end support services with over 200 authorized service centers. It has strong relationships with leading smart phone makers and consumer durable companies with over 2 million repairs annually.
- DigiCare generated a revenue of ₹ 191 crore in FY2017 with a work force of over 1,400 professionals.
- The acquisition gave Qness 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.

b) Investments

b.1) Simpliance Technologies Private Limited ("Simpliance"):

- Qness entered into an agreement to acquire 45% stake in Simpliance on 19 October, 2016 for a primary investment of ₹ 2.50 crores. As on 31 March, 2018 Qness holds 45% equity stake in Simpliance.
- The investment in Simpliance is a play on digital India. The Simpliance platform enhances Qness' core offerings in labour law compliance, adding a strong layer of automation to the compliance management function.

b.2) Heptagon Technologies Private Limited ("Heptagon"):

- Qness agreed to acquire 26% equity in Heptagon on 23 January, 2017 for a sum of ₹ 5.50 crores as subscription to fresh equity shares of Heptagon. Qness further agreed on 16 May, 2017 to make a further primary equity investment of ₹ 4.27 crore in Heptagon to increase stake upto 46%. As on 31 March, 2018 Qness holds 46% equity stake in Heptagon.
- Heptagon is engaged in niche software development and working with machine learning, automation and mobile technologies. The investment in Heptagon is part of the digitization effort being implemented across Qness. The products being developed at Heptagon are part of the digital roadmap laid out for each of the businesses of Qness.

Details of Subsidiaries and Associates

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

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

3. DIVIDEND

The Board of Directors has decided not to recommend any dividend for the financial year under review. Going forward, the dividend, if any, will be declared as per Dividend Distribution

policy and depend on a number of factors, including but not limited to the Company's profits, capital requirements, overall financial condition, contractual restrictions and other factors considered relevant by the Board.

The Dividend Distribution Policy as duly approved by the Board of Directors of the Company is available on the Company's website at : http://qnesscorp.com/investor/corporate_governance.php.

4. SHARE CAPITAL

- The Company's paid-up Equity Share Capital as on 31 March, 2018 was ₹ 145.48 crore as compared to ₹ 126.79 crore in the previous year. The increase in share capital is due to the issue of equity shares during the year; as mentioned below:
- 10,924,029 Equity Shares of ₹ 10/- each as part of the Company's IPP;
- 619,925 Equity Shares of ₹ 10/- each to employees pursuant to Qness Corp Employees' Stock Option Scheme 2009 (Amended); and
- 7,149,263 Equity Shares of ₹ 10/- each to shareholders of Manipal Integrated Services Private Limited ("MIS") under the scheme of arrangement amongst the Company, shareholders of MIS and creditors.
- The Company has neither issued shares with differential rights nor issued sweat equity shares to the employees or Directors of the Company, under any Scheme.
- As on 31 March, 2018, none of the Directors of the Company hold shares in the Company except Mr Ajit Isaac, Mr Subrata Nag, Mr. Pravir Vohra and Ms. Revathy Ashok who holds 1,75,85,960 Equity Shares, 55,128 Equity Shares, 1,000 Equity Shares and 150 Equity Shares of the Company respectively

5. FINANCIAL LIQUIDITY

Cash and cash equivalents including other bank balances as at 31 March, 2018 was ₹ 836.51 crore (Previous year ₹ 462.60 crores).

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

6. CREDIT RATING

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations. ICRA, a reputed Rating Agency, has reaffirmed the long-term rating of [ICRA]AA-(pronounced ICRA double A minus) outstanding on the ₹ 500 crore long-term fund based facilities and ₹ 150 crore NCD programme of Qness Corp Limited. The outlook on the long term rating has been changed to Positive from Stable. ICRA has also reaffirmed the short-term rating of [ICRA]A1+ (pronounced ICRA A One plus) outstanding on the ₹ 8 crore short-term fund based facilities, ₹ 200 crore (enhanced from ₹ 30 crore) commercial paper programme and ₹ 23 crore (enhanced from ₹ 22 crore) short-term non fund based facilities of Qness Corp Ltd.

7. DEPOSITS

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

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors Retiring by Rotation

In terms of Section 152 of the CA 2013, Mr. Subrata Kumar Nag, who has been longest in the office, is due to retire by rotation at the ensuing Annual General Meeting ("AGM") and, being eligible, seeks re-appointment. The Board recommends his reappointment in the forthcoming AGM of the Company.

Declaration of Independence

The Company has received declaration from each Independent Director of the Company confirming that he / she meets the criteria of independence as prescribed under Section 149 of the CA, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

Board evaluation

The nomination and remuneration committee ("NRC") conducted Board evaluation for the year under review. The evaluation of all the directors, committees, Chairman of the Board and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation parameters and the process have been explained in the Corporate Governance report. The outcome of the Board evaluation for FY 2018 was discussed by the NRC and the Board meetings.

Key Managerial Personnel

During the year under review,

- Mr. Manoj Jain was appointed as the Chief Financial Officer of the Company on 24 January, 2018.
- Mr. Subrata Kumar Nag who was the Executive & Whole-time Director and Chief Financial Officer of the Company was appointed as the Executive Director and Chief Executive Officer of the Company on 24 January, 2018 for a period of five years, subject to approval of shareholders.
- Mr. Ajit Isaac was re-appointed as the Chairman & Managing Director of the Company on 24 January, 2018 for a period of five years, subject to approval of shareholders.
- Mr. Ajit Isaac, Chairman & Managing Director, Mr. Subrata Kumar Nag, Executive Director & CEO, Mr. Manoj Jain, CFO and Mr. Sudershan Pallap, Company Secretary of the Company, are the Key Managerial Personnel (KMP) as per the provisions of section 203 of the CA 2013.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the accounts for the year ended 31 March, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
2. The Directors have selected such accounting policies, 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 31 March, 2018 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.

10. RELATED PARTY TRANSACTIONS

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

Details of the related party transactions, which are exempted according to a proviso to Section 188 of the CA 2013, during FY 18 are disclosed in the financial statements.

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

11. 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 recommendation of the "NRC", approved the Policy for Selection and Appointment of Directors.

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

12. AUDITORS

(a) Statutory Auditors

Under Section 139 of the CA 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section.

In line with the requirements of CA 2013, the existing Statutory Auditors, B S R & Associates LLP, Chartered Accountants (Registration No.116231W/W-100024), who have completed the maximum term permitted under section 139 of CA 2013, will retire at the ensuing Eleventh Annual General Meeting.

The Audit Committee and the Board of Directors of the Company recommended the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.117366 W/W 100018) ("Deloitte") as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of 11th AGM of the Company scheduled to be held on 26 July, 2018, till the conclusion of 16th AGM of the Company to be held in 2023, subject to the approval of the Shareholders of the Company at the ensuing 11th AGM.

Deloitte has confirmed the Company that their appointment, if made, would be within the limits prescribed under Section 141 of the CA 2013, and have also confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ('ICAI') and holds valid certificates issued by the Peer Review Board of the ICAI. Deloitte has also furnished a declaration in terms of Section 141 of the CA 2013 that they are eligible to be appointed as statutory auditors and that they have not incurred any disqualification stated under the CA 2013.

The Board of Directors placed on record its appreciation for the services rendered by B S R & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company.

The Auditors report for FY 2018 does not contain any qualification, reservation or adverse remark, save and except disclaimer made by them in discharge of their professional obligation. The Auditors report is enclosed with the financial statements in this Annual report.

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the CA 2013, the Board has appointed SNM & Associates, Company Secretaries as its Secretarial Auditors, to conduct the secretarial audit of the Company for FY 2018.

The Secretarial Auditor's report for FY 2018 does not contain any qualification, reservation or adverse remark, save and except disclaimer made by them in discharge of their professional obligation. The Secretarial Auditor's report is annexed herewith as Annexure - I.

13. DETAILS OF FRAUDS REPORTED BY THE STATUTORY AUDITORS

During the year under review, the Statutory Auditors of the Company have not reported any fraud as required under Section 143(12) of the CA 2013.

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

The information pertaining to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under section 134 (3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is furnished herein.

Your Company strives to conserve energy on a perpetual basis. Your Company has procured various energy saving devices and systems, which help in conserving energy. Your Company has reduced excessive illumination levels in all common areas by using switching or delamping and aggressively controlled lighting with new sensor technologies. Apart from this, your Company has installed LED lighting in common areas and other places wherever possible. Efforts were made to ensure optimum usage of air conditioners throughout its premises. The Company however, uses information technology extensively in its operations.

During the year under review, the Company's earning and outgo in foreign exchange earning was ₹ 14.60 crore and ₹ 0.46 crore on standalone basis.

15. RISK MANAGEMENT POLICY

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

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

16. INTERNAL CONTROL SYSTEMS AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of your Company is responsible for establishing and maintaining adequate financial controls as per the provisions of section 134 of the Companies Act, 2013. The Board 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 strengthen the controls. Significant audit observations and action plan were presented to the Audit Committee of the Board on quarterly basis.

17. 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 Care Works 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 Companies Act 2013.

In compliance with Section 135 of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee). The Board has adopted the CSR Policy, as formulated and recommended by the CSR Committee, and is available on Company's website at: http://quesscorp.com/investor/corporate_governance.php.

Pursuant to the provisions of section 135 of the Companies Act, 2013 & Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, read with various clarifications issued by Ministry of Corporate Affairs, the Company has undertaken activities as per the CSR Policy and details are contained in the Annual Report on the CSR Activities as provided under Annexure II.

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

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

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

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Company seeks to ensure that all such complaints are resolved within defined timelines. During FY 2018, the Company has received Nil complaints, as on 31 March, 2018. The Company has conducted 4 (four) workshops/ awareness programs and Online sessions scattering to 3025 employees on prevention of sexual harassment.

20. VIGIL MECHANISM

The Company has established a vigil mechanism and formulated a Whistle Blower Policy as per the provisions of section 177 of the Companies Act, 2013 and in line with Regulation 22 of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015. The Policy provides the framework and processes through which the employees can express their genuine concerns. It also provides adequate safeguards against victimization of employees against any kind of discrimination, harassment or any unfair practice being adopted against them. The Policy is also available on the Company's website at http://quesscorp.com/investor/dist/images/pdf/Policies/Quess_%20Whistleblowers_Policy.pdf.

21. MANAGEMENT DISCUSSION & ANALYSIS

In terms of Regulation 34 of SEBI (LODR) Regulations, 2015, the Management Discussion & Analysis report is provided separately in this Annual Report.

22. CORPORATE GOVERNANCE

The Company has adopted best corporate practices, and is committed to conducting its business in accordance with the applicable laws, rules and regulations. The Company follows the highest standards of business ethics. A report on Corporate Governance is provided separately in this Annual Report together with a certificate from the Practising Company Secretary confirming compliance, as per SEBI (LODR) Regulations, 2015.

No. of meetings of the Board

The meeting details are provided in the Corporate Governance Report that forms part of the Annual Report.

23. BUSINESS RESPONSIBILITY REPORT

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

24. EMPLOYEE STOCK OPTION PLAN (ESOP) AN 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, has been annexed as Annexure – IV.

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 the Annual Return as at March 31, 2018 in form MGT 9 has been annexed as Annexure – V.

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

27. PARTICULARS OF EMPLOYEES

Disclosure with respect to the remuneration and other details as required under Section 197(12) of the CA 2013, and the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended is annexed as Annexure VI, which forming part of this Report.

Statement containing particulars 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 the statement containing particulars of employees. The copy of the said statement is available at the registered office of the Company during the business hours on any working day excluding Saturdays, Sundays and Public Holidays upto the date of the AGM. Any shareholder interested in obtaining such details may write to the Company Secretary of the Company.

28. ACKNOWLEDGEMENTS

The Board places on record, its deep sense of appreciation to all of Quess' employees and the Company's stakeholders. The Board also place on record their sincere thanks to our clients, partners, vendors, bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company during the year under review. Your Directors also acknowledge the grateful support and confidence of the shareholders reposed in the Company and look forward the same in the future.

For Quess Corp Limited

Sd/-
Place: Bengaluru
Date: 17 May, 2018

Ajit Isaac
Chairman & Managing Director

Annexure- I

Form MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[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,

Bangalore- 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, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance -mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "Quess Corp Limited" for the financial year ended on March 31, 2018 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 to the extent of overseas
- (vi) Labour Laws as applicable and the rules and regulations made thereunder:
- (vii) Tax Laws as applicable and the rules and regulations made thereunder;

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

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

I report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors and is in compliance with Regulation 17(1)(a) of SEBI (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 9 (Nine) times during the year on 04.04.2017, 16.05.2017, 21.07.2017, 08.08.2017, 17.08.2017, 25.10.2017, 20.11.2017, 27.12.2017 and 24.01.2018. 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 Board and its 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance with certain exceptions, which were approved by the Board. 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. Oral consent was recorded in the minutes of the concerned meetings. The Company is in compliance with Regulation 29 of SEBI LODR w.r.t. prior intimation of Board Meetings wherever applicable.

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

2. The annual general meeting for the financial year ending on 31st March 2017 was held on July 21, 2017 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.

One NCLT convened Shareholders meeting was held on September 05, 2017 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.

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
- Capital Raising Committee*

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

The Capital Raising Committee was constituted on May 16, 2017.

4. In accordance with Schedule IV of the Act, an exclusive meeting of Independent Directors was held without the presence of Non-independent Directors & members of management, on May 16, 2017, at which all Independent Directors were present.
5. The Company has duly filed all forms and returns with the Registrar of Companies, and other statutory bodies as applicable from time to time within the time prescribed under the Act and the rules made there under and with additional fees 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.
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.
 - As explained by the RTA, all the grievances of shareholders have majorly been attended to during the period under review.
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 2016-17 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, 2017 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.

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

Telephone no. (022) 2596 3838

- 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. The Inter-State Migrant Workmen (Regulation Of Employment And Conditions Of Service) Act, 1979

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

- The registers as required to be maintained under the Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act and Payment of Gratuity Act were not provided to us for review.

13. For compliances under various tax laws I have relied on the reports submitted by the Internal Auditors and the Statutory Auditors of the Company. As per the reports provided the Company is in compliance under the various tax laws and the corresponding rules, regulations and guidelines as applicable to the company.
14. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Place: Bengaluru
Date: May 17, 2018

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 17, 2018

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

Annexure - II

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

During FY 2017-18, 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 <ul style="list-style-type: none"> a. School Environment: Sanitation (renovation & maintenance of school toilets) renovation of school building b. Classroom environment : Setting up library, computer lab, science lab to promote learning in the school c. Health Intervention: General health checkup, eye screening & dental screening and treatment, School Mental health Program d. Stakeholder Involvement : Strengthening school development & management committees, student parliament & parent-teacher association e. Academic support program includes life skill education, scholarships. and education kit f. Teacher Mentoring program includes Computer applications and spoken english. |
| 2. | Indian Institute for Human Settlements | Education & Research: To meet the expenses incurred by two fellow students enrolled in Urban Fellow Ship Programme (UFP), 2017-18 a teaching programme. |
| 3. | Bhai Prem Foundation | Education: Assistance in Mobilization educational awareness programs for Central Government Skill Development Programmes. |
| 4. | Sri Ranganatha Swamy Bhovi Educational Association | Education: Education facilities to SC/ST students in Bangalore |

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. The CSR policy is available on the web link : http://quesscorp.com/investor/dist/images/pdf/Policies/CSR_Policy.pdf |
| 2 | The Composition of the CSR Committee. | Ms. Revathy Ashok, Chairperson Mr. Ajit Isaac Mr. Pravir Kumar Vohra |
| 3 | Average net profit of the company for last three financial years. | Rs.120.01 Crores |
| 4 | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | Rs.2.40 Crores |
| 5 | Details of CSR sanctioned & spent during the financial year: | |
| a) | Total amount to be spent for the financial year; | a) Rs. 2.49 Crores |
| b) | Amount unspent, if any | b) Nil |
| 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. | -N.A.- |

Table A

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------------|------------------------------------|--|--|---|--|---|--|
| S. No. | CSR Project or Activity Identified | Sector in which the Project is covered | Projects or programs (1) Local area or others (2) Specify the State and District where projects or programs were undertaken. | Amount Outlay (Budget) Project or Program wise | Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads | Cumulative Expenditure upto the reporting period i.e. FY 2017- 2018 | Amount Spent Direct or through Implementing Agency |
| 1 | School Environment | Education | Karnataka-Bangalore, Shivamogga District | 0.900 | 1.195 | 1.195 | Spent through Careworks Foundation |
| 2 | Classroom Environment | Education | Karnataka-Bangalore, Shivamogga District | 0.300 | 0.604* | 1.799 | Spent through Careworks Foundation |
| 3 | Health Initiative | Health | Karnataka-Bangalore | 0.010 | 0.004 | 1.803 | Spent through Careworks Foundation |
| 4 | Academic Support program | Education | Karnataka-Bangalore | 0.431 | 0.602 | 2.405 | Spent through Careworks Foundation |
| 5 | Donation to Other charitable trust | Health / Education | Karnataka-Bangalore, and Tamil Nadu - Chennai | 0.025 | 0.003 | 2.408 | Spent through Careworks Foundation |
| 6 | Academic Support Program | Education | Karnataka-Bangalore | 0.140 | 0.140 | 2.548 | Spent through Indian Institute for Human Settlements |
| 7 | Academic Support Program | Education | Haryana-Mohammadpur Jharsa, | 0.091 | 0.091 | 2.639 | Spent through Bhai Prem Foundation |
| 8 | Academic Support Program | Education | Karnataka-Bangalore | 0.025 | 0.025 | 2.664 | Spent Through Sri Ranganatha Swamy Bhovi Education |
| Total | | | | 1.923 | 2.664 | - | |

* Includes 0.18 Crores, of unspent Amount during the financial year 2016-17.

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

Date: May 17, 2018
Place: Bengaluru

Sd/-
Revathy Ashok
Chairperson, Corporate Social Responsibility

Annexure – III

Business Responsibility Report

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

Section A: General Information about the Company

| | |
|--|---|
| 1. Corporate Identity Number (CIN) of the Company | CIN L74140KA2007PLC043909 |
| 2. Name of the Company | QUESS CORP LIMITED |
| 3. Registered address | 3/3/2 Bellandur Gate, Sarjapur Road, Bengaluru - 560103, Karnataka, India |
| 4. Website | www.quessecorp.com ; |
| 5. E-mail id | investor@quessecorp.com |
| 6. Financial Year reported | April 1, 2017 to March 31, 2018 |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise) | i. Industrials ii. Facility Management iii. People Services iv. Technology Solutions v. Internet Business |
| 8. List three key products/services that the Company manufactures/provides (as in balance sheet) | 1. Industrial Asset Management services 2. Facility management and catering services 3. General Staffing and recruitment services 4. IT Staffing and IT solutions 5. Online job platform and digital compliance |
| 9. Total number of locations where business activity is undertaken by the Company | |
| i. Number of International Locations (Provide details of major 5) | http://quessecorp.com/Gmap/offices.php |
| ii. Number of National Locations | http://quessecorp.com/Gmap/offices.php |
| 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) | Rs. 145.48 Crores |
| 2. Total Turnover (INR) | Rs. 6167.26Crores (consolidated) |
| 3. Total profit after taxes (INR) | Rs. 309.76 Crores (consolidated) |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 2% of average net profits of the Company made during the three immediately preceding financial year. Refer to Annexure II of the Board's Report. |
| 5. List of activities in which expenditure in 4 above has been incurred:- | Refer to the Annexure II of the Board's 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 policy/policies | |
| | 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 Kumar 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 marginalised. |
| P5 | Businesses should respect and promote human rights. |
| P6 | Business should respect, protect, and make efforts to restore the environment. |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| P8 | Businesses should support inclusive growth and equitable development. |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

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

3. Governance related to BR

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

Section E: Principle-wise performance

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

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

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

| | |
|---|---|
| 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. | i. Industrial Asset Management services ii. Facility management and food services iii. General Staffing and recruitment services iv. IT Staffing and IT solutions v. Online job platform and digital compliance |
| 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? | Not applicable - |
| 3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. | Yes |
| 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | Yes, wherever possible. |

| | |
|--|------------------------|
| 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as \leftarrow 5%, 5-10%, \rightarrow 10%). Also, provide details thereof, in about 50 words or so. | Yes, wherever possible |
|--|------------------------|

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

| | |
|---|--|
| 1. Please indicate the Total number of employees. | Our global employee count stands at 261276 as on March 31, 2018 |
| 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis | 16,771 employees (includes employees of subsidiaries and associates) |
| 3. Please indicate the Number of permanent women employees. | The number of our global women employees is 8926 as on March 31, 2018. |
| 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"> Permanent Employees Permanent Women Employees Casual/Temporary/Contractual Employees Employees with Disabilities | All employees of the Company (Permanent men, Permanent women and Contractual employees) are being given skill upgradation 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 marginalised.

| | |
|--|---|
| 1. Has the company mapped its internal and external stakeholders? Yes/No | Yes |
| 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders | Yes |
| 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so. | Please refer to Annexure-II of the Board's 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 Qess 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; 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/ownfoundation/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- Amount in INR and the details of the projects undertaken. | Please refer to Annexure-II of the Board's 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 of the Board's Report |

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

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

Annexure-IV

Disclosure under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") for FY18.

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 45 of the financial statements for the year ended March 31, 2018, which is available on the website of the Company viz., www.quesscorp.com . |
| B | Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time, | The same has been appropriately disclosed in the statement of Profit and loss for the year ended March 31, 2018 mentioned in the Annual Report 2017-18, which is available on the website of the Company viz., www.quesscorp.com . |

II. Details related to Employee Stock Option Schemes

| | Particulars | ESOP 2009 | ESOP 2015 |
|-------|--|---|---|
| i. | Date of shareholders' approval | December 23, 2015 | December 23, 2015 and ratified on November 26, 2016 |
| ii. | Total number of options approved under the Scheme | 3,369,256 | 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. | |
| x. | Option movement | ESOP 2009 | ESOP 2015 |
| | Number of options outstanding at the beginning of FY18 | 1,891,920 | 1,900,000 |
| | Number of options granted during FY18 | - | 2,30,680 |
| | Number of options forfeited / lapsed during FY18 | - | 7,076 |
| | Number of options vested during FY18 | 1,891,920 | |
| | Number of options exercised during FY18 | 619,925 | - |

| | | | |
|--|--|--|-----------|
| | Number of shares arising as a result of exercise of options | 619,925 | - |
| | Money realized by exercise of options (Rs.), if scheme is implemented directly by the Company | 6,199,250 | - |
| | Number of options outstanding at the end of FY18 | 1,271,995 | 1,669,320 |
| | Number of options exercisable at the end of FY18 | 1,271,995 | 2,23,604 |
| | 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 45 to financial statements | |

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

| | 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 FY16 | - | - |
| 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 FY16 to estimate the fair value of options including the following information: a) The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends; the risk-free interest rate and any other inputs to the model b) The method used and the assumptions made to incorporate the effects of expected early exercise c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition | Please refer Note 45 to 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 45 to 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, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|--|
| i. | CIN | L74140KA2007PLC043909 |
| ii. | Registration Date | SEPTEMBER 19, 2007 |
| iii. | Name of the Company | QUESS CORP LIMITED |
| iv. | Category/ Sub-Category of the Company | Public listed company |
| v. | Address of the Registered Office and contact details | Registered Office: 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru – 560 103 Email: investor@quesscorp.com Website: www.quesscorp.com ; Phone No. 080-6105 6000 Fax No. 080-6105 6406 |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited 247 Park , C 101 1st Floor , LBS Marg, Vikhroli (W) , Mumbai – 400 083 Maharashtra, India Email: rnt.helpdesk@linkintime.co.in www.linkintime.co.in Tel: +91 22 49186000 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[*on consolidated basis] |
|---------|---|--|--|
| 1. | Human resource services | 898/ 7830 | 46.67% |
| 2. | Global technology solutions | 898/ 7830 | 30.29% |
| 3. | Integrated facility management, | 898/ 7830 | 16.66% |
| 4. | Industrial asset management | 898 /7830 | 6.00% |
| 5. | Internet business | 898/ 7830 | 0.38% |

*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 |
|----------------------------|--|-----------------------|--|------------------|--------------------|
| 1. | Thomas Cook (India) Limited | L63040MH1978PLC020717 | Holding Company till December 27, 2017 | 49.02% | Section2(87) |
| Indian Subsidiaries | | | | | |
| 2. | Aravon Services Private Limited; 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U93000KA2007FTC112828 | Subsidiary Company | 100% | Section2(87) |
| 3. | CentreQ Business Services Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U72200KA2016PTC097679 | Subsidiary Company | 100% | Section2(87) |

| S. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable Section |
|---------------------------------------|---|-----------------------|--------------------------------------|---|--------------------|
| 4. | Coachieve Solutions Private Limited; 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U72300KA2007PTC105727 | Subsidiary Company | 100% | Section2(87) |
| 5. | Dependo Logistics Solutions Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U63030KA2016PTC096361 | Subsidiary Company | 100% | Section2(87) |
| 6. | Excelus Learning Solutions Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U74999KA2016PTC097984 | Subsidiary Company | 100% | Section2(87) |
| 7. | Inticore VJP Advanced Systems Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U33112KA2016PTC086889 | Subsidiary Company | 74% | Section2(87) |
| 8. | MFX Infotech Private Limited; 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U72200KA2014PTC074949 | Subsidiary Company | 100% | Section2(87) |
| 9. | Vedang Cellular Services Private Limited 303, Evershine Mall Premises Co-Op Society Ltd ChincholiBunderRoad,Link Road, Malad (West) Mumbai Mumbai City Mh 400064 | U32309MH2010PTC201638 | Subsidiary Company | 70% | Section2(87) |
| 10. | Trimax Smart Infraprojects Private Limited 2nd & 3rd Flr, Universal Mill Building L.B.S. Marg, Mehra Estate Mumbai Mumbai City MH 400079 | U74999MH2017PTC297304 | Subsidiary Company | 51% | Section2(87) |
| 11. | Golden Star Facilities And Services Private Limited H.No.1-98/9/3/9 & 10,Plot No.25 & 26 Sy.No.71,Madhapur, Serilingampally Hyderabad Rangareddi TG 500081 | U93000TG2008PTC058162 | Subsidiary Company | 70% | Section2(87) |
| 12. | Master Staffing Solutions Private Limited B1 Tower, 3rd Floor, Golden Enclave Old Airport Road Bangalore KA 560017 | U93000KA2009PTC051492 | Subsidiary Company | 100% | Section2(87) |
| 13. | Monster.Com (India) Private Limited 8-2-293/82-A/1024 & 1024/1, Road No.45, Jubilee Hills, Hyderabad Hyderabad TG 500033 | U72200TG2000PTC035617 | Subsidiary Company | 100% | Section2(87) |
| Foreign subsidiaries | | | | | |
| 14. | Ikya Business Services Private Limited (under liquidation) 216, De Saram, Place, Colombo 10, Sri Lanka | P V 99076 | Subsidiary Company | 100% | Section2(87) |
| 15. | Quesscorp Holdings Pte. Ltd. 8 Temasek Boulevard, #32-01 Suntec Tower Three Singapore 038988 | 201526129N | Subsidiary Company | 100% | Section2(87) |
| 16. | Quess (Philippines) Corp 23/F, GT Tower International, 6813, Ayala Avenue, Makati City, Philippines | CS201305088 | Subsidiary Company | 100% | Section2(87) |
| 17. | Quess Corp (USA) Inc 3500 South Dupont Highway, Dover, DE 19901, U.S.A.. | 5435112 | Subsidiary Company | 64% | Section 2(87) |
| 18. | Quess Corp Vietnam Limited Liability Company 6F & 7F, Me Linh Point Tower,No.2 Ngo DucKe Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam | 0314944513 | Subsidiary Company | 100% | Section2(87) |
| Foreign step down subsidiaries | | | | | |
| 19. | Brainhunter Systems Limited 2 Sheppard Avenue East, Suite 2000, Toronto, ON M2N 5Y7, Canada | 2219707 | Foreign step down subsidiary | 49% Held By Quess India (51% By Quess USA) | Section2(87) |
| 20. | Brainhunter Companies LLC 22001 Route 46, Waterview Plaza, Suite 310, Parsippany, NJ USA 07054 | 0400536871 | Foreign step down subsidiary | 100% held by Brainhunter Systems Limited | Section2(87) |

| S. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable Section |
|--------|--|--|--------------------------------------|---|--------------------|
| 21. | Mindwire Systems Ltd 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) |
| 22. | Comtel Solutions Pte. Ltd., Singapore 10, Hoe Chiang Road, #15-02 Keppel Towers, Singapore, 089315 | 199801439D | Foreign step down subsidiary | 64% held by Quesscorp Holdings Pte. Ltd. | Section2(87) |
| 23. | Comtel Pro Pte. Limited 10, Hoe Chiang Road, #15-02 Keppel Towers, Singapore, 089315 | 201715683K | Foreign step down subsidiary | 100% held by Comtel Solutions Pte. Ltd | Section2(87) |
| 24. | MFExchange Holdings Inc 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 India | Section2(87) |
| 25. | MFExchange(USA), Inc. 5 Century Drive, Suite 200, Parsippany, New Jersey, 07054 | 2039987 | Foreign step down subsidiary | 100% held by MFExchange Holdings Inc. | Section2(87) |
| 26. | Quess Corp Lanka (Private) Limited, (formerly known as Randstad Lanka (Private) Limited) 7th Floor, BOC Merchant Tower, 28, St. Michael's Road, Colombo 03, Sri Lanka | PV 12225 | Foreign step down subsidiary | 100% held by Quesscorp Holdings Pte. Ltd. | Section2(87) |
| 27. | Quessglobal (Malaysia) Sdn. Bhd 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) |
| 28. | MFChile SpA Av. Vitacura 5250, Office 802, Vitacura, Santiago | C: 12939829 *ID: 1647043 *FR: 377683 | Foreign step down subsidiary | 100% is held by Mfxchange Holdings Inc | Section2(87) |
| 29. | Monster.com SG Pte Limited 100 beach road #27-10/13 Shaw Tower Singapore 189702 | 200004227N | Foreign step down subsidiary | 100% held by Quesscorp Holdings Pte. Ltd. | Section2(87) |
| 30. | Monster.com HK Limited 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) |
| 31 | Monster Malaysia Sdn Bhd A-25, Menara Allianz Sentral, 203 JalanTunSambanthan KL Sentral, 50470 Kuala Lumpur, Malaysia | 513480-X | Foreign step down subsidiary | 49% held by Quesscorp Holdings Pte. Ltd. & 51% held by Nominee of Quesscorp Holdings Pte. Ltd. (Malaysian National) | Section2(87) |

| S. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable Section |
|---------------------------|---|-----------------------|--------------------------------------|---|-----------------------|
| Indian Associates | | | | | |
| 32. | Simpliance Technologies Private Limited 2nd Floor, A S Chambers, No. 6, 80 Feet Road, Koramangala, Bangalore-560095. | U72200KA2016PTC092594 | Associate Company | 27% | Section2(6) |
| 33. | Terrier Security Services (India) Private Limited 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103. | U74920KA2009PTC049810 | Associate Company | 49% | Section2(6) |
| 34. | Heptagon Technologies Private LimitedNo.5, Indra Nagar, Nehru Nagar West, Kalapatti Road, Coimbatore Coimbatore TN 641035 | U72200TZ2015PTC021609 | Associate Company | 46% held by Quess Corp Limited | Section2(6) |
| Foreign Associates | | | | | |
| 36. | HIMMER Industrial Services (M) SDN. BHD. 17-11 Level 17 Q Sentral JalanStesenSentral 50470 Kuala Lumpur | 1185762-T | Associate Company (Foreign) | 49% held by Quesscorp Holdings Pte. Ltd. | Section2(6) |
| 37. | Quess Recruit Inc. 23/F, GT Tower International, 6813, Ayala Avenue, Makati City, Philippines | CS201700082 | Associate Company (Foreign) | 25% held by Quess (Philippines) Corp | Section2(6) |
| 38. | Agency Pekerjaan Quess Recruit Sdn. Bhd. Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur | 1265396-M | Associate Company (Foreign) | 49% held by Quessglobal (Malaysia) Sdn. Bhd. | Section2(6) |

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

(i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year (April 1, 2017) | | | | No. of Shares held at the end of the year (March 31, 2018) | | | | % Change during the year# |
|-----------------------------------|--|----------|--------------|-------------------|---|----------|--------------|-------------------|---------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / - | 1,85,85,960 | - | 1,85,85,960 | 14.66 | 1,75,85,960 | - | 1,75,85,960 | 12.09 | (2.57) |
| b) Central Government | - | - | - | - | - | - | - | - | - |
| c) State Government(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 7,88,23,496 | - | 7,88,23,496 | 62.17 | 7,13,23,496 | - | 7,13,23,496 | 49.02 | (13.15) |
| e) Banks/ Financial Institutions | - | - | - | - | - | - | - | - | - |
| f) Any Other.... Promoter Group | 1,53,65,824 | - | 1,53,65,824 | 12.12 | 1,53,65,824 | - | 1,53,65,824 | 10.56 | (1.56) |
| - Trusts | | | | | | | | | |
| Sub-total (A) (1):- | 11,27,75,280 | - | 11,27,75,280 | 88.95 | 10,42,75,280 | - | 10,42,75,280 | 71.67 | (17.28) |
| (2) Foreign | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2):- | - | - | - | - | - | - | - | - | - |
| B.Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 26,83,949 | - | 26,83,949 | 2.12 | 83,44,550 | - | 83,44,550 | 5.74 | 3.62 |
| b) Alternate Investment Funds | - | | - | - | 4,25,342 | | 4,25,342 | 0.29 | 0.29 |
| c) Foreign Portfolio Investors | 47,51,566 | - | 47,51,566 | 3.75 | 1,31,04,261 | - | 1,31,04,261 | 9.01 | 5.26 |
| d) Financial Institutions / Banks | 1,03,435 | - | 1,03,435 | 0.08 | 33,868 | - | 33,868 | 0.02 | 0.06 |
| Sub-total (B)(1):- | 75,38,950 | - | 75,38,950 | 5.95 | 2,19,08,021 | - | 2,19,08,021 | 15.06 | 9.11 |

| Category of Shareholders | No. of Shares held at the beginning of the year (April 1, 2017) | | | | No. of Shares held at the end of the year (March 31, 2018) | | | | % Change during the year# |
|---|--|----------|--------------|-------------------|---|----------|--------------|-------------------|---------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Central Government / State Government(s) / President of India | | | | | | | | | |
| Sub-total (B){2}:- | - | - | - | - | - | - | - | - | - |
| 3. Non-Institutions | | | | | | | | | |
| a) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 39,45,577 | 5 | 39,45,582 | 3.11 | 68,46,293 | 5 | 68,46,298 | 4.71 | 1.6 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 8,83,415 | 20,100 | 9,03,515 | 0.71 | 14,35,696 | 60,869 | 14,96,565 | 1.03 | 0.32 |
| b) Others (specify) | | | | | | | | | |
| 1. Trusts | 3,145 | - | 3,145 | 0.00 | 66,914 | - | 66,914 | 0.05 | 0.05 |
| 2. Non-resident Indians | 2,63,182 | - | 2,63,182 | 0.21 | 4,83,707 | - | 4,83,707 | 0.33 | 0.12 |
| 3. Clearing Members | 1,76,791 | - | 1,76,791 | 0.14 | 54,384 | - | 54,384 | 0.04 | (0.1) |
| 4. Bodies Corporate | 10,14,907 | - | 10,14,907 | 0.80 | 1,01,81,658 | - | 1,01,81,658 | 7.00 | 6.2 |
| 5. HUF | 1,69,609 | - | 1,69,609 | 0.13 | 171,351 | - | 171,351 | 0.12 | 0.01 |
| Sub-total (B){3}:- | 64,56,626 | 20,105 | 64,76,731 | 5.11 | 1,92,40,003 | 60,874 | 193,00,877 | 7.54 | 2.43 |
| Total Public Shareholding (B) = (B){1}+(B){2} + (B){3} | 1,39,95,576 | 20,105 | 1,40,15,681 | 11.05 | 4,11,48,024 | 60,874 | 4,12,08,898 | 28.33 | 17.28 |
| C. Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014) | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 12,67,70,856 | 20,105 | 12,67,90,961 | 100 | 14,54,23,304 | 60,874 | 14,54,84,178 | 100 | 100 |

Company issued equity shares under various ESOP Plans to employees during 2017-18.

(ii) Shareholding of Promoters

| S No. | Shareholder's Name | Shareholding at the beginning of the year(April 1, 2017) | | | Shareholding at the end of the Year(March 31, 2018) | | | % Change in Shareholding during the year |
|-------|---|--|----------------------------------|---|---|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1 | Ajit Isaac | 1,85,85,960 | 14.66 | Nil | 1,75,85,960 | 12.09 | Nil | (2.57) |
| 2 | Thomas Cook (India) Limited | 7,88,23,496 | 62.17 | Nil | 7,13,23,496 | 49.02 | Nil | (13.15) |
| 3 | Net Resources Investments Private Limited(Promoter Group) | 1,53,65,824 | 12.12 | Nil | 1,53,65,824 | 10.56 | Nil | (1.56) |

(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, 2017) | | Date# | Increase/ Decrease In shareholding | Reason | Cumulative shareholding during the year (01.04.2017 – 31.3.2018) | |
|-------|--|---|----------------------------------|------------|------------------------------------|----------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | Ajit Isaac | 1,85,85,960 | 14.66 | 24.11.2017 | (10,00,000) | Transfer | 1,75,85,960 | 12.09 |
| 2 | Thomas Cook (India) Limited | 7,88,23,496 | 62.17 | 24.11.2017 | (75,00,000) | Transfer | 7,13,23,496 | 49.02 |
| 3 | Net Resources Investments Private Limited (Promoter Group) | 1,53,65,824 | 12.12 | - | - | - | 1,53,65,824 | 10.56 |

Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Company

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) during 2017-2018

| 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. | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP | | | | |
| | At the Beginning of the year | 0 | | 0 | 0 |
| | Bought during the year | 31,76,341 | 2.18 | 31,76,341 | 2.18 |
| | Sold during the year | 3,83,731 | 0.26 | 3,83,731 | 0.26 |
| | At the end of the year | 27,92,610 | 1.92 | 27,92,610 | 1.92 |
| 2. | INDIA CAPITAL FUND LIMITED | | | | |
| | At the Beginning of the year | 12,22,495 | 0.84 | 12,22,495 | 0.84 |
| | Bought during the year | 8,73,520 | 0.60 | 8,73,520 | 0.60 |
| | Sold during the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 20,96,015 | 1.44 | 20,96,015 | 1.44 |
| 3. | ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE ADVANTAGE FUND | | | | |
| | At the Beginning of the year | 3,15,495 | 0.22 | 3,15,495 | 0.22 |
| | Bought during the year | 16,60,257 | 1.13 | 16,60,257 | 1.13 |
| | Sold during the year | 1,07,994 | 0.08 | 1,07,994 | 0.08 |
| | At the end of the year | 1,867,758 | 1.28 | 1,867,758 | 1.28 |
| 4. | STEADVIEW CAPITAL MAURITIUS LIMITED | | | | |
| | At the Beginning of the year | 9,11,217 | 0.62 | 9,11,217 | 0.62 |
| | Bought during the year | 8,31,367 | 0.57 | 8,31,367 | 0.57 |
| | Sold during the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 17,42,584 | 1.19 | 17,42,584 | 1.19 |
| 5. | MOTILAL OSWAL MOST FOCUSED MIDCAP 30 FUND | | | | |
| | At the Beginning of the year | 227,946 | 0.16 | 227,946 | 0.16 |
| | Bought during the year | 17,52,651 | 0.87 | 17,52,651 | 0.87 |
| | Sold during the year | 4,80,690 | | 4,80,690 | |
| | At the end of the year | 14,99,907 | 1.03 | 14,99,907 | 1.03 |
| 6. | MEMG FAMILY OFFICE LLP | | | | |
| | At the Beginning of the year | 0 | 0 | 0 | 0 |
| | Bought during the year | 14,34,621 | 0.9861 | 14,34,621 | 0.9861 |
| | Sold during the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 14,34,621 | 0.9861 | 14,34,621 | 0.9861 |
| 7. | AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND | | | | |
| | At the Beginning of the year | 19,24,120 | 1.32 | 19,24,120 | 1.32 |
| | Bought during the year | 10,96,661 | 0.24 | 10,96,661 | 0.24 |
| | Sold during the year | 17,90,132 | 0.72 | 17,90,132 | 0.72 |
| | At the end of the year | 12,30,649 | 0.84 | 12,30,649 | 0.84 |
| 8. | MALABAR INDIA FUND LIMITED | | | | |
| | At the Beginning of the year | 1,09,096 | 0.075 | 1,09,096 | 0.075 |
| | Bought during the year | 8,32,300 | 0.56 | 8,32,300 | 0.56 |
| | Sold during the year | - | - | - | - |
| | At the end of the year | 9,41,396 | 0.64 | 9,41,396 | 0.64 |
| 9. | VANECK FUNDS - EMERGING MARKETS FUND | | | | |
| | At the Beginning of the year | 0 | 0 | 0 | 0 |
| | Bought during the year | 8,70,000 | 0.59 | 8,70,000 | 0.59 |
| | Sold during the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 8,70,000 | 0.59 | 8,70,000 | 0.59 |
| 10. | THE GENESIS GROUP TRUST FOR EMPLOYEE BENEFIT PLANS | | | | |
| | At the Beginning of the year | 0 | 0 | 0 | 0 |
| | Bought during the year | 9,04,582 | 0.62 | 9,04,582 | 0.62 |
| | Sold during the year | 65,520 | 0.04 | 65,520 | 0.04 |
| | At the end of the year | 8,39,602 | 0.58 | 8,39,602 | 0.58 |

Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

(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, 2017) | | Date | Increase/ Decrease In shareholding | Reason | Cumulative shareholding during the year (01.04.2017 - 31.3.2018) | |
|--------|-----------------------|--------------------------------------|---|----------------------------------|------------|------------------------------------|----------------------------|--|----------------------------------|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1. | Ajit Isaac | Chairman, Managing Director & CEO | 1,85,85,960 | 14.66 | 23.11.2017 | (10,00,000) | Offer for sale | 1,75,85,960 | 12.09 |
| 2. | Subrata Kumar Nag | Executive, Whole time Director & CFO | 12,102 | 0.01 | 26.09.2017 | 83,026 | Shares allotted under ESOP | 55,128 | 0.03 |
| | | | | | 2-11-2017 | (5,316) | Market Sale | | |
| | | | | | 3-11-2017 | (2,261) | | | |
| | | | | | 7-11-2017 | (1,006) | | | |
| | | | | | 9-11-2017 | (8,18) | | | |
| | | | | | 10-11-2017 | (30,599) | | | |
| 3. | Pravir Kumar Vohra | Independent Director | 192 | 0 | 21-07-2017 | (192) | Market Sale | 1,000 | Negligible |
| | | | | | 15-02-2018 | 1,000 | Market Purchase | | |
| 4. | Revathy Ashok | Independent Director | 0 | 0 | 29-09-2017 | 150 | Market Purchase | 150 | Negligible |
| 5. | Amitabh Jaipuria | CEO – Services Division | 0 | 0 | 27-07-2017 | 190 | Market Purchase | 200 | Negligible |
| | | | | | 29-07-2017 | 10 | | | |
| 6. | Sudershan Pallap | Company Secretary | 1 | 0 | | 0 | | 1 | Negligible |

V. INDEBTEDNESS

A. Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. 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 | 53,356.15 | 92.15 | | 53,448.30 |
| | ii) Interest due but not paid | - | - | | - |
| | iii) Interest accrued but not due | 335.21 | | | 335.21 |
| | Total (i+ii+iii) | 53,691.36 | 92.15 | | 53,783.51 |
| 2 | Change in Indebtedness during the financial year | | | | |
| | • Addition (Only principal) | 19,363.90 | - | | 19,363.90 |
| | • Reduction (Only principal) | - | 44.57 | | 44.57 |
| | Net Change | 19,363.90 | 44.57 | | 19,408.47 |
| 3 | Indebtedness at the end 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 |
| | Total (i+ii+iii) | 72,970.11 | 47.57 | | 73,017.69 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In lakhs)

| S No. | Particulars of Remuneration | Chairman, Managing Director | Executive, Director&CEO# |
|-------|---|-----------------------------|--------------------------|
| | | Ajit Isaac | Subrata Nag |
| 1 | Gross salary | | |
| | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 187.40 | 119.49 |
| | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Options (*) | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - -as % profit -others, specify | - | - |
| 5 | Others, please specify Contribution to PF | - 0.22 | - 0.22 |
| | Total (A) | 187.62 | 119.71 |
| | Ceiling as per the CA 2013 | | 2,257.71 |

(#) Mr. Subrata Nag was appointed as Executive Director & CEO on January 24, 2018

Above remuneration excludes ESOP.

B. Remuneration to other Directors

(Rs. In Lakh)

| A | Name of the Independent Director | Pratip Chaudhuri | Pravir Kumar Vohra | Revathy Ashok | Sanjay Anandaram | Total |
|---|---|---------------------|--------------------|---------------|------------------|-----------------|
| 1 | Fee for attending Board/ committee meetings | 2.50 | 2.70 | 2.90 | 2.10 | 10.20 |
| 2 | Commission | 5.00 | 5.00 | 5.00 | 5.00 | 20.00 |
| 3 | Others, please specify | | | | | |
| | Total | 7.50 | 7.70 | 7.90 | 7.10 | 30.20 |
| | Total (A) | 7.50 | 7.70 | 7.90 | 7.10 | 30.20 |
| 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 | - | - | | | |
| | Total (B) | - | - | | | |
| | TOTAL (A)+(B) | | | | | 30.20 |
| | Total Managerial Remuneration | | | | | 30.20 |
| | Overall Ceiling as per the CA 2013 | | | | | 2,257.71 |

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

(Rs. In Lakhs)

| S. No. | Particulars of Remuneration | Manoj Jain (24.01.2018 to 31.03.2018) | Sudershan Pallap, Company Secretary | Total |
|--------|--|--|--|--------------|
| 1. | Gross salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 20.36 | 31.06 | 51.42 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.07 | 0.23 | 0.3 |
| | c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2. | Stock Options (1) | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | - | - | - |
| | - as % of profit | | | |
| | - others, specify | | | |
| 5. | Others, please specify | - | - | - |
| | Contribution to PF | 0.04 | 0.22 | 0.26 |
| | Leave encashment | | | |
| | Total | 20.47 | 31.51 | 51.98 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There are no penalties / punishment / compounding of offences for the year ending March 31, 2018

Annexure -VI

DETAILS OF RATIO OF REMUNERATION OF DIRECTOR

(Pursuant to section 197 (12) read with Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014)

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 | 57:1 |
| | | Subrata Kumar Nag | 47:1 |
| 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 | 13 |
| | | Subrata Kumar Nag | 15 |
| | | Manoj Pannalal Jain | Not Applicable, since appointed on January 24, 2018 |
| | | Sudershan Pallap | No change |
| 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 6.9% | |
| 4. | The number of permanent employees on the rolls of company; | 32,772 | |
| 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 2017-18 was 12.10% and the average increase in the remuneration of KMP was 8.8%. | |
| 6. | Affirmation that the remuneration is as per the remuneration policy of the Company | Yes | |

Report on Corporate Governance

Company's Philosophy on Code of Governance

Quess Corp Limited ("Quess" or "the Company") follows the highest standards of governance principles, in all its activities. The Company's philosophy envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations and its interaction with its stakeholders including shareholders, customers, vendors, employees, lenders, Government and the society. The Company's philosophy is built on fair and transparent governance and disclosure practices.

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

The Company has always believed in implementing corporate governance guidelines and practices that go beyond meeting the letter of the law and has comprehensively adopted practices mandated in the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulations, 2015) to fulfil its responsibility towards the stakeholders. These guidelines ensure that the Board of Directors ("the Board") will have the necessary authority to review and evaluate the operations as and when required. Further, these guidelines allow the Board to make decisions that are independent of the Management.

This report, along with the reports on Management Discussion and Analysis and Additional Shareholders Information, reports the Company's compliance with Regulation 34 and 53 of SEBI Regulations, 2015.

BOARD OF DIRECTORS

Composition and category of the Directors

As on March 31, 2018, the Company's Board comprised of eight (8) Directors, including four (4) Independent Directors, two (2) Non-Executive and two (2) Executive Directors including the Chairman. The composition of the Board is in conformity with Regulation 17 of SEBI Regulations, 2015, which stipulates that the Board should have an optimum combination of Executive and Non-executive Directors with at least one (1) woman director and at least fifty per cent (50%) of the Board should consist of Non-executive Directors. It further stipulates that if the chairperson of the board is an executive and promoter Director then at least one-half of the Board should comprise of Independent Directors.

During the year under review, the Board met nine (9) times on April 4, 2017, May 16, 2017, July 21, 2017, August 8, 2017, August 17, 2017, October 25, 2017, November 20, 2017, December 27, 2017 and January 24, 2018. The time gap between any two consecutive meetings did not exceed 120 (one hundred and twenty) days.

The names of the members of the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting ("AGM"), number of other Directorships and Committee membership(s)/ chairmanship(s) of each Director during the financial year under review are as under:

| Sl. No. | Name of Director | No. of meetings held | No. of meetings attended (including through electronic mode) | Whether attended last AGM | No. of other Directorships held including in this listed entity | No. of other Board Committee Member-ships | No. of Chairmanships of other Board Committees |
|---------|---------------------|----------------------|--|---------------------------|---|---|--|
| 1. | Ajit Isaac | 9 | 9 | Yes | 1 | 1 | 0 |
| 2. | Chandran Ratnaswami | 9 | 6 | - | 3 | 2 | 0 |
| 3. | Madhavan Menon | 9 | 4 | Yes | 2 | 2 | 1 |
| 4. | Pratip Chaudhuri | 9 | 9 | Yes | 4 | 4 | 2 |
| 5. | Pravir Kumar Vohra | 9 | 9 | Yes | 2 | 3 | 1 |
| 6. | Revathy Ashok | 9 | 9 | Yes | 4 | 5 | 3 |
| 7. | Sanjay Anandaram | 9 | 8 | Yes | 1 | 1 | 0 |
| 8. | Subrata Nag | 9 | 9 | Yes | 1 | 0 | 0 |

Notes:

- As per the disclosure received from the Directors, none of the directors of the Company holds membership in more than ten (10) committees or acted as Chairpersons of more than five (5) committees across all public limited companies in which they were Directors. For the purpose of reckoning the limit, Chairmanship/membership of the Audit Committee and the Stakeholders' Relationship Committee alone have been considered;
- None of the Directors held directorships in more than ten (10) public limited companies;
- None of the Directors is related to any Director or is a member of an extended family;
- None of the employees of the Company is related to any of the Directors;
- None of the Directors has any business relationship with the Company except Mr. Ajit Isaac;
- None of the Directors has received any loans or advances from the Company during the year.
- The above details excludes Directorships in Private Companies, Foreign Companies and Companies registered under section 8 of the Companies Act, 2013.

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. and Ms. Revathy Ashok, Independent Director holds 150 Equity shares in the Company.

Familiarization programme

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

All new Directors inducted into the Board are introduced to the Company through appropriate orientation sessions. Presentations are made by 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.

Independent Directors Meeting

The Independent Directors Meeting in accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and the Rules made thereunder and Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was held on May 16, 2017, without the presence of Non-Independent Directors and members of the management.

The Independent Directors have submitted declarations that they meet the criteria of Independence as per the provisions of the Companies Act, 2013 and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A statement in regard to this is annexed in the Board Report. Further, the Independent Directors have confirmed that they do not hold Directorship in more than 7(seven) listed companies in compliance to Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

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 LODR Regulations. All information, except critical unpublished price

sensitive information (which is circulated at a shorter notice than the period prescribed under Secretarial Standard on Meetings of the Board of Directors), is given to the Directors well in advance of the Board and the Committee meetings.

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

The Company in accordance with the provisions of Companies Act, 2013 and the Rules thereunder provides for the facility to the Directors to attend the Meetings of the Board through video conferencing mode except the meetings which are not permitted to be carried out by video conferencing.

The proceedings of each of the meetings of the Board and its Committees are captured in accordance with the provisions of the Companies Act, 2013 and the Companies (Meetings of the Board and its Powers) Rules, 2014.

Code of Conduct

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

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

II. Committees of the Board

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

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

a) Audit Committee

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

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

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

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

- (a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, re-appointment, 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 Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions; and
 - (vii) Qualifications and modified opinions in the draft audit report.
- (f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (g) Scrutiny of inter-corporate loans and investments;
- (h) Valuation of undertakings or assets of our Company, wherever it is necessary;
- (i) Evaluation of internal financial controls and risk management systems;
- (j) Approval or any subsequent modification of transactions of our Company with related parties;
- (k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice

and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (l) Approving or subsequently modifying transactions of the Company with related parties;
- (m) Establishing a vigil mechanism/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;
- (n) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- (o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (p) Discussion with internal auditors on any significant findings and follow up thereon;
- (q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (r) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (t) Approval of appointment of the chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging the function) after assessing the qualifications, experience and background, etc. of the candidate;
- (u) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee; and
- (v) Formulating, review and make recommendations to the Board to amend the Audit Committee charter, from time to time.

The powers of the Audit Committee include the following:

- (a) To investigate activity within its terms of reference;
- (b) To seek information from any 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 (5) times on April 4, 2017, May 16, 2017, July 21, 2017, October 25, 2017, and January 24, 2018. 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 | 5 | 5 |
| Chandran Ratnaswami | Non-Executive Director | Member | 5 | 4 |
| Pravir Kumar Vohra | Independent Director | Member | 5 | 5 |
| Revathy Ashok | Independent Director | Member | 5 | 5 |
| Sanjay Anandaram | Independent Director | Member | 5 | 4 |

The Chairman & Managing Director, Executive Director & Chief Executive Officer and Chief Financial Officer, , 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 acts as the Secretary

to the Audit Committee.

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

b) Nomination and Remuneration Committee

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

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

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

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

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity;
- d) Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- e) Analysing, monitoring and reviewing various human resource and compensation matters;
- f) Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- j) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
- (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.

During the year under review, the NRC Committee met two (2) times on May 16, 2017 and January 24, 2018. 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 | 2 | 2 |
| Chandran Ratnaswami | Non-Executive Director | Member | 2 | 2 |
| Pratip Chaudhuri | Independent Director | Member | 2 | 2 |

Performance evaluation of Board Members

The Act and SEBI (LODR) Regulations, 2015, stipulates the performance evaluation of the Directors including Chairperson, Board and its Committees. Considering the said provisions, 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 evaluations for the Directors and the Board were done through separate structured questionnaires, one each for Independent and Non-Executive Directors, Chairman & Managing Director, Executive Director & CEO, Board and the Committees of the Board. All the Directors were participative, interactive and communicative.

A separate exercise was carried out to evaluate the performance of all Directors including the Chairman of the Board, who were 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. The performance of the Chairman & Managing Director was evaluated on additional parameters such as strategy formulation and execution; financial performance; leadership; knowledge of the product, etc. The performance evaluation of each Independent Director was carried out by the entire Board, excluding the Independent Director concerned. The performance evaluation of the Non-Executive Directors was carried out by the Independent Directors.

Remuneration Policy

The NRC Committee determines and recommends to the Board the compensation payable to the Directors and Senior Executives of the Company.

The Remuneration Policy of the Company is based on the following criteria:

- Performance of the Company, its division and units
- Track Record, potential and individual performance
- External Competitive Environment
- Balance between the fixed and variable components.

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

Remuneration paid to the Directors for FY18

₹ in lakhs

| Name of the Director | Sitting Fees | Salary and Perquisites | Contribution to Provident and Other Funds | Performance Linked Incentive | Commission & Others# | Total |
|----------------------|--------------|------------------------|---|------------------------------|----------------------|--------|
| Ajit Isaac | | 129.15 | 0.22 | 58.25 | | 187.62 |
| Chandran Ratnaswami | | | | | | |
| Madhavan Menon | | | | | | |
| Pratip Chaudhuri | 2.50 | | | | 5.00 | 7.50 |
| Pravir Kumar Vohra | 2.70 | | | | 5.00 | 7.70 |
| Revathy Ashok | 2.90 | | | | 5.00 | 7.90 |
| Sanjay Anandaram | 2.10 | | | | 5.00 | 7.10 |
| Subrata Nag | | 83.09 | 0.22 | 36.40 | | 119.71 |

Commission to Independent Directors for the FY17 was paid during FY18.

During FY18, the Company has not advanced loans to any of its Directors.

c) Stakeholders' Relationship Committee

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

The SRC Committee comprises of the following three members:

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

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

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

During the year under review, the SRC Committee met on October 25, 2017. Details of the attendance are as given below:

Attendance record of the SRC Committee

| Name of the Member | Position | Status | No. of Meetings held | No. of Meetings Attended |
|--------------------|------------------------------|----------|----------------------|--------------------------|
| Madhavan Menon | Non-Executive Director | Chairman | 1 | 0 |
| Ajit Isaac | Chairman & Managing Director | Member | 1 | 1 |
| Revathy Ashok | Independent Director | Member | 1 | 1 |

Mr. Sudershan Pallap, the Company Secretary of the Company acts as the Compliance Officer of the Company.

Nature of complaints received and attended to during FY18

Details of queries and grievances received and attended to by the Company during FY18 are as given below:

| Nature of Complaint | Pending as on 1-Apr-17 | Received during 2017-18 | Answered during 2017-18 | Pending as on 31-Mar-18 |
|---|------------------------|-------------------------|-------------------------|-------------------------|
| 1. Transfer & Transmission of Shares / Duplicate Share certificates | 0 | 0 | 0 | 0 |
| 2. Non-receipt of Dividend | 0 | 0 | 0 | 0 |
| 3. Dematerialization / Rematerialization of shares | 0 | 0 | 0 | 0 |
| 4. Complaints related to IPO | 2 | 7 | 9 | 0 |

d) Corporate Social Responsibility Committee

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

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

1. Ms. Revathy Ashok ;Chairperson
2. Mr. Ajit Isaac
3. Mr. Pravir Kumar Vohra

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

- (i) The activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- (ii) Recommend the amount of expenditure to be incurred on the aforesaid activities; 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 Companies Act which are stated as hereunder:

During the year under review, the CSR Committee met two (2) times on May 16, 2017 and January 24, 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 | Chairman | 2 | 2 |
| Ajit Isaac | Chairman & Managing Director | Member | 2 | 1 |
| Pravir Kumar Vohra | Independent Director | Member | 2 | 2 |

The details of the CSR activities of the Company form part of the CSR section in the Annual Report. The CSR Policy has been placed on the website of the Company and can be accessed through the following link: http://quesscorp.com/investor/dist/images/pdf/Policies/CSR_Policy.pdf

Postal Ballot

There was no Postal Ballot conducted during the FY 18.

MEANS OF COMMUNICATION WITH SHAREHOLDERS

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

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

GENERAL BODY MEETINGS

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

| Financial Year | Category | Location of the meeting | Date & Time | Special Resolutions |
|----------------|----------|--|----------------------------|---------------------------------------|
| 2016-2017 | 10th 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 |
| 2015-16 | 9th AGM | Quess House at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103, Karnataka, India | 23.05.2016 & 02.00 P.M. | - |
| 2014-15 | 8th AGM | Quess House 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103, Karnataka | 26.06.2015 & 11.00 A.M. | - |

GENERAL SHAREHOLDER INFORMATION

| | | | | |
|----|--|---|--|---------------------------------|
| 1 | Date of Incorporation | : | September 19, 2007 | |
| 2 | Registration No./CIN No. | : | L74140KA2007PLC043909 | |
| 3. | Registered Office/Address for Correspondence | : | 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore 560103 | |
| 4. | Date, Time and Venue of 11th AGM | : | July 26, 2018 at 11.30 am at Spring Hall, Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka – 560 008 | |
| 5. | Book Closure Dates | : | July 23, 2018 to July 26, 2018 (both days inclusive) | |
| 6. | Dividend Payment Date | : | N.A. | |
| 7. | Financial Year | : | April 01, 2018 – March 31, 2019 | |
| 8. | Financial Calendar for 2018-19 (tentative and subject to change) | : | Financial reporting for the first quarter ending June 30, 2018 | 2nd week of August, 2018 |
| | | | Financial reporting for the second quarter ending September 30, 2018 | 2nd week of November, 2018 |
| | | | Financial reporting for the third quarter ending December 31, 2018 | 2nd week of February, 2019 |
| | | | Financial reporting for the year ending March 31, 2019 | Last week of May, 2019 |
| | | | Annual General Meeting for the Financial Year ending March 31, 2019 | On or before September 30, 2019 |
| 9. | Listing on Stock Exchanges: The shares of the company are listed on the following stock exchanges. | | | |
| | Bombay Stock Exchange Limited | : | Stock Code: 539978 | |
| | National Stock Exchange of India Limited | : | Stock Symbol: QUESS | |
| | ISIN Number of the Company | : | INE615P01015 | |

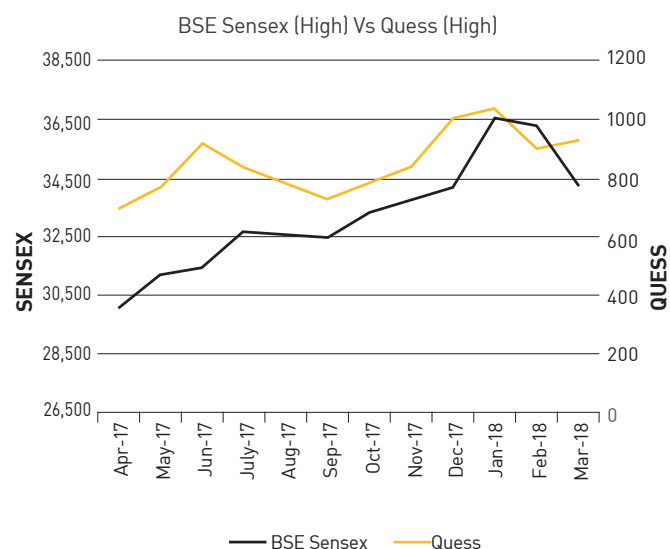
The Company has paid the Annual Listing Fee for the Financial Year 2018-19 to both the Stock Exchanges i.e., BSE & NSE.

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

High, lows and volumes of the Company's shares for FY18 at BSE and NSE

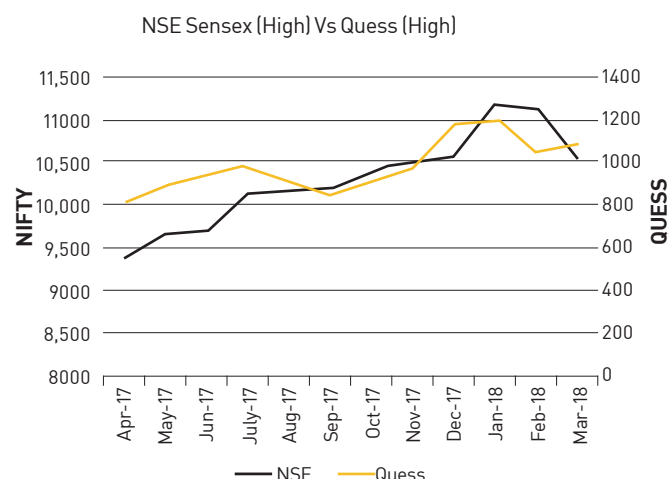
| Month | BSE | | NSE | |
|--------|----------|--------|---------|--------|
| | High | Low | High | Low |
| Apr 17 | 815.50 | 688.00 | 814.00 | 683.00 |
| May 17 | 900.00 | 750.00 | 899.00 | 769.60 |
| Jun 17 | 1,068.00 | 860.70 | 942.40 | 845.55 |
| Jul 17 | 970.00 | 864.00 | 970.00 | 861.00 |
| Aug 17 | 919.20 | 800.00 | 920.00 | 798.00 |
| Sep 17 | 855.00 | 783.90 | 852.85 | 791.15 |
| Oct 17 | 926.00 | 809.95 | 900.00 | 805.05 |
| Nov 17 | 977.80 | 799.00 | 975.00 | 795.00 |
| Dec 17 | 1,164.15 | 912.35 | 1164.95 | 909.85 |
| Jan 18 | 1,198.90 | 956.30 | 1194.90 | 947.85 |
| Feb 18 | 1,049.70 | 913.05 | 1040.00 | 914.65 |
| Mar 18 | 1,078.00 | 918.05 | 1077.50 | 915.65 |

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



Note: Quess share prices at the BSE and the BSE Sensex have been indexed to 100 as on the first working day of 2017-18

Quess' Share Performance on NSE versus Nifty



Note: Quess share prices at the NSE and the NSE S&P Nifty have been indexed to 100 as on the first working day of 2017-18

12. 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, Mahesh Masurkar | rnt.helpdesk@linkintime.co.in | Link Intime India Private Limited 247 Park , C 101 1st Floor , LBS Marg , Vikhroli (W) , Mumbai – 400 083 Maharashtra, India Tel: +91 22 49186270 Fax: +91 22 49186060 www.linkintime.co.in |

13. Share Transfer System

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

14. Distribution of shareholding as on March 31, 2018

| Category | No. of Cases | % of Cases | Total Shares | Amount | % of Amount |
|----------------|--------------|------------|---------------------|-----------------------|-------------|
| 1-5000 | 34386 | 93.3362 | 42,60,016 | 4,26,00,160 | 2.9282 |
| 5001- 10000 | 1322 | 3.5884 | 9,32,445 | 93,24,450 | 0.6409 |
| 10001- 20000 | 511 | 1.3870 | 7,31,231 | 73,12,310 | 0.5026 |
| 20001- 30000 | 162 | 0.4397 | 4,03,525 | 40,35,250 | 0.2774 |
| 30001- 40000 | 71 | 0.1927 | 2,51,564 | 25,15,640 | 0.1729 |
| 40001- 50000 | 60 | 0.1629 | 2,79,901 | 27,99,010 | 0.1924 |
| 50001- 100000 | 110 | 0.2986 | 7,97,557 | 79,75,570 | 0.5482 |
| 100001 & Above | 219 | 0.5944 | 13,78,27,939 | 1,37,82,79,390 | 94.7374 |
| TOTAL | 36841 | 100 | 14,54,84,178 | 1,45,48,41,780 | 100 |

15. Dematerialization of Shares and liquidity

As at March 31, 2018, approx.99.96% shares of the Company were held in dematerialized form.

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

Nil

17. Branch Offices

The Company and its group has branch offices across PAN India

18. Address for correspondence

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

| Contact | Email | Address |
|--|--|--|
| For Corporate Governance and Other Secretarial related matters | Mr. Sudershan Pallap Vice President & Company Secretary | investor@quesscorp.com The Company Secretary Quess Corp Limited Registered Office Address: 3/3/2, Bellandur Gate, Sarjapur Main Road Bengaluru – 560103 Phone No: 080-6105 6001 Fax No: 080-61056406 www.quesscorp.com |

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

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

OTHER DISCLOSURES

Materially significant related party transactions

No materially significant related party transactions that may have potential conflict with the interests of the Company at large were reported during FY18.

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 during the year under review.

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

Details of compliance with mandatory requirements

The Company has complied with the applicable mandatory requirements of Regulation 34 of SEBI LODR Regulations.

Adoption of non-mandatory requirements

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

Subsidiary Companies

The Board of Directors have formulated a policy for determining material subsidiaries pursuant to the provisions of the Listing Regulations. The same is posted on the Company's website at http://quesscorp.com/investor/dist/images/pdf/Policies/Policy_for_Determining_Material_Subsiary.pdf

Weblink where policy on dealing with related party transactions

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company at http://quesscorp.com/investor/dist/images/pdf/Policies/Policy_on_Criterial_for_determining_RPT.pdf

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

| Particulars | Regulation Number | Compliance status (Yes/ No/ NA) |
|---|-------------------------|---------------------------------|
| Board composition | 17(1) | Yes |
| Meeting of Board of directors | 17(2) | Yes |
| Review of Compliance Reports | 17(3) | Yes |
| Plans for orderly succession for appointments | 17(4) | Yes |
| Code of Conduct | 17(5) | Yes |
| Fees/compensation | 17(6) | Yes |
| Minimum Information | 17(7) | Yes |
| Compliance Certificate | 17(8) | Yes |
| Risk Assessment & Management | 17(9) | Yes |
| Performance Evaluation of Independent Directors | 17(10) | Yes |
| Composition of Audit Committee | 18(1) | Yes |
| Meeting of Audit Committee | 18(2) | Yes |
| Composition of Nomination & Remuneration committee | 19(1) & (2) | Yes |
| Composition of Stakeholder Relationship Committee | 20(1) & (2) | Yes |
| Composition and role of risk management committee | 21(1),(2),(3),(4) | - N.A. - |
| Vigil Mechanism | 22 | Yes |
| Policy for Related Party Transaction | 23(1),(5),(6),(7) & (8) | Yes |
| Prior or Omnibus approval of Audit Committee for all Related Party Transactions | 23(2), (3) | Yes |
| Approval for material related party transactions | 23(4) | Yes |
| Composition of Board of Directors of unlisted material subsidiary | 24(1) | Yes |
| Other Corporate Governance requirements with respect to subsidiary of listed entity | 24(2),(3),(4),(5) & (6) | Yes |
| Maximum Directorship & Tenure | 25(1) & (2) | Yes |
| Meeting of independent directors | 25(3) & (4) | Yes |

| Particulars | Regulation Number | Compliance status (Yes/ No/ NA) |
|---|-------------------|---------------------------------|
| Familiarization of independent directors | 25(7) | Yes |
| Memberships in Committees | 26(1) | Yes |
| Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel | 26(3) | Yes |
| Disclosure of shareholding by non-executive directors | 26(4) | Yes |
| Policy with respect to obligations of directors and senior management | 26(2) & 26(5) | Yes |
| Other corporate governance requirements | 27 | Yes |
| Website | 46 (b) to (i) | Yes |

CEO CERTIFICATION ON CODE OF CONDUCT

I, Ajit Isaac, Chairman & Managing Director of Qess Corp Limited, hereby certify that all the Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Business Conduct and Ethics of the Company laid down by the Board of Directors, for the Financial year ended as on March 31, 2018.

For Qess Corp Limited

Sd/-

Ajit Isaac

Chairman & Managing Director

Place: Bengaluru

Date: May 17, 2018

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members
Quess Corp Limited
Bengaluru

We have examined all the relevant records of the Company “ QUESS CORP LIMITED” for the purpose of certifying compliance of the conditions of Corporate Governance under the Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015 for the period from April 01, 2017 up to March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance.

This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015, as applicable.

Place: Bengaluru
Date: May 17, 2018

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

Financial Statements

Standalone

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Consolidated

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Independent Auditors' Report

To the Members of Qess Corp Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Qess Corp Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditors' Responsibility

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

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

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

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

We are also responsible to 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 the Auditor's Report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and in the context of overriding effect of the accounting treatment for the merger scheme approved by the National Company Law Tribunal ('NCLT') vis-à-vis the treatment that would have been applicable otherwise as described in note 49 to the standalone Ind AS financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 49 to the standalone Ind AS financial statements regarding the Scheme of Arrangement ('Scheme') which has been approved by NCLT vide its order dated 30 November 2017. The Company has given effect to the Scheme from the appointed date specified in the Scheme i.e. 1 December 2016. The accounting treatment is different from that prescribed under Ind AS 103 Business Combinations.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report

Other Matter

The financial statements of the merged business as fully explained in note 49 to the standalone Ind AS financial statements for the period from appointed date i.e. 1 December 2016 to 31 March 2017 included in the aforesaid standalone Ind AS financial statements have been audited by the other auditor who expressed unmodified opinion vide their audit report dated 23 January 2018 has been furnished to us by the Management and has been relied upon by us for the purpose of audit of the Company's standalone Ind AS financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss, the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) On the basis of the written representations received from the Directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a Director in terms of Section 164(2) of the Act;

- (f) With respect to the adequacy of the internal financial controls with reference to the standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 22 and note 39 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. The disclosures in the Standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

Annexure - A

to the Independent Auditors' Report

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the Members of Qness Corp Limited ('the Company') on the standalone Ind AS financial statements for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties. Thus, paragraph 3(ii)(c) of the Order is not applicable to the Company.
- (ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii) The Company has granted unsecured loans to eight subsidiaries and one associate covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act').
 - (a) In our opinion and according to the information and explanation given to us, the terms and conditions on which these loans had been granted to the companies listed in the Register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
 - (b) In the case of the loans granted to the companies listed in the Register maintained under Section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand and interest is payable on demand. As there is

no outstanding demand of principal and interest at the year-end, paragraph 3(iii)(b) and 3(iii)(c) of the Order is not applicable.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made and guarantees given. Further, there is no security given in respect of which provisions of section 185 and 186 of the Act are applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under Section 148 of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income tax, Sales tax, Service tax, Goods and Services Tax, Value added tax, Cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been slight delays in few cases. As explained to us, the Company did not have any dues on account of duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income tax, Service tax, Goods and Services Tax, Value added tax, Sales tax, Cess and any other material statutory dues were in arrears, as at 31 March 2018, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax or Sales tax or Service tax or duty of customs or duty of excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Annexure - A

to the Independent Auditors' Report

| Name of the Statute | Nature of Dues | Amount (in ₹)# | Period to which the amount relates | Forum where dispute is pending |
|----------------------|-----------------------------------|-----------------------------|------------------------------------|--|
| Income-tax Act, 1961 | Income Tax | 30,093,541 | 2014-15 | Assistant Commissioner of Income Tax, Bangalore |
| Income-tax Act, 1961 | Income Tax | 484,120 (72,618)* | 2014-15 | Commissioner of IT (appeals), Bangalore |
| Finance Act 1994 | Service tax, Interest and Penalty | 4,659,970 (4,649,301)* | April 2009 to September 2011 | Commissioner of Central Excise (Appeals), Chennai |
| Finance Act, 1994 | Interest demanded | 6,058,798 | April 2008 to June 2009 | Commissioner of Central Excise, Customs and Service Tax, Bangalore |
| Finance Act, 1994 | Service tax | 3,738,254 | April 2013 to July 2014 | Commissioner of Service Tax, Bangalore |
| Finance Act, 1994 | Service tax | 3,908,949 | 2013-14 and 2014-15 | Commissioner of Service Tax, Bangalore |
| KVAT Act, 2003 | Value added tax | 37,560,853 (11,268,256)* | January 2016 to January 2017 | Joint Commissioner of Commercial Taxes (Appeal) - I, Bangalore |
| KVAT Act, 2003 | Value added tax | 15,038,790 (15,038,790)* | 2015-16 | Joint Commissioner of Commercial Taxes (Appeal) - I, Bangalore |

* represents payments made under protest.

the amounts disclosed includes interest and penalties, wherever applicable.

(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 to the 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 the Company did not have any outstanding loans or borrowings from the government during the year.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. However, as stated in note 19 to the standalone Ind AS financial statements during the year ended 31 March 2018, the Company has raised money by way of Institutional Placement Programme as per SEBI (ICDR) Regulations, 2009 and has utilised the same for the purpose for which they were raised.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers or employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

Annexure - B

to the Independent Auditors' Report

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

We have audited the internal financial controls with reference to the standalone Ind AS financial statements of Qness Corp Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to the standalone Ind AS financial statements, 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 Auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 with reference to the standalone Ind AS financial statements.

Meaning of Internal Financial Controls with reference to the financial statements

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

Inherent Limitations of Internal Financial Controls with reference to the financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to the standalone Ind AS financial statements and such internal financial controls with reference to the standalone Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to the standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

Balance Sheet

as at 31 March 2018

(Amount in ₹ lakhs)

| Particulars | Note | As at 31 March 2018 | As at 31 March 2017 Restated* |
|---|------|------------------------|-------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 5,273.94 | 2,210.37 |
| Goodwill | 4 | 55,346.80 | 55,346.80 |
| Other intangible assets | 4 | 17,614.36 | 17,848.09 |
| Intangible assets under development | 4 | 215.79 | 852.37 |
| Financial assets | | | |
| (i) Non-current investments | 5 | 60,151.89 | 19,042.23 |
| (ii) Non-current loans | 6 | 1,615.00 | 1,209.34 |
| (iii) Other non-current financial assets | 7 | 239.75 | 85.72 |
| Deferred tax assets (net) | 8 | 12,622.49 | 1,941.52 |
| Income tax assets (net) | 8 | 10,946.14 | 11,636.66 |
| Other non-current assets | 9 | 630.31 | 439.78 |
| Total non-current assets | | 164,656.47 | 110,612.88 |
| Current assets | | | |
| Inventories | 10 | 651.46 | 546.04 |
| Financial assets | | | |
| (i) Current investments | 11 | 19,740.20 | - |
| (ii) Trade receivables | 12 | 53,986.06 | 30,593.24 |
| (iii) Cash and cash equivalents | 13 | 41,093.23 | 22,605.40 |
| (iv) Bank balances other than cash and cash equivalents above | 14 | 23,273.71 | 15,863.71 |
| (v) Current loans | 15 | 20,365.08 | 2,611.48 |
| (vi) Unbilled revenue | 16 | 31,888.91 | 34,827.63 |
| (vii) Other current financial assets | 17 | 1,866.30 | 303.27 |
| Other current assets | 18 | 1,688.65 | 1,586.03 |
| Total current assets | | 194,553.60 | 108,936.80 |
| Total Assets | | 359,210.07 | 219,549.68 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 19 | 14,548.42 | 12,679.10 |
| Shares to be issued pursuant to merger | 49 | - | 46,030.53 |
| Other equity | 20 | 221,598.98 | 67,023.31 |
| Total equity | | 236,147.40 | 125,732.94 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Non-current borrowings | 21 | 14,866.23 | 14,872.39 |
| Non-current provisions | 22 | 2,216.85 | 1,653.23 |
| Total non-current liabilities | | 17,083.08 | 16,525.62 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Current borrowings | 23 | 57,857.40 | 38,557.23 |
| (ii) Trade payables | 24 | 8,822.30 | 4,449.57 |
| (iii) Other current financial liabilities | 25 | 25,965.40 | 22,052.91 |
| Current provisions | 26 | 2,847.25 | 2,097.37 |
| Other current liabilities | 27 | 10,487.24 | 10,134.04 |
| Total current liabilities | | 105,979.59 | 77,291.12 |
| Total Liabilities | | 123,062.67 | 93,816.74 |
| Total Equity and Liabilities | | 359,210.07 | 219,549.68 |

*Refer note 49

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

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

Subrata Kumar Nag

Executive Director &

Chief Executive Officer

DIN: 02234000

Sudershan Pallap

Company Secretary

Membership No.: A14076

Place: Bengaluru

Date: 17 May 2018

Place: Bengaluru

Date: 17 May 2018

Statement of Profit and Loss

For the year ended 31 March 2018

| (Amount in ₹ lakhs, except per share data) | | | |
|--|------|-------------------------------------|--|
| Particulars | Note | For the year ended 31 March 2018 | For the year ended 31 March 2017 Restated* |
| Income | | | |
| Revenue from operations | 28 | 441,080.79 | 344,292.70 |
| Other income | 29 | 4,630.25 | 1,620.75 |
| Total income | | 445,711.04 | 345,913.45 |
| Expenses | | | |
| Cost of material and stores and spare parts consumed | 30 | 12,305.84 | 5,833.56 |
| Employee benefit expenses | 31 | 364,302.10 | 294,596.88 |
| Finance costs | 32 | 4,620.79 | 3,890.91 |
| Depreciation and amortisation expense | 33 | 3,531.44 | 2,178.77 |
| Other expenses | 34 | 40,548.52 | 25,048.52 |
| Total expenses | | 425,308.69 | 331,548.64 |
| Profit before tax | | 20,402.35 | 14,364.81 |
| Tax credit/ (expense) | | | |
| Current tax: Minimum Alternative Tax ('MAT') for the year | 8 | (4,205.15) | (3,081.47) |
| Tax relating to earlier years | 8 | 5,711.60 | - |
| Deferred tax (including MAT credit entitlement) | 8 | 4,017.59 | (1,804.76) |
| Total tax credit/ (expenses) | | 5,524.04 | (4,886.23) |
| Profit for the year | | 25,926.39 | 9,478.58 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Re-measurement losses on defined benefit plans | 43 | (520.26) | (307.33) |
| Income tax relating to items that will not be reclassified to profit or loss | | 165.82 | 106.52 |
| Other comprehensive income for the year, net of income tax | | (354.44) | (200.81) |
| Total comprehensive income for the year | | 25,571.95 | 9,277.77 |
| Earnings per equity share (face value of ₹ 10.00 each) | | | |
| Basic (in ₹) | 40 | 18.38 | 7.57 |
| Diluted (in ₹) | 40 | 18.19 | 7.46 |

*Refer note 49

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

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: 17 May 2018

Subrata Kumar Nag

Executive Director &

Chief Executive Officer

DIN: 02234000

Sudershan Pallap

Company Secretary

Membership No.: A14076

Statement of Changes in Equity

For the year ended 31 March 2018

| (A) Equity share capital | | | | | | | | | |
|---|------|----------------------|--------------------|-------------------------------------|--|-------------------|-----------------|-----------------------------------|-------------------------|
| Particulars | Note | 31 March 2018 | 31 March 2017 | | | | | | |
| Opening balance | 19 | 12,679.10 | 11,333.51 | | | | | | |
| Changes in equity share capital | 19 | 1,869.32 | 1,345.59 | | | | | | |
| Closing balance | | 14,548.42 | 12,679.10 | | | | | | |
| (B) Shares to be issued pursuant to merger | | | | | | | | | |
| Particulars | Note | 31 March 2018 | 31 March 2017 | | | | | | |
| Opening balance | 49 | 46,030.53 | - | | | | | | |
| Shares issued pursuant to merger | 49 | [46,030.53] | 46,030.53 | | | | | | |
| Closing balance | | - | 46,030.53 | | | | | | |
| (C) Other equity | | | | | | | | | |
| Particulars | Note | Reserves and surplus | | Items of other comprehensive income | Total equity attributable to equity holders of the Company | | | | |
| | | Capital reserve | Securities premium | | | Retained earnings | General reserve | Stock options outstanding account | Debt redemption reserve |
| Balance at 1 April 2016 | | 3,804.74 | 4,083.18 | 13,090.65 | 126.56 | 434.81 | - | 428.96 | 21,968.90 |
| Total comprehensive income for the year ended 31 March 2017 | | | | | | | | | |
| Profit for the year | | - | - | 9,478.58 | - | - | - | (200.81) | 9,478.58 |
| Other comprehensive income (net of tax) | | - | - | - | - | - | - | - | (200.81) |
| Total comprehensive income | | - | - | 9,478.58 | - | - | - | (200.81) | 9,277.77 |
| Transferred to debt redemption reserve | 20 | - | - | (187.50) | - | - | 187.50 | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Contributions by owners | | | | | | | | | |
| Premium on allotment of ESOP | 20 | - | 345.79 | - | - | (345.79) | - | - | - |
| Premium on issue of equity shares | 20 | - | 38,738.18 | - | - | - | - | - | 38,738.18 |
| Share issue expenses | 20 | - | (2,961.54) | - | - | - | - | - | (2,961.54) |
| Total contributions by owners | | - | 36,122.43 | - | - | (345.79) | - | - | 35,776.64 |
| Balance at 31 March 2017 | | 3,804.74 | 40,205.61 | 22,381.73 | 126.56 | 89.02 | 187.50 | 228.15 | 67,023.31 |

Statement of Changes in Equity

For the year ended 31 March 2018

(C) Other equity (continued)

| Particulars | Note | Reserves and surplus | | | | Items of other comprehensive income | | Total equity attributable to equity holders of the Company |
|--|------|----------------------|--------------------|-------------------|-----------------|-------------------------------------|-------------------------|--|
| | | Capital reserve | Securities premium | Retained earnings | General reserve | Stock options outstanding account | Debt redemption reserve | |
| Balance as at 1 April 2017 | | 3,804.74 | 40,205.61 | 22,381.73 | 126.56 | 89.02 | 187.50 | 67,023.31 |
| Total comprehensive income for the year ended 31 March 2018 | | | | | | | | |
| Profit for the year | | - | - | 25,926.39 | - | - | - | 25,926.39 |
| Other comprehensive income (net of tax) | | - | - | - | - | - | - | [354.44] |
| Total comprehensive income | | - | - | 25,926.39 | - | - | - | 25,571.95 |
| Transferred to debt redemption reserve | 20 | - | - | (750.00) | - | - | 750.00 | - |
| Transferred to general reserve | 20 | - | - | - | 87.90 | (87.90) | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Contributions by owners | | | | | | | | |
| Share based payments | 20 | - | - | - | - | 698.46 | - | 698.46 |
| Premium on issue of equity shares pursuant to merger | 20 | - | 45,315.60 | - | - | - | - | 45,315.60 |
| Premium on issue of equity shares - IPP | 19 | - | 86,299.83 | - | - | - | - | 86,299.83 |
| Share issue expenses | 20 | - | (3,310.17) | - | - | - | - | (3,310.17) |
| Total contributions by owners | | - | 128,305.26 | - | - | 698.46 | - | 129,003.72 |
| Balance as at 31 March 2018 | | 3,804.74 | 168,510.87 | 47,558.12 | 214.46 | 699.58 | 937.50 | 221,598.98 |

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

As per our report of even date attached

for **B R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

for and on behalf of the Board of Directors of

Quest Corp Limited

Ajit Isaac

Chairman &

Managing Director

DIN: 00087168

Manoj Jain

Chief Financial Officer

Place: Bengaluru

Date: 17 May 2018

Subrata Kumar Nag

Executive Director &

Chief Executive Officer

DIN: 02234000

Sudershan Pallap

Company Secretary

Membership No.: A14076

Statement of Cash Flows

For the year ended 31 March 2018

| Particulars | (Amount in ₹ lakhs) | |
|--|-------------------------------------|--|
| | For the year ended 31 March 2018 | For the year ended 31 March 2017 Restated* |
| Cash flows from operating activities | | |
| Profit before tax | 20,402.35 | 14,364.81 |
| Adjustments for: | | |
| Interest income on term deposits | (1,476.04) | (1,124.97) |
| Finance income on present valuation of financial instruments | (195.85) | (126.04) |
| (Profit)/ Loss on sale of property, plant and equipment, net | (25.71) | 1.39 |
| Dividend income on mutual fund units | (27.55) | (166.26) |
| Net gain on sale of investments in mutual funds | (20.55) | - |
| Net gain on financial assets designated at fair value through profit or loss | (1,639.89) | - |
| Interest on loans given to related parties | (529.31) | (127.51) |
| Liabilities no longer required written back | (181.55) | (30.18) |
| Expense on employee stock option scheme | 698.46 | - |
| Finance costs | 4,620.79 | 3,890.91 |
| Depreciation and amortisation expense | 3,531.44 | 2,178.77 |
| Loss allowance on financial assets, net | (704.75) | (12.92) |
| Bad debts written off | 1,097.22 | 681.17 |
| Operating cash flows before working capital changes | 25,549.06 | 19,529.17 |
| Changes in operating assets and liabilities | | |
| (Increase) in inventories | (105.42) | (326.61) |
| (Increase)/ decrease in trade receivables | (23,705.29) | 3,438.87 |
| Decrease/ (increase) in unbilled revenue | 2,858.72 | (7,348.63) |
| (Increase) in loans | (205.45) | (692.21) |
| (Increase) in other non-current assets | (30.16) | (84.78) |
| (Increase) / decrease in other current financial assets | (92.38) | 198.49 |
| (Increase) in other current assets | (102.62) | (83.78) |
| Increase in trade payables | 4,495.71 | 1,066.45 |
| Increase / (decrease) in other current financial liabilities | 1,224.37 | (4,136.02) |
| Increase in non-current and current provisions | 793.24 | 789.66 |
| Increase in other current liabilities | 1,901.95 | 426.18 |
| Cash generated from operations | 12,581.73 | 12,776.79 |
| Income taxes paid, net of refund | (4,300.59) | (7,788.25) |
| Net cash provided by operating activities (A) | 8,281.14 | 4,988.54 |
| Cash flows from investing activities | | |
| Expenditure on property, plant and equipment and intangibles, net of sale proceeds | (5,671.86) | (1,983.08) |
| Investments in subsidiaries and associates | (41,975.61) | (12,582.56) |
| Investments in preference shares | - | (22,000.00) |
| Investments in mutual fund units, net | (18,079.76) | - |
| Dividend received on mutual fund units | 27.55 | 166.26 |
| Bank deposits (having original maturity of more than three months), net | (7,564.03) | (15,437.94) |
| Loans to related parties | (21,215.39) | (2,786.30) |

Statement of Cash Flows

For the year ended 31 March 2018

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 Restated* |
|--|-------------------------------------|--|
| Repayment of loans from related parties | 3,320.15 | 2,081.51 |
| Interest received on loans to related parties | 431.74 | 135.56 |
| Interest received on term deposits | 1,502.96 | 880.48 |
| Net cash used in investing activities (B) | (89,224.25) | (51,526.07) |
| Cash flows from financing activities | | |
| Proceeds from/ (repayment of) vehicle loan, net | (44.58) | 67.27 |
| Proceeds from short-term borrowings, net of transaction costs & repayments | 19,202.13 | 11,911.22 |
| Proceeds from issue of debentures | - | 15,000.00 |
| Transaction costs related to issue of debentures | - | (166.87) |
| Proceeds from issue of equity shares | 87,392.23 | 40,000.00 |
| Transaction costs related to issue of equity shares | (2,602.46) | (2,961.53) |
| Proceeds from exercise of share options | 61.99 | 83.76 |
| Interest paid | (4,544.15) | (3,245.91) |
| Net cash provided by financing activities (C) | 99,465.16 | 60,687.94 |
| Net increase in cash and cash equivalents (A+B+C) | 18,522.05 | 14,150.41 |
| Cash and cash equivalents at the beginning of the year | 22,571.18 | 8,420.77 |
| Cash and cash equivalents acquired on amalgamation (refer note 49) | - | - |
| Cash and cash equivalents at the end of the year** (refer note 13) | 41,093.23 | 22,571.18 |

*Refer note 49

**Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Components of cash and cash equivalents (refer note 13)

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 Restated* |
|--|------------------------|-------------------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 33.69 | 20.05 |
| Cheque on hand | - | 378.66 |
| Balances with banks | | |
| In current accounts | 30,599.83 | 21,884.67 |
| In deposit accounts (with original maturity of less than 3 months) | 10,459.71 | 322.02 |
| Cash and cash equivalents in standalone balance sheet | 41,093.23 | 22,605.40 |
| Bank overdraft used for cash management purpose | - | (34.22) |
| Cash and cash equivalent in the standalone statement of cash flow | 41,093.23 | 22,571.18 |

Statement of Cash Flows

For the year ended 31 March 2018

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

(Amount in ₹ 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) |
| Debt as at 31 March 2018 | 14,862.65 | 47.57 | 57,857.40 | 72,767.62 |

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

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: 17 May 2018

Subrata Kumar Nag

Executive Director &
Chief Executive Officer
DIN: 02234000

Sudershan Pallap

Company Secretary
Membership No.: A14076

Notes

to the standalone financial statements for the year ended 31 March 2018

1. Company overview

Quess Corp Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office of the Company is located at Bengaluru, Karnataka, India. The Company is engaged in the business of providing services in global technology solutions, people and services, integrated facility management, 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") has become the parent company and Fairfax Financial Holding Limited ('FFHL') has become the ultimate holding company of the Company with effect from 14 May 2013. However, Thomas Cook (India) Limited ("TCIL") has ceased to be the parent company and Fairfax Financial Holding Limited ('FFHL') has also ceased to become the ultimate holding company of Quess Corp Limited with effect from 1 March 2018. (Refer note 53 to the standalone financial statements)

During the year, the Company has restated the financials of the comparative period on account of merger of Facility Management Business and Catering Business (together means "Identified Business") of Manipal Integrated Services Private Limited ("MIS"). (Refer note 49 of the standalone financial statements).

2. Basis of preparation and significant accounting policies

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 ('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.

Effective 1 April 2016, the Company has adopted all the Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards with 1 April 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Ind AS financial statements are approved for issue by the Company's Board of Directors on 17 May 2018.

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

2.2 Basis of measurement

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) and
- 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").

2.3 Use of estimates and judgments

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

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

- i) **Income taxes:** Significant judgments are involved in determining provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Notes

to the standalone financial statements for the year ended 31 March 2018

- ii) **Measurement of defined benefit obligations:** The cost of the defined benefit obligations are based on actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. All assumptions are reviewed on a periodic basis.
- iii) **Impairment of financial assets:** The Company assesses on a forward looking basis the expected credit losses associated with financial assets carried at amortised cost.
- 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, Business Combinations requires the 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:** The impairment of non-financial assets involves key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets.

2.4 Measurement of fair values

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

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

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

2.5 Business combinations

Business combinations (other than common control business combinations)

As part of its transition to Ind AS, the Company has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1 April 2015. In accordance with Ind AS 103, the Company accounts for these business combinations using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised 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; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the Statement of Profit or Loss.

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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.

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

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

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

Subsequent 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.

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:

Depreciation is provided on a Straight Line Method ('SLM') over the estimated useful lives of the property, plant and equipment as estimated by the Management and is generally recognised in the statement of profit and loss. The management believes that the useful lives as given below best represent the period over which the management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for some of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of). The Company has estimated the useful lives for property, plant and equipment 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 |

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 at each financial year end and adjusted if appropriate.

2.7 Intangible assets

(i) Goodwill

Goodwill represents the cost of business acquisition in excess of the Company's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses.

When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, the bargain purchase excess is recognised after reassessing the fair value of net assets acquired in the capital reserve.

Any goodwill that arises is tested annually for impairment. An impairment loss on goodwill is not subsequently reversed. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

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(ii) Brand, Customer contracts and Customer relationships

Brand, customer contracts and customer relationships acquired as part of acquisitions of businesses 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.

(iii) Other intangible assets

Internally generated: Research and development

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

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

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

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

(iv) 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.

(v) Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

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 |

The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate.

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2.8 Impairment of non-financial assets

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

If such assets/ CGU 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 assets/ 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 for the asset in prior years.

2.9 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are 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.

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

2.10 Inventories

Inventories (raw materials and stores and spares) which comprise of food consumables and operating consumables 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.

Inventories are stated net of write down or allowances on account of obsolete, damaged or slow moving items. The Company assess the obsolescence of inventory on a periodic basis.

2.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

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

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

Unbilled revenue included in financial assets represents revenue earned in excess of amounts billed.

a) People and services:

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

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

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

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

b) Global technology solutions:

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

c) Integrated facility management:

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

d) Industrials:

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

2.12 Other income

Other income mostly comprises interest income on deposits, dividend income and gain/ (losses) 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.

2.13 Investments in subsidiaries and associates

(i) Initial recognition

The acquired investments in subsidiaries and associates are measured at acquisition date fair value.

(ii) Subsequent measurement

Investments in equity shares of subsidiaries and associates are accounted either

(a) at cost, or

(b) in accordance with Ind AS 109, Financial Instruments

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

2.14 Foreign currency transactions and balances

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

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

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

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

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2.15 Financial instruments

a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the 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.

b) Classification and subsequent measurement

Financial assets

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

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

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

- (i) A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:
 - the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.
- (ii) A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
 - the asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets ; and
 - the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.
- (iii) On initial recognition of an equity investment that is not held for trading, the Company irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-to-investment basis.
- (iv) All financial assets not classified as amortised cost or FVOCI 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.

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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 | 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. |

c) Impairment of financial assets

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

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on financial assets, 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.

d) Derecognition of financial assets

A financial asset is derecognised only when:

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

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

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

Financial liabilities

Classification, subsequent measurement and gains and losses

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

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Financial guarantee contracts

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

Derecognition

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

Offsetting

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

2.16 Employee benefits

a) Short-term employee benefits

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

b) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit Credit method as at the reporting date.

c) Defined contribution plan

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

d) Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

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.

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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.

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

e) Termination benefits

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

2.17 Share-based payments

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 a corresponding increase in equity over the period that the employees unconditionally becomes entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

Amendment to Ind AS 102:

Effective 1 April 2017, Ind AS 102, Share-based Payment has been amended which provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes. The amendment did not have any impact on the standalone Ind AS financial statements of the Company as the same is not applicable to the Company.

2.18 Taxes

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

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

Deferred tax is not recognised for:

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. 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, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Ind AS 12, Income Taxes defines deferred tax to include carry forward of unused tax credits that are carried

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forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

2.19 Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the reporting date) at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contract

A contract is considered to be onerous when the expected economic benefit to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with the contract.

2.20 Contingent liability

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are disclosed in the standalone financial statements if an inflow of economic benefits is probable.

2.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks 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 in 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.

2.22 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.

Amendment to Ind AS 7:

Effective 1 April 2017, the Company adopted the amendment to Ind AS 7 which requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the standalone financial statements.

2.23 Earnings per share

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

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that is dilutive and which either reduces earnings per share or increase loss per share are included.

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2.24 Contributed equity

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

2.25 Segment reporting

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.

2.26 Recent accounting pronouncements

Standards issued but not yet effective

On 28 March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 40, 'Investment Property', Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates', Ind AS 12, 'Income Taxes', Ind AS 28, 'Investments in Associates and Joint Ventures', Ind AS 112, 'Disclosure of Interests in Other Entities' and Ind AS 115, 'Revenue from contracts with customers'. These amendments maintain convergence with IFRS by incorporating amendments issued by the International Accounting Standards Board (IASB) into Ind AS. The amendments are applicable to the company from 1 April 2018.

Amendment to Ind AS 40, Investment Property

The amendment to Ind AS 40 lays down the principle regarding when a Company should transfer to, or from, investment property. Accordingly, a transfer is made only when:

- i. There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.
- ii. There is evidence of the change in use.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

Amendment to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Company is in process of evaluating the effect of this on the standalone financial statements and expects the impact to be not material.

Amendment to Ind AS 12, Income Taxes

The amendment to Ind AS 12 considers that:

- i. Tax law determines which deductions are offset against taxable income in determining taxable income in determining taxable profits.
- ii. No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Company is evaluating the effect of this on the standalone financial statements and expects the impact to be not material.

Amendment to Ind AS 28, Investments in Associates and Joint Ventures

The amendment to Ind AS 28 clarifies that a venture capital organization, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

Amendment to Ind AS 112, Disclosure of Interests in Other Entities

The amendment to Ind AS 112 provide that the disclosure requirements for interests in other entities also apply to interests that are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

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Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)

The Company has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its standalone financial statements. The quantitative impact of adoption of Ind AS 115 on the standalone financial statements in the period of initial application is not expected to be material. The Company is currently evaluating the method of transition to be adopted.

Notes

to the standalone financial statements for the year ended 31 March 2018

3. Property, plant and equipment

| Particulars | Leasehold improvements | Furniture and fixtures | Vehicles | Office equipment | Plant and machinery | Computer equipment | Total |
|--|------------------------|------------------------|---------------|------------------|---------------------|--------------------|-----------------|
| | (Amount in ₹ lakhs) | | | | | | |
| Gross carrying amount as at 1 April 2016 | 162.69 | 353.11 | 40.86 | 744.96 | 290.71 | 701.71 | 2,294.04 |
| Acquisitions through business combinations (refer note 49) | 43.47 | 12.52 | 42.90 | 32.33 | 1,277.27 | 177.54 | 1,586.03 |
| Additions | 38.95 | 82.31 | 141.61 | 167.58 | 343.14 | 237.86 | 1,011.45 |
| Disposals | - | (3.55) | - | (4.01) | (8.76) | (0.37) | (16.69) |
| Balance as at 31 March 2017 | 245.11 | 444.39 | 225.37 | 940.86 | 1,902.36 | 1,116.74 | 4,874.83 |
| Additions | 48.09 | 101.83 | 82.14 | 373.67 | 3,181.35 | 709.86 | 4,496.94 |
| Disposals | - | - | (67.64) | - | - | (0.68) | (68.32) |
| Balance as at 31 March 2018 | 293.20 | 546.22 | 239.87 | 1,314.53 | 5,083.71 | 1,825.92 | 9,303.45 |
| Accumulated depreciation as at 1 April 2016 | 80.74 | 67.01 | 16.88 | 155.20 | 139.28 | 210.98 | 670.09 |
| Acquisitions through business combinations (refer note 49) | 31.38 | 7.14 | 11.77 | 22.17 | 912.36 | 122.55 | 1,107.37 |
| Depreciation for the year | 57.46 | 83.69 | 39.36 | 173.40 | 237.94 | 308.06 | 899.91 |
| Disposals | - | (1.78) | - | (2.32) | (8.76) | (0.05) | (12.91) |
| Balance as at 31 March 2017 | 169.58 | 156.06 | 68.01 | 348.45 | 1,280.82 | 641.54 | 2,664.46 |
| 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) |
| Balance as at 31 March 2018 | 219.75 | 253.22 | 90.90 | 564.98 | 1,896.22 | 1,004.44 | 4,029.51 |
| Net Carrying amount | | | | | | | |
| As at 31 March 2018 | 73.45 | 293.00 | 148.97 | 749.55 | 3,187.49 | 821.48 | 5,273.94 |
| As at 31 March 2017 | 75.53 | 288.33 | 157.36 | 592.41 | 621.54 | 475.20 | 2,210.37 |

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 2018

4. Intangible assets and Intangible assets under development

(Amount in ₹ lakhs)

| Particulars | Goodwill (refer note 4.1 & 4.2) | Brand (refer note 4.3) | Other intangible assets | | | | Total other intangible assets | Intangible assets under development* (refer note 4.6) |
|--|---------------------------------------|------------------------------|---|---|---|--|--|--|
| | | | Computer software (refer note 4.1) | 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 2016 | - | 8,946.10 | 556.41 | - | - | - | 9,502.51 | 85.55 |
| Acquisitions through business combinations (refer note 4.1 & 4.2) | 55,346.80 | - | 84.80 | 4.80 | 10,150.00 | - | 10,239.60 | - |
| Additions | - | - | 276.40 | - | - | - | 276.40 | 766.82 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance as at 31 March 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 |
| Capitalized during the year | - | - | 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 |
| Accumulated amortisation as at 1 April 2016 | - | 644.60 | 185.05 | - | - | - | 829.65 | - |
| Acquisitions through business combinations (refer note 4.1) | - | - | 61.91 | - | - | - | 61.91 | - |
| Amortisation for the year | - | 645.00 | 259.20 | 0.80 | 373.86 | - | 1,278.86 | - |
| Disposals | - | - | - | - | - | - | - | - |
| Balance as at 31 March 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 | - |
| Net carrying amount | | | | | | | | |
| 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 |
| As at 31 March 2017 | 55,346.80 | 7,656.50 | 411.45 | 4.00 | 9,776.14 | - | 17,848.09 | 852.37 |

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 41).

Notes

to the standalone financial statements for the year ended 31 March 2018

- 4.1** The goodwill on acquisition through business combination amounting to ₹ 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 ₹ 12,728.93 lakhs. The difference between purchase consideration paid amounting to ₹ 68,030.53 lakhs and the fair value of net assets acquired amounting to ₹ 12,728.93 lakhs has been attributed to goodwill. Also, computer software of INR 84.80 lakhs acquired through business combination relates to this acquisition. (Refer note 49).
- 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 ₹ 50.00 lakhs. In accordance with Ind AS 103, the consideration paid requires to be allocated across identifiable assets acquired, at their respective fair values. Accordingly, the Company has recognised copyright and trademarks aggregating ₹ 4.80 lakhs and remaining amount aggregating ₹ 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 ₹ 9,682.00 lakhs on such valuation.
- Brand is amortised over a period of 15 years and the written down value as at 31 March 2018 is ₹ 7,011.50 lakhs (31 March 2017: ₹ 7,656.50 lakhs).
- 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 (refer note 49), the Company has allocated ₹ 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 year ended 31 March 2018, the Company has acquired customer contracts from The People's Choice, a proprietorship firm, for a consideration of ₹ 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 year. Out of total capitalised amount of ₹ 1,315.65 lakhs in the current year ₹ 1,160.30 lakhs pertains to this agreement.
- 4.7** Goodwill represents the excess of purchase consideration over net asset value of acquired businesses on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. An amount of ₹ Nil (31 March 2017: ₹ 55,346.80 lakhs) has been recognised as Goodwill as per the requirements of Ind AS 103, Business Combinations.
- For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units ("CGU") or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

Notes

to the standalone financial statements for the year ended 31 March 2018

The goodwill on acquisition of businesses has been allocated to operating segments as follows:

| Business acquired | Allocated operating segment |
|--|--------------------------------|
| Identified business of MIS (refer note 49) | Integrated facility management |
| CAARPUS Technology Services limited | Industrials |

The carrying value of goodwill, as on 31 March 2018 and 31 March 2017 is as follows:

(Amount in ₹ lakhs)

| Business acquired | Allocated operating segment | As at 31 March 2018 | As at 31 March 2017 |
|---|--------------------------------|------------------------|------------------------|
| Identified business of MIS (refer note 49) | Integrated facility management | 55,301.60 | 55,301.60 |
| CAARPUS Technology Services Limited | Industrials | 45.20 | 45.20 |
| Total carrying value as at 31 March 2018 | | 55,346.80 | 55,346.80 |

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalisation and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each of the assumptions are mentioned below:

| Particulars | As of | |
|-------------------------|----------------|----------------|
| | 31 March 2018 | 31 March 2017 |
| Discount rate* | 23.66% | 23.66% |
| Terminal growth rate ** | 4.00% | 4.00% |
| Operating margins | 9.74% - 11.00% | 9.74% - 11.00% |

*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 of 31 March 2018, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

Notes

to the standalone financial statements for the year ended 31 March 2018

5. Non-current investments

| Particulars | (Amount in ₹ lakhs) | |
|---|------------------------|------------------------|
| | As at 31 March 2018 | As at 31 March 2017 |
| Unquoted | | |
| Investment carried at cost | | |
| Investments in equity instruments of subsidiaries | | |
| 3,110,000 (31 March 2017: 3,110,000) fully paid up equity shares of par value of ₹ 10.00 each of Coachieve Solutions Private Limited | 120.00 | 120.00 |
| 1,000,000 (31 March 2017: 1,000,000) fully paid up equity shares of par value of ₹ 10.00 each of MFX Infotech Private Limited* | 110.50 | 104.50 |
| 7,000,100 (31 March 2017: 7,000,100) Common Shares of Brainhunter Systems Limited, fully paid up* | 175.12 | 175.12 |
| 1 (31 March 2017: 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 2017: 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 2017: 39,411,557) fully paid up equity shares of par value of ₹ 10.00 each of Aravon Services Private Limited* | 10.50 | 7.00 |
| 34,480,431 (31 March 2017: 12,332,075) ordinary shares of Quesscorp Holdings Pte Limited of SGD 1.00 each, fully paid-up* | 16,933.82 | 6,214.82 |
| 28,400 (31 March 2017: 28,400) fully paid up equity shares having face value of ₹ 10.00 each at a premium of ₹ 1,222 each of Inticore VJP Advanced Systems Private Limited [refer note 5.1]* | 352.38 | 352.38 |
| 10,000 (31 March 2017: 10,000) fully paid up equity shares of par value of ₹ 10.00 each of Dependo Logistics Solutions Private Limited [refer note 5.2] | 1.00 | 1.00 |
| 10,000 (31 March 2017: 10,000) fully paid up equity shares of par value of ₹ 10.00 each of CentreQ Business Solutions Private Limited [refer note 5.3] | 1.00 | 1.00 |
| 10,000 (31 March 2017: 10,000) fully paid up equity shares of par value of ₹ 10.00 each of Excelus Learning Solutions Private Limited [refer note 5.4]* | 18.48 | 17.43 |
| 1,010,000 (31 March 2017: 1,010,000) fully paid up equity shares of par value of ₹ 10.00 each of Master Staffing Solutions Private Limited [refer note 5.5]* | 1,284.00 | 1,279.00 |
| 700,000 (31 March 2017: 600,000) fully paid up equity shares of par value of ₹ 10.00 each of Golden Star Facilities and Services Private Limited [refer note 5.5]* | 3,768.20 | 3,260.70 |
| 127,458 (31 March 2017: Nil) fully paid up equity shares of par value of ₹ 10.00 each of Vedang Cellular Services Private Limited [refer note 5.6]* | 3,990.00 | - |
| 46,669,336 (31 March 2017: Nil) fully paid up equity shares of par value of ₹ 10.00 each of Connegt Business Solutions Limited [formerly known as Tata Business Support Services Limited] [refer note 5.7]* | 15,272.82 | - |
| 49,998 (31 March 2017: Nil) fully paid up equity shares of par value of ₹ 10.00 each of Monster.com (India) Private Limited [refer note 5.8]* | 9,479.28 | - |
| Investment in equity instruments of associates | | |
| 245,000 (31 March 2017: 245,000) fully paid up equity shares of par value of ₹ 10.00 each at a premium of ₹ 2,929.00 each of Terrier Security Services (India) Private Limited [refer note 5.10]* | 7,222.00 | 7,211.00 |
| 9,000 (31 March 2017: 4,068) fully paid up equity shares of par value of ₹ 10.00 each at a premium of ₹ 2,768.00 each of Simpliance Technologies Private Limited [refer note 5.11] | 250.00 | 113.00 |
| 12,778 (31 March 2017: Nil) fully paid up equity shares of par value of ₹ 10.00 each at a premium of ₹ 7,636.00 Heptagon Technologies Private Limited [refer note 5.12] | 977.00 | - |
| 5,100 (31 March 2017: Nil) fully paid up equity shares of par value of ₹ 10.00 each of Trimax Smart Infraprojects Private Limited [refer note 5.9]* | 0.51 | - |
| Total non-current investments | 60,151.89 | 19,042.23 |
| Aggregate value of unquoted investments | 60,151.89 | 19,042.23 |
| Aggregate amount of impairment in value of investments | - | - |

Notes

to the standalone financial statements for the year ended 31 March 2018

- 5.1** During the previous year ended 31 March 2017, the Company has entered into a Share Subscription Agreement dated 28 November 2016 with Inticore VJP Advance Systems Private Limited ("Inticore") to subscribe 73.95% of equity shares for a consideration of ₹ 349.99 lakhs. The Company acquired controlling stake on 1 December 2016 and Inticore has become the subsidiary of the Company.
- 5.2** During the previous year ended 31 March 2017, the Company has incorporated Dependo Logistics Solutions Private Limited as a wholly owned subsidiary on 8 September 2016 by subscribing to 10,000 equity shares of ₹ 10.00 each.
- 5.3** During the previous year ended 31 March 2017, the Company has incorporated CenterQ Business Solutions Private Limited as a wholly owned subsidiary on 9 November 2016 by subscribing to 10,000 equity shares of ₹ 10.00 each.
- 5.4** During the previous year ended 31 March 2017, the Company has incorporated Excelus Learning Solutions Private Limited as a wholly owned subsidiary on 23 November 2016 by subscribing to 10,000 equity shares of ₹ 10.00 each.
- 5.5** During the previous year ended 31 March 2017, the Company had entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business") of MIS through the Scheme of Arrangement ("the Scheme"). The Identified Business includes the legal entities Golden Star Facilities Private Limited (GSS) and Master Staffing Solutions Private Limited (MSS). Refer note 49 for detailed explanation.
- 5.6** During the 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, during the year the Company has acquired 70.00% stake for a consideration of ₹ 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.
- 5.7** During the year ended 31 March 2018, the Company 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 ₹ 32,166.68 lakhs. In accordance with the SPA and SHA, during the year the Company has acquired 51.00% stake for consideration of ₹ 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. 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 year ended 31 March 2018, the Company has 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 a consideration of ₹ 9,479.28 lakhs.
- 5.9** During the year, 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 ₹ 0.51 lakhs during the year.
- 5.10** During the previous 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. The Company in the previous year had acquired 49.00% stake for a consideration of ₹ 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.
- 5.11** During the previous year ended 31 March 2017, the Company has entered into Share Subscription Agreement ("SSA") dated 19 October 2016 with Simpliance Technologies Private Limited ("Simpliance") and its shareholders to acquire equity stake of 45.00% in Simpliance for a consideration of ₹ 250.00 lakhs. In accordance with SSA, the Company has acquired 45.00% equity stake and accordingly Simpliance has become an associate of the Company.
- 5.12** During the year ended 31 March 2018, the Company has entered into a Share Subscription Agreement ("SSA") dated 21 June 2017 with Heptagon Technologies Private Limited ("Heptagon") and has acquired 46.00% of shares for a consideration of ₹ 977.00 lakhs. Accordingly, Heptagon has become an associate of the Company.

* Investments include interest on corporate guarantee given to subsidiaries amounting to ₹ 510.39 lakhs (31 March 2017: ₹ 476.34 lakhs)

Notes

to the standalone financial statements for the year ended 31 March 2018

6. Non-current loans

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|-----------------------------------|------------------------|------------------------|
| Unsecured, considered good | | |
| Security deposits | 1,615.00 | 1,209.34 |
| | 1,615.00 | 1,209.34 |

7. Other non-current financial assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Bank deposits (due to mature after 12 months from the reporting date) | 239.75 | 85.72 |
| | 239.75 | 85.72 |

8. Taxes

A. Amount recognised in profit or loss

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|-------------------|
| | 31 March 2018 | 31 March 2017 |
| Current tax: | | |
| In respect of the current year | (4,205.15) | (3,081.47) |
| Excess provision related to prior years (refer note (i) below) | 5,711.60 | - |
| Deferred tax: | | |
| Attributable to: | | |
| Origination and reversal of temporary differences | 4,017.59 | (1,804.76) |
| Income tax credit/ (expense) reported in the standalone Statement of profit and loss | 5,524.04 | (4,886.23) |

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 current year. Resultantly, the Company had accounted for 80JJAA deduction and the related deduction/ adjustments for the year ended 31 March 2017 in the current year.

B. Income tax recognised in other comprehensive income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|-----------------|
| | 31 March 2018 | 31 March 2017 |
| Re-measurement of the net defined benefit liability/ asset: | | |
| Before tax | (520.26) | (307.33) |
| Tax expense | 165.82 | 106.52 |
| Net of tax | (354.44) | (200.81) |

C. Amounts recognised directly in equity

No tax expense has been recognised directly in equity.

Notes

to the standalone financial statements for the year ended 31 March 2018

D. Reconciliation of effective tax rate

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|-------------------|
| | 31 March 2018 | 31 March 2017 |
| Profit before tax | 20,402.35 | 14,364.81 |
| Tax using the Company's domestic tax rate of 34.608% | (7,060.85) | (4,971.37) |
| Effect of: | | |
| Non-deductible expenses | (56.59) | 85.14 |
| Tax incentives | 6,930.53 | - |
| Income-taxes related to prior years | 5,711.60 | - |
| Income tax credit/ (expense) reported in the standalone statement of profit and loss | 5,524.69 | (4,886.23) |

E. The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017.

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| | | |
| Income tax assets | 31,515.80 | 27,236.70 |
| Income tax liabilities | (20,569.66) | (15,600.04) |
| Net income tax asset at the end of the year | 10,946.14 | 11,636.66 |

F. Deferred tax assets, net

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| | | |
| Deferred tax assets and liabilities are attributable to the following: | | |
| Deferred tax assets: | | |
| Impairment loss allowance on financial assets | 1,304.35 | 1,646.27 |
| Provision for employee benefits | 1,592.47 | 1,218.92 |
| Provision for disputed claims | 140.14 | 72.63 |
| Provision for rent escalation | 20.29 | 18.60 |
| MAT credit entitlement | 8,352.17 | 2,225.13 |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | 9,158.27 | - |
| Others | 244.89 | 280.31 |
| | 20,812.58 | 5,461.86 |
| Deferred tax liabilities: | | |
| Property, plant and equipment and intangible assets | (923.33) | (818.29) |
| Goodwill on merger | (6,578.95) | (2,392.35) |
| Customer relationships | (687.81) | (309.70) |
| | (8,190.09) | (3,520.34) |
| Net deferred tax assets | 12,622.49 | 1,941.52 |

The movement of deferred tax aggregating to ₹ 10,680.97 lakhs for the year ended 31 March 2018 (31 March 2017: ₹ 1,000.67 lakhs) comprises ₹ 10,515.14 lakhs charged (31 March 2017: ₹ 1,107.19 lakhs credited) to Standalone Statement of Profit and Loss and ₹ 165.82 lakhs (31 March 2017: ₹ 106.52 lakhs) charged to other comprehensive income.

Notes

to the standalone financial statements for the year ended 31 March 2018

G. Recognised deferred tax assets and liabilities

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

(Amount in ₹ lakhs)

| For the year ended 31 March 2018 | Opening balance | Recognised in profit or loss* | Recognised in OCI | Closing balance |
|---|-------------------|-------------------------------|-------------------|-------------------|
| Deferred tax liability on: | | | | |
| 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) |
| Deferred tax liabilities | (3,520.34) | (4,669.75) | - | (8,190.09) |
| Deferred tax assets on: | | | | |
| 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 |
| Deferred tax assets | 5,461.86 | 15,184.90 | 165.82 | 20,812.58 |
| Net deferred tax assets | 1,941.52 | 10,515.15 | 165.82 | 12,622.49 |

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

(Amount in ₹ lakhs)

| For the year ended 31 March 2017 | Opening balance | Additions on merger* | Recognised in profit or loss | Recognised in OCI | Closing balance |
|---|-----------------|----------------------|------------------------------|-------------------|-------------------|
| Deferred tax liability on: | | | | | |
| Property, plant and equipment and intangible assets | (860.87) | 209.03 | (166.45) | - | (818.29) |
| Goodwill on merger | - | - | (2,392.35) | - | (2,392.35) |
| Customer relationships | - | - | (309.70) | - | (309.70) |
| Deferred tax liabilities | (860.87) | 209.03 | (2,868.50) | - | (3,520.34) |
| Deferred tax assets on: | | | | | |
| Impairment loss allowance on financial assets | 1,130.41 | 422.30 | 93.56 | - | 1,646.27 |
| Provision for employee benefits | 800.20 | 28.08 | 284.12 | 106.52 | 1,218.92 |
| Provision for disputed claims | 78.31 | - | (5.68) | - | 72.63 |
| Provision for rent escalation | 16.60 | - | 2.00 | - | 18.60 |
| MAT credit entitlement | - | - | 2,225.13 | - | 2,225.13 |
| Others | 1,777.54 | 38.16 | (1,535.39) | - | 280.31 |

Notes

to the standalone financial statements for the year ended 31 March 2018

(Amount in ₹ lakhs)

| For the year ended 31 March 2017 | Opening balance | Additions on merger* | Recognised in profit or loss | Recognised in OCI | Closing balance |
|----------------------------------|-----------------|----------------------|------------------------------|-------------------|-----------------|
| Deferred tax assets | 3,803.06 | 488.54 | 1,063.74 | 106.52 | 5,461.86 |
| Net deferred tax assets | 2,942.19 | 697.57 | (1,804.76) | 106.52 | 1,941.52 |

* Pertains to the deferred tax assets acquired on merger of Identified business of Manipal Integrated Services Private Limited. The Company does not have any unrecognised deferred tax assets and any carried forward tax losses.

9. Other non-current assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---------------------|---------------------|
| Capital advances | 199.75 | 39.38 |
| <i>Advances other than capital advances</i> | | |
| Taxes paid under protest | 310.55 | 189.27 |
| Provident fund payments made under protest | 107.22 | 107.22 |
| Prepaid expenses | 12.79 | 103.91 |
| | 630.31 | 439.78 |

10. Inventories

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---------------------|---------------------|
| Valued at lower of cost and net realizable value | | |
| Raw material and consumables | 283.99 | 120.75 |
| Stores and spares | 367.47 | 425.29 |
| | 651.46 | 546.04 |

11. Current investments

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---------------------|---------------------|
| Quoted | | |
| Investments at Fair value through profit or loss | | |
| Investments in liquid mutual fund units | 19,740.20 | - |
| | 19,740.20 | - |

Notes

to the standalone financial statements for the year ended 31 March 2018

Details of investments in liquid mutual funds

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| 3,797.38 units (March 2017: Nil) Axis Liquid Fund - Growth | 72.94 | - |
| 36,389.55 units (March 2017: Nil) Axis Liquid Fund - Direct Growth | 701.42 | - |
| 76,218.45 units (March 2017: Nil) HDFC Liquid Fund - Regular Plan | 2,599.48 | - |
| 71,141.49 units (March 2017: Nil) HDFC Liquid Fund - Direct Plan | 2,435.80 | - |
| 1,027.26 units (March 2017: Nil) HSBC Cash Fund - Growth | 17.73 | - |
| 32,770.79 units (March 2017: Nil) ICICI Flexible Income Plan - Direct Growth | 109.81 | - |
| 11,630.19 units (March 2017: Nil) ICICI Flexible Income Plan - Growth | 38.77 | - |
| 1,015,044.17 units (March 2017: Nil) ICICI Prudential Liquid Plan - Growth | 2,602.45 | - |
| 73,294.51 units (March 2017: Nil) ICICI Prudential Liquid Plan - Direct Growth | 188.47 | - |
| 2,005.39 units (March 2017: Nil) IDFC Cash Fund Growth Direct Plan | 42.32 | - |
| 84,725.66 units (March 2017: Nil) Kotak Floater Short Term Direct Plan Growth | 2,416.34 | - |
| 91,495.65 units (March 2017: Nil) Kotak Floater Short Term Regular Plan Growth | 2,602.66 | - |
| 942.45 units (March 2017: Nil) SBI Premier Liquid Fund - Regular Plan Growth | 25.59 | - |
| 171,930.78 units (March 2017: Nil) SBI Premier Liquid Fund - Direct Plan Growth | 4,684.07 | - |
| 28,357.90 units (March 2017: Nil) Reliance Liquid Fund- Direct Plan Growth | 1,202.35 | - |
| | 19,740.20 | - |
| Aggregate amount of quoted investments | 19,740.20 | - |
| Aggregate market value of quoted investments | 19,740.20 | - |

12. Trade receivables

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------------------|------------------------|------------------------|
| Unsecured | | |
| Considered good | 53,986.06 | 30,593.24 |
| Considered doubtful | 3,688.92 | 4,473.67 |
| | 57,674.98 | 35,066.91 |
| Loss allowance (refer note 36) | | |
| Doubtful | (3,688.92) | (4,473.67) |
| | (3,688.92) | (4,473.67) |
| Net trade receivables | 53,986.06 | 30,593.24 |

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

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Trade receivables from related parties | 2605.06 | 231.79 |
| Less: Loss allowance | (484.59) | (130.13) |
| Net trade receivables | 2,120.47 | 101.66 |

For terms and conditions of trade receivables owing from related parties refer note 41

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

Notes

to the standalone financial statements for the year ended 31 March 2018

13. Cash and cash equivalents

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 33.69 | 20.05 |
| Cheque on hand | - | 378.66 |
| Balances with banks | | |
| In current accounts | 30,599.83 | 21,884.67 |
| In deposit accounts (with original maturity of less than 3 months) | 10,459.71 | 322.02 |
| Cash and cash equivalents in standalone balance sheet | 41,093.23 | 22,605.40 |
| Bank overdraft used for cash management purpose | - | [34.22] |
| Cash and cash equivalents in the standalone statement of cash flow | 41,093.23 | 22,571.18 |

14. Bank balances other than cash and cash equivalents

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| In deposit accounts (mature within 12 months from the reporting date) | 23,273.71 | 15,863.71 |
| | 23,273.71 | 15,863.71 |

15. Current loans

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Unsecured, considered good | | |
| Security deposits | 1,081.13 | 795.98 |
| Other loans and advances | | |
| Loans to employees* | 3.85 | 489.21 |
| Loans to group entities (refer note 41) | 19,280.10 | 1,326.29 |
| | 20,365.08 | 2,611.48 |

*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.

16. Unbilled revenue

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Unbilled revenue* | 31,968.91 | 34,827.63 |
| Less: Loss allowance | [80.00] | - |
| | 31,888.91 | 34,827.63 |
| *includes unbilled revenue billable to related parties (refer note 41) | 1,651.76 | 92.68 |

Notes

to the standalone financial statements for the year ended 31 March 2018

17. Other current financial assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Interest accrued but not due | 241.13 | 268.05 |
| Interest receivable from related parties (refer note 41) | 132.79 | 35.22 |
| Advance for purchase of shares (refer note 17.1) | 1,400.00 | - |
| Due from related parties (refer note 41) | 92.38 | - |
| | 1,866.30 | 303.27 |

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 ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Advances other than capital advances | | |
| Advances to suppliers | 630.48 | 474.37 |
| Travel advances to employees | 25.35 | 11.09 |
| Prepaid expenses | 949.06 | 678.00 |
| Balances with government authorities | - | 389.03 |
| Other advances | 83.76 | 33.54 |
| | 1,688.65 | 1,586.03 |

19. Equity share capital

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Authorised | | |
| 200,000,000 (31 March 2017: 200,000,000) equity shares of par value of ₹ 10.00 each | 20,000.00 | 20,000.00 |
| | 20,000.00 | 20,000.00 |
| Issued, subscribed and paid-up | | |
| 145,484,178 (31 March 2017: 126,790,961) equity shares of par value of ₹ 10.00 each, fully paid up | 14,548.42 | 12,679.10 |
| | 14,548.42 | 12,679.10 |

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

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|--|---------------------|----------------------|---------------------|----------------------|
| | Number of shares | Amount in ₹ lakhs | Number of shares | Amount in ₹ lakhs |
| Equity shares | | | | |
| At the commencement of the year | 126,790,961 | 12,679.10 | 113,335,056 | 11,333.51 |
| Add: Shares issued on exercise of employee stock options (refer note 45) | 619,925 | 61.99 | 837,608 | 83.76 |
| Add: Shares issued on Initial Public Offer (i) | - | - | 12,618,297 | 1,261.83 |
| Add: Shares issued on Institutional Placement Programme (ii) | 10,924,029 | 1,092.40 | - | - |
| Add: Shares issued on MIS acquisition (iii) | 7,149,263 | 714.93 | - | - |
| At the end of the year | 145,484,178 | 14,548.42 | 126,790,961 | 12,679.10 |

Notes

to the standalone financial statements for the year ended 31 March 2018

- i. During the previous year ended 31 March 2017, the Company had completed the Initial Public Offering ('IPO') and raised a total capital of ₹ 40,000.00 lakhs by issuing 12,618,297 equity shares of ₹ 10.00 each at a premium of ₹ 307.00 per equity share. The equity shares of the Company got listed on NSE and BSE effective from 12 July 2016. The proceeds from IPO is ₹ 37,038.47 lakhs (net of issue expenses).

Details of utilisation of IPO proceeds are as follows:

(Amount in ₹ lakhs)

| Particulars | Objects of the issue as per the prospectus | Utilised upto 31 March 2018 | Unutilised amount as on 31 March 2018 |
|--|--|-----------------------------|---------------------------------------|
| Repayment of debt availed by the Company | 5,000.00 | 5,000.00 | - |
| Meeting capital expenditure requirement of the Company and Subsidiary MFX US | 7,171.70 | 7,171.70 | - |
| Funding incremental working capital requirement of the Company | 15,790.10 | 15,790.10 | - |
| Acquisitions and strategic initiatives | 8,000.00 | 8,000.00 | - |
| General corporate purpose | 1,076.67 | 1,076.67 | - |
| Total | 37,038.47 | 37,038.47 | - |

Expenses incurred by the Company amounting to ₹ 2,961.53 lakhs, in connection with IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013

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

Details of utilisation of IPP proceeds are as follows:

(Amount in ₹ lakhs)

| Particulars | Objects of the issue as per the prospectus | Utilised upto 31 March 2018 | Unutilised amount as on 31 March 2018 |
|--|--|-----------------------------|---------------------------------------|
| Acquisitions and other strategic initiatives | 62,500.00 | 34,236.00 | 28,264.00 |
| Funding incremental working capital requirement of the Company | 15,000.00 | 15,000.00 | - |
| General corporate purpose | 7,254.90 | 2,421.00 | 4,833.90 |
| Total | 84,754.90 | 51,657.00 | 33,097.90 |

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 complete by 2020. Expenses estimated by the Company amounting to ₹ 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.

- iii. During the year ended 31 March 2018, the Company had issued 7,149,263 shares amounting to ₹ 714.93 lakhs for consideration for acquisition of Identified business of Manipal Integrated Services Private Limited (refer note 5.5 & note 49)

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.

Notes

to the standalone financial statements for the year ended 31 March 2018

19.3 Shares held by Holding Company

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|--|---------------------|-------------------|---------------------|-------------------|
| | Number of shares | Amount in ₹ lakhs | Number of shares | Amount in ₹ lakhs |
| Equity shares | | | | |
| Equity shares of par value of ₹ 10.00 each | | | | |
| Thomas Cook (India) Limited* | - | - | 78,823,496 | 7,882.35 |
| | - | - | 78,823,496 | 7,882.35 |

*Thomas Cook (India) Limited ("TCIL") is not a Holding Company effective 1 March 2018.

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

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|--|---------------------|--------|---------------------|--------|
| | Number of shares | % held | Number of shares | % held |
| Equity shares | | | | |
| Equity shares of par value of ₹ 10.00 each | | | | |
| Thomas Cook (India) Limited | 71,323,496 | 49.02% | 78,823,496 | 62.17% |
| Ajit Isaac | 17,585,960 | 12.09% | 18,585,960 | 14.66% |
| Net Resource Investments Private Limited | 15,365,824 | 10.56% | 15,365,824 | 12.12% |
| | 104,275,280 | | 112,775,280 | |

19.5 The Company has not made any buy back of shares or issued any shares for consideration other than cash, during the period of five years immediately preceding the 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 45)

(Values in numbers)

| Particulars | As at | | | | |
|---|---------------|---------------|---------------|---------------|------------------|
| | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 December 2013 |
| Bonus shares issued | - | - | 85,001,292 | - | - |
| Shares issued on exercise of employee stock options (refer note 45) | 619,925 | 837,608 | - | - | - |

Notes

to the standalone financial statements for the year ended 31 March 2018

20. Other equity*

| (Amount in ₹ lakhs) | | |
|---|------------------------|------------------------|
| Particulars | As at 31 March 2018 | As at 31 March 2017 |
| Securities premium (refer note 20.1) | 168,510.87 | 40,205.61 |
| Stock options outstanding account (refer note 20.2) | 699.58 | 89.02 |
| Capital reserve (refer note 20.3) | 3,804.74 | 3,804.74 |
| Debenture redemption reserve (refer note 20.4) | 937.50 | 187.50 |
| General reserve | 214.46 | 126.56 |
| Other comprehensive income (refer note 20.5) | (126.29) | 228.15 |
| Retained earnings | 47,558.12 | 22,381.73 |
| | 221,598.98 | 67,023.31 |

* 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 2017, the Company has made an Initial Public Offer (IPO) and issued 12,618,297 equity shares at a premium of ₹ 307.00 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 Initial Public Offer (IPO) amounting to ₹ 2,961.53 lakhs.

During the year ended March 2018, the Company has made an Institutional Placement Program (IPP) and issued 10,924,029 equity shares at a premium of ₹ 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 ₹ 2,637.33 lakhs.

During the year ended March 2018, the Company has issued 7,149,263 equity shares at a premium of ₹ 633.85 per share to the shareholders of Manipal Integrated Services Private Limited pursuant to the scheme of amalgamation (refer note 49). 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 ₹ 672.85 lakhs.

20.2 Share 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.

20.5 Other comprehensive income

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

Notes

to the standalone financial statements for the year ended 31 March 2018

21. Non-current borrowings

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Secured | | |
| Non-convertible debentures (refer note 21.1 & 21.2) | 14,862.65 | 14,833.13 |
| Vehicle loan | 47.57 | 92.15 |
| Total borrowings | 14,910.22 | 14,925.28 |
| Less: Current maturities of long-term borrowings (refer note 25) | 43.99 | 52.89 |
| Total non-current borrowings | 14,866.23 | 14,872.39 |

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 conditions of outstanding borrowings are as follows:

(Amount in ₹ lakhs)

| Particulars | Coupon/ Interest rate | Year of maturity | Carrying amount as at 31 March 2018 | Carrying amount as at 31 March 2017 |
|------------------------------------|--------------------------|---------------------|--|--|
| Secured non-convertible debentures | 8.25% | 2022 | 14,862.65 | 14,833.13 |
| Unsecured vehicle loan | 11.98% | 2019 | 47.57 | 76.50 |
| Unsecured vehicle loan | 14.28% | 2018 | - | 15.65 |
| Total borrowings | | | 14,910.22 | 14,925.28 |

21.2 Non-convertible debentures

During the previous year ended 31 March 2017, the Company in its Board of Directors Meeting held on 28 November 2016 passed a resolution to issue 1,500 redeemable non-convertible debentures at a face value of ₹ 10.00 lakh aggregating to ₹ 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. They are secured primarily by way of first pari passu charge on all the movable and immovable assets of the Company.

(Amount in ₹ lakhs)

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

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22. Non-current provisions

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Provision for employee benefits | | |
| Provision for gratuity (refer note 43) | 1,754.21 | 1,424.72 |
| Others | | |
| Provision for disputed claims (refer note 22.1) | 404.93 | 179.67 |
| Provision for rent escalation | 57.71 | 48.84 |
| | 2,216.85 | 1,653.23 |

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

Provision for disputed claims

(Amount in ₹ lakhs)

| Particulars | Amount |
|--|---------------|
| Balance as at 1 April 2016 | 226.27 |
| Provision reversed | (46.60) |
| Provision utilized | - |
| Balance at the end of 31 March 2017 | 179.67 |
| Provision recognized | 225.26 |
| Provision utilized | - |
| Balance at the end of 31 March 2018 | 404.93 |

Disputed claims

The Company has received a demand notice dated 12 June 2012 from Employees' Provident Fund (EPF) Organisation raising a demand of ₹ 428.90 lakhs for the period from April 2008 to February 2012 for not contributing Provident fund, Pension fund, Deposit Linked Insurance Fund and administration charges in accordance with the definition of basic wages as contained in Section 2(b) of Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Company, based on an expert's opinion, is of the view that a part of the claim of the department is without foundation, while some part is still under debate and accordingly, provision is created based on the management estimate. The Company has appealed against the ruling which is pending in Employees' Provident Fund Appellate Tribunal, New Delhi. Accordingly, the Company has created ₹ 179.67 lakhs provision.

The Company has received a demand notice dated 20 May 2017 from Assistant Commissioner of Commercial Taxes (ACCT) raising a demand of ₹ 375.60 lakhs for the period from January 2016 to January 2017 for availment 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. The Company has appealed against the ruling which is pending with the Joint commissioner of commercial taxes [JCCT (A)] Bangalore. The Company has created a provision of ₹ 225.26 lakhs.

Notes

to the standalone financial statements for the year ended 31 March 2018

23. Current borrowings

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Loans from bank repayable on demand | | |
| Secured | | |
| Cash credit and overdraft facilities (refer note 23.1) | 35,157.40 | 12,118.22 |
| Bill discounting facility from bank (refer note 23.2) | - | 1,904.79 |
| Working capital loan (refer note 23.3) | 22,700.00 | 24,500.00 |
| Bank overdraft (refer note 13) | - | 34.22 |
| | 57,857.40 | 38,557.23 |

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/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

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

23.3 The Company has taken working capital loan from banks having interest rate ranging from 6.00% p.a. to 8.68% 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/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

24. Trade payables

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Dues to micro, small and medium enterprises (refer note 44) | - | - |
| Trade payables to related parties (refer note 41) | 4,233.29 | 1,256.60 |
| Other trade payables | 4,589.01 | 3,192.97 |
| | 8,822.30 | 4,449.57 |

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 36.

25. Other current financial liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Current maturities of long-term borrowings* | 43.99 | 52.89 |
| Interest accrued and not due | 250.07 | 335.21 |
| Financial guarantee liability | 314.33 | 406.62 |
| Capital creditors | 238.10 | 50.60 |
| Consideration payable for acquisition of shares in subsidiary | 500.00 | - |

Notes

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(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Other payables | | |
| Accrued salaries and benefits | 18,544.25 | 17,811.37 |
| Provision for bonus and incentive | 686.62 | 278.99 |
| Provision for expenses** | 5,322.13 | 3,071.34 |
| Uniform deposits | 34.97 | 20.62 |
| Amount payable to related parties (refer note 41) | 30.94 | 25.27 |
| | 25,965.40 | 22,052.91 |

*Current maturities of long-term borrowings includes loan outstanding of ₹ 43.99 lakhs (31 March 2017: ₹ 52.89 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.

**Includes related party balances (refer note 41)

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

26. Current provisions

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Provision for employee benefits | | |
| Provision for gratuity (refer note 43) | 2,507.57 | 1,809.98 |
| Provision for compensated absences | 339.68 | 287.39 |
| | 2,847.25 | 2,097.37 |

27. Other current liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Income received in advance | 56.38 | 85.98 |
| Advance received from customers | 23.42 | 1,856.41 |
| Balances payable to government authorities | 10,406.52 | 8,186.75 |
| Provision for rent escalation | 0.92 | 4.90 |
| | 10,487.24 | 10,134.04 |

28. Revenue from operations

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Staffing and recruitment services | 342,279.75 | 278,719.36 |
| Facility management and food services | 73,969.36 | 43,523.35 |
| Training services | 9,181.78 | 9,101.13 |
| Operation and maintenance | 15,649.90 | 12,948.86 |
| | 441,080.79 | 344,292.70 |

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29. Other income

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| <i>Interest income under the effective interest method on:</i> | | |
| Deposits with banks | 1,476.04 | 1,124.97 |
| Interest income from financial assets at amortised cost | 195.85 | 126.04 |
| Interest on tax refunds received | 502.10 | 24.84 |
| Profit on sale of property, plant and equipment and intangible assets | 28.00 | - |
| Dividend income on mutual fund units | 27.55 | 166.26 |
| Net gain on sale of investments in mutual funds | 20.55 | - |
| Net gain on financial assets designated at fair value through profit or loss | 1,639.89 | - |
| Interest on loans given to related parties (refer note 41) | 529.31 | 127.51 |
| Liabilities no longer required written back | 181.55 | 30.18 |
| Miscellaneous income | 29.41 | 20.95 |
| | 4,630.25 | 1,620.75 |

30. Cost of material and stores and spare parts consumed

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Inventory at the beginning of the year | 546.04 | 219.42 |
| Add: Purchases | 12,411.26 | 6,160.18 |
| Less: Inventory at the end of the year | (651.46) | (546.04) |
| Cost of materials and stores and spare parts consumed | 12,305.84 | 5,833.56 |

31. Employee benefits expense

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Salaries and wages | 329,336.10 | 269,812.50 |
| Contribution to provident and other funds | 31,916.58 | 23,030.52 |
| Expenses related to post-employment defined benefit plan | 1,371.53 | 952.67 |
| Expenses related to compensated absences | 52.29 | 58.64 |
| Staff welfare expenses | 927.14 | 742.55 |
| Expense on employee stock option scheme | 698.46 | - |
| | 364,302.10 | 294,596.88 |

32. Finance costs

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|-------------------------------------|-------------------------------------|
| Interest expense on financial liabilities at amortised cost | 4,488.53 | 3,553.60 |
| Other borrowing costs | 132.26 | 337.31 |
| | 4,620.79 | 3,890.91 |

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to the standalone financial statements for the year ended 31 March 2018

33. Depreciation and amortisation expense

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Depreciation of property, plant and equipment (refer note 3) | 1,425.61 | 899.91 |
| Amortisation of intangible assets (refer note 4) | 2,105.83 | 1,278.86 |
| | 3,531.44 | 2,178.77 |

34. Other expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Sub-contractor charges | 19,331.04 | 6,119.98 |
| Recruitment and training expenses | 3,389.61 | 3,302.32 |
| Rent (refer note 42) | 2,742.19 | 2,081.25 |
| Power and fuel | 1,144.30 | 810.84 |
| Repairs & maintenance | | |
| - buildings | 533.26 | 419.12 |
| - plant and machinery | 331.30 | 127.98 |
| - others | 932.93 | 566.40 |
| Legal and professional fees (refer note 34.1) | 2,362.37 | 1,712.65 |
| Rates and taxes | 286.20 | 289.53 |
| Printing and stationery | 526.52 | 468.23 |
| Stores and tools consumed | 662.92 | 1,349.52 |
| Travelling and conveyance | 3,221.88 | 4,058.82 |
| Communication expenses | 951.66 | 1,022.86 |
| Loss allowance on financial assets, net [refer note 36(ii)] | (704.75) | (12.92) |
| Equipment hire charges | 1,317.58 | 1,009.43 |
| Insurance | 435.50 | 69.96 |
| Database access charges | 259.81 | 234.14 |
| Bank charges | 42.16 | 46.60 |
| Bad debts written off | 1,097.22 | 681.17 |
| Business promotion and advertisement expenses | 1,099.43 | 386.33 |
| Loss on sale of fixed assets, net | - | 1.39 |
| Foreign exchange loss, net | 11.90 | 13.59 |
| Expenditure on corporate social responsibility (refer note 34.2) | 248.63 | 152.42 |
| Miscellaneous expenses | 324.86 | 136.91 |
| | 40,548.52 | 25,048.52 |

Notes

to the standalone financial statements for the year ended 31 March 2018

34.1 Payment to auditors (net of service tax/GST; included in legal and professional fees)

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---------------------------|-------------------------------------|-------------------------------------|
| Statutory audit fees | 67.00 | 68.00 |
| Limited reviews | 37.00 | 37.00 |
| Tax audit fees | 2.00 | 2.00 |
| Others | 39.00 | 18.00 |
| Reimbursement of expenses | 4.30 | 3.84 |
| | 149.30 | 128.84 |

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 2.00% 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 are explained below:

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|-------------------------------------|-------------------------------------|
| a) Gross amount required to be spent by the Company during the year | 237.98 | 152.31 |
| b) Amount spent during the year | | |
| i) Construction/ acquisition of any assets | - | 10.30 |
| ii) On purpose other than i) above | 248.63 | 142.12 |

35. Financial instruments - fair value and risk management

Financial instruments by category

(Amount in ₹ lakhs)

| (Amount in Lakhs) | | | | | | | |
|---|---------|------------------|----------|-------------------|---------------|----------|-------------------|
| Particulars | Note | 31 March 2018 | | | 31 March 2017 | | |
| | | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| Financial assets: | | | | | | | |
| Non-current investments | 5 | - | - | 60,151.89 | - | - | 19,042.23 |
| Loans | 6 & 15 | - | - | 21,980.08 | - | - | 3,820.82 |
| Current investments | 11 | 19,740.20 | - | - | - | - | - |
| Trade recievables | 12 | - | - | 53,986.06 | - | - | 30,593.24 |
| Cash and cash equivalents including other bank balances | 13 & 14 | - | - | 64,366.94 | - | - | 38,469.11 |
| Unbilled revenue | 16 | - | - | 31,888.91 | - | - | 34,827.63 |
| Other financial assets | 7 & 17 | 1,400.00 | - | 706.05 | - | - | 388.99 |
| Total financial assets | | 21,140.20 | - | 233,079.93 | - | - | 127,142.02 |

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to the standalone financial statements for the year ended 31 March 2018

| Particulars | Note | 31 March 2018 | | | 31 March 2017 | | |
|------------------------------------|---------|---------------|----------|-------------------|---------------|----------|------------------|
| | | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| Financial liabilities: | | | | | | | |
| Non-convertible debentures | 21 | - | - | 14,862.65 | - | - | 14,833.13 |
| Borrowings other than above* | 21 & 23 | - | - | 57,860.98 | - | - | 38,596.49 |
| Trade payables | 24 | - | - | 8,822.30 | - | - | 4,449.57 |
| Other financial liabilities | 25 | - | - | 25,965.40 | - | - | 22,052.91 |
| Total financial liabilities | | - | - | 107,511.33 | - | - | 79,932.10 |

*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.

(Amount in ₹ lakhs)

| Particulars | Note | Carrying amount | Fair value | | |
|---|---------|-------------------|------------------|----------|-----------------|
| | | 31 March 2018 | Level 1 | Level 2 | Level 3 |
| Financial assets not measured at fair value | | | | | |
| 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 | - | - | - |
| Financial assets measured at fair value | | | | | |
| Current investments | 11 | 19,740.20 | 19,740.20 | - | - |
| Advance for purchase of shares | 17 | 1,400.00 | - | - | 1,400.00 |
| Total financial assets | | 194,068.24 | 19,740.20 | - | 1,400.00 |
| Financial liabilities not measured at fair value | | | | | |
| 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 | - | - | - |
| Total financial liabilities | | 107,511.33 | - | - | - |

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*Current maturities of long term borrowings forms part of other financial liabilities

(Amount in ₹ lakhs)

| Particulars | Note | Carrying amount | Fair value | | |
|---|---------|-----------------|------------|---------|---------|
| | | 31 March 2017 | Level 1 | Level 2 | Level 3 |
| Financial assets not measured at fair value | | | | | |
| Loans | 6 & 15 | 3,820.82 | - | - | - |
| Trade receivables | 12 | 30,593.24 | - | - | - |
| Cash and cash equivalents including other bank balances | 13 & 14 | 38,469.11 | - | - | - |
| Unbilled revenue | 16 | 34,827.63 | - | - | - |
| Other financial assets | 7 & 17 | 388.99 | - | - | - |
| Total financial assets | | 1,08,099.79 | - | - | - |
| Financial liabilities not measured at fair value | | | | | |
| | | | - | - | |
| Non-convertible debentures | 21 | 14,833.13 | - | - | - |
| Borrowings other than above* | 21 & 23 | 38,596.49 | - | - | - |
| Trade payables | 24 | 4,449.57 | - | - | - |
| Other financial liabilities | 25 | 22,052.91 | - | - | - |
| Total financial liabilities | | 79,932.10 | | | |

*Current maturities of long term borrowings forms part of other financial liabilities

Investments in equity shares are not appearing as financial assets in the table above being investments 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:

- 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.
- 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.

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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.

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. The loan represents security deposits given to suppliers, employees and others. The 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 limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for customers as at 31 March 2018 and 31 March 2017 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 (credit impaired) if the payments are more than 270 days past due. Loss rates are based on actual credit loss experience over the last six quarters.

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These rates have been adjusted to reflect the Management's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from customers and unbilled revenues:

As at 31 March 2018

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount |
|----------------------------|-----------------------|---------------------------|------------------------|---------------------------------------|------------------|
| Not due | 66,707.10 | 0.26% | 171.83 | No | 66,535.27 |
| Past due 1-90 days | 17,420.89 | 3.65% | 636.35 | No | 16,784.54 |
| Past due 91-180 days | 2,902.81 | 22.07% | 640.51 | No | 2,262.30 |
| Past due 181-270 days | 704.48 | 58.43% | 411.62 | No | 292.86 |
| Above 270 days | 1,908.61 | 100.00% | 1,908.61 | Yes | - |
| As at 31 March 2018 | 89,643.89 | | 3,768.92 | | 85,874.97 |

As at 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount |
|----------------------------|-----------------------|---------------------------|------------------------|---------------------------------------|------------------|
| Not due | 53,391.72 | 0.28% | 52.64 | No | 53,339.08 |
| Past due 1-90 days | 9,530.32 | 1.92% | 182.52 | No | 9,347.80 |
| Past due 91-180 days | 2,158.86 | 6.65% | 143.66 | No | 2,015.20 |
| Past due 181-270 days | 893.35 | 19.54% | 174.56 | No | 718.79 |
| Above 270 days | 3,920.29 | 100.00% | 3,920.29 | Yes | - |
| As at 31 March 2017 | 69,894.54 | | 4,473.67 | | 65,420.87 |

The movement in the allowance for impairment in respect of trade receivables and unbilled revenue is as follows:

(Amount in ₹ lakhs)

| Particulars | 31 March 2018 | 31 March 2017 |
|--|-----------------|-----------------|
| Balance as at the beginning of the year | 4,473.67 | 3,266.33 |
| Additions through business combination | - | 1,220.26 |
| Loss allowances reversed | (704.75) | (12.92) |
| Balance as at the end of the year | 3,768.92 | 4,473.67 |

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.

Notes

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a) Financing arrangement

The Company maintains the following line of credit:

- (i) The Company has taken working capital loan from banks having interest rate ranging from 8.10% p.a to 8.68% 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 and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreement) both present and future of the Company.
- (ii) The Company has taken cash credit and overdraft facilities having interest rate of 8.10% p.a to 8.68% p.a or 1 month MCLR. 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 and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- (iii) The Company has taken bill discounting facilities from banks having interest rate of MCLR+1.30% p.a. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current and movable assets of the Company excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreement and assets created out of NSDC facility.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017. The amounts are gross and undiscounted contractual cash flow:

As at 31 March 2018

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Contractual cash flows | | | |
|-----------------------------|-----------------|------------------------|-----------|-----------|-------------------|
| | | 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 | - | - | - |

* includes current maturities of long-term borrowings

As at 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Contractual cash flows | | | |
|-----------------------------|-----------------|------------------------|-----------|-----------|-----------------|
| | | 0-1 years | 1-2 years | 2-5 years | 5 years & above |
| Borrowings* | 53,482.51 | 38,610.12 | 39.26 | 14,833.13 | - |
| Trade payables | 4,449.57 | 4,449.57 | - | - | - |
| Other financial liabilities | 22,000.02 | 22,000.02 | - | - | - |

* includes current maturities of long-term borrowings

As disclosed in note 21 and note 23, the Company has a secured bank loan that contains a loan covenant. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes

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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 ("₹"), 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:

(Amount in ₹ lakhs)

| Particulars | Currency | As at 31 March 2018 | | As at 31 March 2017 | |
|-------------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | Foreign currency* | Amount in ₹ lakhs | Foreign currency* | Amount in ₹ lakhs |
| Trade receivables | USD | 259,276.46 | 168.98 | 473,858.06 | 307.30 |
| | EURO | 2,631.00 | 2.13 | 16,798.00 | 11.64 |
| | SAR | - | - | 96,695.36 | 16.72 |
| Other liabilities | CAD | 52,000.00 | 26.34 | 52,000.00 | 25.27 |

*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 2018 | 31 March 2017 |
| USD/₹ | 65.18 | 64.85 |
| EURO/₹ | 80.81 | 69.29 |
| SAR/₹ | 17.38 | 17.29 |
| CAD/₹ | 50.65 | 48.59 |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO, SAR and CAD against INR at 31 March 2018 and 31 March 2017 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 ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|------------------------|-----------------|-----------|--------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 March 2018 | | | | |
| 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 |
| 31 March 2017 | | | | |
| USD (2.12% movement) | 6.15 | (6.15) | 4.02 | (4.02) |
| EURO (8.09% movement) | 0.93 | (0.93) | 0.61 | (0.61) |
| SAR (1.9% movement) | 0.33 | (0.33) | 0.22 | (0.22) |
| CAD (5.15% movement) | (1.26) | 1.26 | (0.83) | 0.83 |

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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.

(i) Interest rate risk exposure

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

(Amount in ₹ lakhs)

| Particulars | As at | As at |
|--------------------------|------------------|------------------|
| | 31 March 2018 | 31 March 2017 |
| Variable rate borrowings | 35,157.40 | 14,023.01 |
| Fixed rate borrowings | 37,610.22 | 39,459.50 |
| Total borrowings | 72,767.62 | 53,482.51 |

Total borrowings considered above includes current maturities of long-term borrowings.

(ii) Sensitivity

(Amount in ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|--------------------------|-----------------|-------------|--------------------|-------------|
| | 1% Increase | 1% decrease | 1% Increase | 1% decrease |
| 31 March 2018 | | | | |
| Variable rate borrowings | (351.57) | 351.57 | (229.90) | 229.90 |
| 31 March 2017 | | | | |
| Variable rate borrowings | (140.23) | 140.23 | (91.70) | 91.70 |

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 exposure of the Company's mutual fund investments to security price changes at the end of the reporting period are as follows:

(Amount in ₹ lakhs)

| Particulars | As at | As at |
|----------------------------------|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Investments in mutual fund units | 19,740.20 | - |

(ii) Sensitivity

(Amount in ₹ lakhs)

| Particulars | Impact on profit after tax | |
|---------------|----------------------------|-------------|
| | 1% increase | 1% decrease |
| 31 March 2018 | 197.40 | (197.40) |
| 31 March 2017 | - | - |

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37. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as aggregate on non-current borrowings, current borrowings 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 ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------------|------------------------|------------------------|
| Gross debt | 72,767.62 | 53,482.51 |
| Less: Cash and cash equivalents | 41,093.23 | 22,605.40 |
| Adjusted net debt | 31,674.39 | 30,877.11 |
| Total equity | 236,147.40 | 125,732.94 |
| Net debt to equity ratio | 0.13 | 0.25 |

38. Capital commitments

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 418.95 | 395.55 |
| | 418.95 | 395.55 |

39. Contingent liabilities and commitment (to the extent not provided for)

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Corporate guarantees given as security for loan availed by related parties (refer note 39.1) | 25,220.47 | 25,673.75 |
| Bonus (refer note 39.2) | 3,258.77 | 3,258.77 |
| Provident fund [see note (i) and (ii) below] | 321.66 | 321.66 |
| Direct and indirect tax matters [see note (i) and (ii) below] | 400.31 | 104.52 |
| Contractual commitment to acquire the non-controlling interest (refer note 5) | 21,514.29 | 2,499.53 |
| | 50,715.50 | 31,858.23 |

- 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.

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- 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.

39.1 The Company has given guarantee to banks for the loans given to related parties to make good any default made by its related parties in payment to banks on the loan availed by those related parties.

Movement of Corporate Guarantee given to related parties during the current year are as follows:

(Amount in ₹ lakhs)

| Related parties | As at 1 April 2017 | Given during the financial year | Settled /expired during the financial year | As at 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 Limited | 788.47 | 46.72 | - | 835.19 |
| Inticore VJP Advanced Systems Private Limited | 500.00 | - | (500.00) | - |
| Quesscorp Holdings Pte Limited | 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 |
| Total | 25,673.75 | 6,046.72 | (6,500.00) | 25,220.47 |

Movement of Corporate Guarantee given to related parties during the previous year are as follows:

(Amount in ₹ lakhs)

| Related parties | As at 1 April 2016 | Given during the financial year | Settled /expired during the financial year | As at 31 March 2017 |
|---|-----------------------|------------------------------------|--|------------------------|
| Brainhunter Systems Limited, Canada | 6,198.83 | - | - | 6,198.83 |
| MFX Infotech Private Limited | 600.00 | - | - | 600.00 |
| Aravon Services Private Limited | 700.00 | - | - | 700.00 |
| Terrier Security Services (India) Private Limited | - | 2,200.00 | - | 2,200.00 |
| Excelus Learning Solutions Private Limited | - | 788.47 | - | 788.47 |
| Inticore VJP Advanced Systems Private Limited | - | 500.00 | - | 500.00 |
| Quesscorp Holdings Pte Limited | - | 12,186.45 | - | 12,186.45 |
| Master Staffing Solutions Private Limited | - | 1,000.00 | - | 1,000.00 |
| Golden Star Facilities and Services Private Limited | - | 1,500.00 | - | 1,500.00 |
| Total | 7,498.83 | 18,174.92 | - | 25,673.75 |

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39.2 The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015, according to which the eligibility criteria of salary or wages has been increased from ₹ 10,000.00 per month to ₹ 21,000.00 per month [Section 2(13)] and the ceiling for computation of such salary or wages has been increased from ₹ 3,500.00 per month to ₹ 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. Based on the same, the Company has computed the bonus for the year ended 31 March 2016 and 31 March 2017 aggregating to ₹ 4,440.46 lakhs and ₹ Nil respectively.

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

40. Earnings per share

(Amount in ₹ lakhs except number of shares and per share data)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Nominal value of equity shares (₹ per share) | 10 | 10 |
| Net profit after tax for the purpose of earnings per share (₹ in lakhs) | 25,926.39 | 9,478.58 |
| Weighted average number of shares used in computing basic earnings per share | 141,021,748 | 125,199,504 |
| Basic earnings per share (₹) | 18.38 | 7.57 |
| Weighted average number of shares used in computing diluted earnings per share | 142,502,809 | 127,063,800 |
| Diluted earnings per share (₹) | 18.19 | 7.46 |

Computation of weighted average number of shares

| Particulars | For the year ended | |
|---|--------------------|--------------------|
| | 31 March 2018 | 31 March 2017 |
| Number of equity shares outstanding at beginning of the year | 133,940,224 | 113,335,056 |
| Add: Weighted average number of equity shares issued during the year | | |
| - 12,618,297 number of equity shares issued on Initial Public Offer on 12 July 2016 for 263 days | - | 9,092,088 |
| - 795,398 number of equity shares issued under ESOP scheme on 4 October 2016 for 179 days | - | 390,072 |
| - 42,210 number of equity shares issued under ESOP scheme on 16 December 2016 for 106 days | - | 12,258 |
| - 7,149,263 number of equity shares issued to MIS effective from 1 December 2016 pursuant to merger (refer note 49) | - | 2,370,030 |
| - 10,924,029 number of equity shares issued under Institutional Private Placement 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 | - |
| Weighted average number of shares outstanding at the end of the year for computing basic earnings per share | 141,021,748 | 125,199,504 |
| Add: Impact of potentially dilutive equity shares | | |
| - 1,495,599 (31 March 2017: 1,891,915) number of ESOP's at fair value | 1,481,061 | 1,864,296 |
| Weighted average number of shares outstanding at the end of the year for computing diluted earnings per share | 142,502,809 | 127,063,800 |

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41 Related party disclosures

i. Name of related parties and description of relationship:

| | |
|--|---|
| - The Ultimate Holding Company | Fairfax Financial Holdings Limited [till 28 February 2018] |
| - The Holding Company | Thomas Cook (India) Limited (till 28 February 2018, refer note 19.3) |
| - Subsidiaries (including step subsidiaries) | <p>Aravon Services Private Limited</p> <p>Brainhunter Systems Limited., Canada</p> <p>Mindwire Systems Limited., Canada</p> <p>Brainhunter Companies LLC, USA</p> <p>Coachieve Solutions Private Limited</p> <p>MFX Infotech Private Limited</p> <p>MFXchange (Ireland) Limited (dissolved w.e.f. 16 September 2017)</p> <p>Quess (Philippines) Corp.</p> <p>Quess Corp (USA) Inc.</p> <p>Quesscorp Holdings Pte Limited, Singapore</p> <p>Quessglobal (Malaysia) SDN.BHD</p> <p>MFXchange Holdings Inc., Canada</p> <p>MFXchange US, Inc.</p> <p>Quess Lanka Private Limited (formerly known as Randstad Lanka Private Limited)</p> <p>Ikya Business Services (Private) Limited</p> <p>Inticore VJP Advanced Solutions Private Limited</p> <p>Comtel Solutions Pte Limited</p> <p>Dependo Logistics Solutions Private Limited</p> <p>Excelus Learning Solutions Private Limited</p> <p>CentreQ Business Services Private Limited</p> <p>Connegt Business Solutions Limited (formerly known as Tata Business Support Services Private Limited)</p> <p>Vedang Cellular Services Private Limited</p> <p>Master Staffing Solutions Private Limited</p> <p>Golden Star Facilities and Services Private Limited</p> <p>MFX Chile SpA</p> <p>Comtelpro Pte. Limited</p> <p>Comtelink SDN.BHD</p> <p>Monster.com.SG PTE Limited</p> <p>Monster.com.HK Limited</p> <p>Monster Malaysia SDN.BHD</p> <p>Monster.com (India) Private Limited</p> <p>Quess Corp Vietnam Limited Liability Company</p> <p>Terrier Security Services (India) Private Limited</p> <p>Simpliance Technologies Private Limited</p> <p>Heptagon Technologies Private Limited</p> <p>Quess Recruit, Inc.</p> <p>Trimax Smart Infraprojects Private Limited</p> |
| - Associates | |

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| | |
|--|---|
| - Joint venture | Himmer Industrial Services (M) SDN.BHD |
| - Fellow subsidiary | National Collateral Management Services Limited |
| - Entities having common directors | Net Resources Investments Private Limited |
| | Go Digit Infoworks Service Private Limited |
| | Go Digit General Insurance Limited |
| -Entities in which key managerial personnel have significant influence | Styracorp Management Services |
| | IME Consultancy (till 31 March 2017) |

Key executive management personnel

| | |
|-------------------|--|
| Ajit Isaac | Chairman & Managing Director & Chief Executive Officer (upto 23 January 2018). Chairman and Managing Director (w.e.f 24 January 2018) |
| Subrata Kumar Nag | Whole time Director & Chief Finance Officer (upto 23 January 2018). Executive Director and Chief Executive Officer (w.e.f 24 January 2018) |
| Manoj Jain | Chief Financial Officer (w.e.f 24 January 2018) |
| Balasubramanian S | Chief Financial Officer (from 24 January 2017 to 4 April 2017) |
| Sudershan Pallap | Company Secretary |
| N.V.S Pavan Kumar | Company Secretary (till 28 November 2016) |

ii. Related party transactions during the year

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Revenue from operations | | |
| Thomas Cook (India) Limited | 1,647.54 | 1,389.91 |
| MFX Infotech Private Limited | 303.50 | 7.18 |
| National Collateral Management Services Limited | 2,446.20 | 1,978.05 |
| Master Staffing Solutions Private Limited | 381.39 | 1.59 |
| Terrier Security Services (India) Private Limited | 1,568.68 | 350.45 |
| Dependo Logistics Solutions Private Limited | 240.58 | - |
| CentreQ Business Services Private Limited | 32.50 | - |
| Vedang Cellular Services Private Limited | 200.00 | - |
| Trimax Smart Infraprojects Private Limited | 748.30 | - |
| Go Digit Infoworks Service Private Limited | 77.05 | - |
| Go Digit General Insurance Limited | 50.54 | - |
| Other expenses | | |
| Thomas Cook (India) Limited | 561.65 | 394.60 |
| Net Resources Investments Private Limited | 347.33 | 300.14 |
| Aravon Services Private Limited | - | 9.22 |
| MFX Infotech Private Limited | 215.78 | 157.50 |
| Coachieve Solutions Private Limited | 490.44 | 588.83 |

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(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Terrier Security Services (India) Private Limited | 458.26 | 14.21 |
| Master Staffing Solutions Private Limited | 10,748.95 | 1,662.68 |
| Golden Star Facilities and Services Private Limited | 43.06 | 18.41 |
| Monster.com (India) Private Limited | 15.54 | - |
| Excelus Learning Solutions Private Limited | 4.99 | - |
| Intangible assets under development | | |
| MFX Infotech Private Limited | 385.43 | 711.37 |
| Heptagon Technologies Private Limited | 189.68 | - |
| Expenses incurred by the Company on behalf of related parties | | |
| Coachieve Solutions Private Limited | 96.31 | 43.21 |
| MFX Infotech Private Limited | 106.28 | 244.57 |
| Trimax Smart Infraprojects Private Limited | 505.24 | - |
| Excelus Learning Solutions Private Limited | 70.12 | - |
| Dependo Logistics Solutions Private Limited | 245.01 | - |
| CentreQ Business Services Private Limited | 3.14 | - |
| Inticore VJP Advance Systems Private Limited | 14.28 | - |
| Aravon Services Private Limited | 2.81 | - |
| Payments made by related parties on behalf of the Company | | |
| Brainhunter Systems Limited., Canada | - | 235.38 |
| Quess Corp (USA) Inc. | - | 13.92 |
| Coachieve Solutions Private Limited | 1.53 | - |
| MFX Infotech Private Limited | 0.40 | - |
| Loans given to subsidiaries | | |
| Coachieve Solutions Private Limited | 721.50 | 883.35 |
| MFX Infotech Private Limited | 1,200.00 | 1,695.00 |
| Dependo Logistics Solutions Private Limited | 1,276.50 | 37.95 |
| Excelus Learning Solutions Private Limited | 2,267.30 | 170.00 |
| Trimax Smart Infraprojects Private Limited | 13,538.26 | - |
| Quess Corp (USA) Inc. | 515.83 | - |
| Vedang Cellular Services Private Limited | 1,000.00 | - |
| Inticore VJP Advance Systems Private Limited | 46.00 | - |

| | | |
|--|----------|-----------|
| Golden Star Facilities and Services Private Limited | 650.00 | - |
| Repayment/ Adjustments of loans given to subsidiaries | | |
| Coachieve Solutions Private Limited | 403.96 | 836.13 |
| MFX Infotech Private Limited | 916.78 | 2,107.80 |
| Quessglobal (Malaysia) SDN.BHD | - | 6.51 |
| Dependo Logistics Solutions Private Limited | 1,551.50 | 4.99 |
| Golden Star Facilities and Services Private Limited | 360.00 | - |
| Inticore VJP Advance Systems Private Limited | 46.00 | - |
| Vedang Cellular Services Private Limited | 1,000.00 | - |
| Excelus Learning Solutions Private Limited | 13.96 | - |
| Trimax Smart Infraprojects Private Limited | 25.15 | - |
| Interest on loans charged to subsidiaries | | |
| Coachieve Solutions Private Limited | 53.40 | 48.40 |
| MFX Infotech Private Limited | 63.36 | 77.37 |
| Excelus Learning Solutions Private Limited | 89.75 | 1.38 |
| Dependo Logistics Solutions Private Limited | 8.50 | 0.36 |
| Quess Corp (USA) Inc. | 32.82 | - |
| Trimax Smart Infraprojects Private Limited | 251.70 | - |
| Inticore VJP Advance Systems Private Limited | 0.27 | - |
| Vedang Cellular Services Private Limited | 19.89 | - |
| Golden Star Facilities and Services Private Limited | 9.62 | - |
| Guarantees provided to banks on behalf of related parties | | |
| Inticore VJP Advance Systems Private Limited | - | 500.00 |
| Terrier Security Services (India) Private Limited | 2,200.00 | 2,200.00 |
| Quesscorp Holdings Pte Limited, Singapore | - | 12,186.45 |
| Excelus Learning Solutions Private Limited | 46.72 | 788.47 |
| Master Staffing Solutions Private Limited | 1,000.00 | 1,000.00 |
| Golden Star Facilities and Services Private Limited | 1,500.00 | 1,500.00 |
| MFX Infotech Private Limited | 600.00 | - |
| Aravon Services Private Limited | 700.00 | - |

iii. Balance receivable from and payable to related parties as at the reporting date:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Trade receivables (gross of loss allowance) | | |
| Thomas Cook (India) Limited | 547.22 | 229.07 |
| Terrier Security Services (India) Private Limited | 1,676.64 | 2.44 |
| Golden Star Facilities & Services Private Limited | - | 0.28 |
| Dependo Logistics Solutions Private Limited | 265.84 | - |
| National Collateral Management Services Limited | 0.14 | - |
| Go Digit Infoworks Service Private Limited | 28.06 | - |
| Go Digit General Insurance Limited | 9.93 | - |
| Master Staffing Solutions Private Limited | 77.23 | - |
| Trade payables | | |
| Thomas Cook (India) Limited | 19.38 | - |
| Terrier Security Services (India) Private Limited | 232.55 | 0.31 |
| Master Staffing Solutions Private Limited | 3,968.34 | 1,256.01 |
| Monster.com (India) Private Ltd | 12.17 | - |
| Heptagon Technologies Private Limited | 0.54 | - |
| Golden Star Facilities and Services Private Limited | 0.31 | 0.28 |
| Unbilled revenue | | |
| Thomas Cook (India) Limited | 70.96 | 92.68 |
| MFX Infotech Private Limited | 300.00 | - |
| Vedang Cellular Services Private Limited | 200.00 | - |
| Master Staffing Solutions Private Limited | 300.00 | - |
| Trimax Smart Infraprojects Private Limited | 748.30 | - |
| CentreQ Business Services Private Limited | 32.50 | - |
| Loans | | |
| Coachieve Solutions Private Limited | 895.03 | 461.13 |
| MFX Infotech Private Limited | 1,060.30 | 662.20 |
| Dependo Logistics Solutions Private Limited | - | 32.96 |
| Excelus Learning Solutions Private Limited | 2,494.82 | 170.00 |
| Quess Corp (USA) Inc. | 521.60 | - |
| Trimax Smart Infraprojects Private Limited | 14,018.35 | - |
| Golden Star Facilities and Services Private Limited | 290.00 | - |

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| | | |
|--|-----------|-----------|
| Other financial assets (interest receivable) | | |
| Coachieve Solutions Private Limited | - | 21.52 |
| MFX Infotech Private Limited | - | 6.82 |
| Quess (Philippines) Corp. | - | 5.15 |
| Dependo Logistics Solutions Private Limited | - | 0.36 |
| Excelus Learning Solutions Private Limited | 89.75 | 1.37 |
| Vedang Cellular Services Private Limited | 1.57 | - |
| Golden Star Facilities and Services Private Limited | 8.66 | - |
| Quess Corp (USA) Inc. | 32.81 | - |
| Other financial assets (Due from related parties) | | |
| Dependo Logistics Solutions Private Limited | 2.44 | - |
| CentreQ Business Services Private Limited | 1.86 | - |
| Master Staffing Solutions Private Limited | 88.08 | - |
| Other current financial liabilities | | |
| Brainhunter Systems Limited., Canada | 30.94 | 25.27 |
| Provision for expenses | | |
| Coachieve Solutions Private Limited | 75.00 | - |
| Guarantees outstanding | | |
| Brainhunter Systems Limited, Canada | 6,198.00 | 6,198.83 |
| MFX Infotech Private Limited | 600.00 | 600.00 |
| Aravon Services Private Limited | 700.00 | 700.00 |
| Terrier Security Services (India) Private Limited | 2,200.00 | 2,200.00 |
| Excelus Learning Solutions Private Limited | 835.19 | 788.47 |
| Inticore VJP Advanced Systems Private Limited | - | 500.00 |
| Quesscorp Holdings Pte Limited | 12,186.45 | 12,186.45 |
| Master Staffing Solutions Private Limited | 1,000.00 | 1,000.00 |
| Golden Star Facilities & Services Private Limited | 1,500.00 | 1,500.00 |

iv. Compensation of key managerial personnel*

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Salaries and other employee benefits to whole-time directors and executive officers | 1,046.50 | 331.59 |
| | 1,046.50 | 331.59 |

*Managerial remuneration does not include cost of employee benefits such as gratuity, compensated absences and employee share-based payment 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.

Notes

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42. Leases

Operating Leases

The Company has taken offices and residential premises under operating leases. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are renegotiated at the time of renewal.

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

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|----------------------------|------------------------|------------------------|
| Payable within 1 year | 142.51 | 256.96 |
| Payable between 1-5 years | 570.05 | 712.56 |
| Payable later than 5 years | 71.26 | 71.26 |

(Amount in ₹ lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-----------------------------|-----------------------------|
| Total rental expense relating to operating lease | 2,742.19 | 2,081.25 |
| Non-cancellable | 256.96 | 594.90 |
| Cancellable | 2,485.23 | 1,486.35 |

43. Assets and liabilities relating to employee benefits

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Net defined benefit liability, gratuity plan | 4,261.78 | 3,234.70 |
| Liability for compensated absences | 339.68 | 287.39 |
| Total employee benefit liability | 4,601.46 | 3,522.09 |
| Current (refer note 26) | 2,847.25 | 2,097.37 |
| Non-current (refer note 22) | 1,754.21 | 1,424.72 |
| | 4,601.46 | 3,522.09 |

For details about the related employee benefit expenses, see note 31.

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. It entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A. Funding

The Company's gratuity scheme for core employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan.

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 Nil contributions to its defined benefit plans in FY 2018-19.

Notes

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B. Reconciliation of net defined benefit liability

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 ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Reconciliation of present value of defined benefit obligation | | |
| Obligation at the beginning of the year | 3,864.91 | 2,708.17 |
| Current service cost | 1,137.25 | 799.90 |
| Interest cost | 248.11 | 191.81 |
| Past service cost | 28.24 | - |
| Benefits settled | (491.23) | (147.90) |
| Actuarial (gains)/ losses recognised in other comprehensive income | | |
| - Changes in experience adjustments | 505.34 | 248.94 |
| - Changes in demographic assumptions | 44.71 | 63.99 |
| - Changes in financial assumptions | (14.28) | - |
| Transfer in | 31.29 | - |
| Obligation at the end of the year | 5,354.34 | 3,864.91 |
| Reconciliation of present value of plan assets | | |
| Plan assets at the beginning of the year, at fair value | 630.21 | 596.00 |
| Interest income on plan assets | 42.07 | 39.04 |
| Re-measurement- actuarial gain | - | 1.77 |
| Return on plan assets recognised in other comprehensive income | 15.51 | 3.83 |
| Contributions | 896.00 | 137.46 |
| Benefits settled | (491.23) | (147.89) |
| Plan assets at the end of the year, at fair value | 1,092.56 | 630.21 |
| Net defined benefit liability | 4,261.78 | 3,234.70 |

C. (i) Expense recognised in profit or loss

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--------------------------|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Current service cost | 1,137.25 | 799.90 |
| Interest cost | 248.11 | 191.81 |
| Past service cost | 28.24 | - |
| Interest income | (42.07) | (39.04) |
| Net gratuity cost | 1,371.53 | 952.67 |

(ii) Re-measurement recognised in other comprehensive income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Re-measurement of the net defined benefit liability | 535.77 | 312.93 |
| Re-measurement of the net defined benefit asset | (15.51) | (5.60) |
| | 520.26 | 307.33 |

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D. Plan assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|------------------------|
| Funds managed by insurer | 1,092.56 | 630.21 |
| | 1,092.56 | 630.21 |

E. Defined benefit obligation - Actuarial assumptions

| Particulars | For the year ended | |
|---|--------------------|-----------------|
| | 31 March 2018 | 31 March 2017 |
| Discount rate | 6.70% - 7.20% | 6.36% - 7.31% |
| Future salary growth | 6.00% - 7.50% | 5.67% - 7.50% |
| Attrition rate | 30.00% - 70.00% | 30.00% - 70.00% |
| Average duration of defined benefit obligation (in years) | 3 | 3 |

F. Sensitivity analysis

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

Core employees

(Amount in ₹ lakhs)

| Particulars | As at | | | |
|------------------------------------|---------------|----------|---------------|----------|
| | 31 March 2018 | | 31 March 2017 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 903.61 | 845.99 | 738.29 | 815.32 |
| Future salary growth (1% movement) | 846.35 | 902.39 | 812.42 | 740.12 |
| Attrition rate (1% movement) | 889.57 | 859.19 | 740.60 | 820.67 |

Associate employees

(Amount in ₹ lakhs)

| Particulars | As at | | | |
|------------------------------------|---------------|----------|---------------|----------|
| | 31 March 2018 | | 31 March 2017 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 4,409.93 | 4,553.01 | 3,039.65 | 3,141.11 |
| Future salary growth (1% movement) | 4,552.80 | 4,408.81 | 3,140.80 | 3,039.02 |
| Attrition rate (10% movement) | 4,214.89 | 4,804.94 | 2,814.61 | 3,472.69 |
| Mortality rate (10% movement) | 4,481.76 | 4,478.96 | 3,090.85 | 3,088.39 |

44. 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 2018 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.

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45. Share-based payments

A. Description of share based payment arrangement

At 31 March 2018, the Company has the following the share-based payment arrangements:

Share option plans (equity settled)

IKYA Employee Stock Option Scheme 2009 ("Scheme 2009")

The Company has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options of its own shares to specified employees of the Company. The scheme was approved by the Board of Directors in its meeting held on 19 November 2009. The Option Scheme 2009 provides for the creation and issue of 5,200,000 (bonus adjusted) options that would eventually convert into equity shares of ₹ 10.00 each in the hands of the employees. The options has a vesting schedule over a three year period and are exercisable only upon the occurrence of the liquidity event. The scheme defines 'liquidity event' as an Initial Public Offering by the Company (or one of its subsidiaries) or dilution of voting right below majority of the existing shareholders. The exercise price of these stock options is ₹ 10.00. All outstanding options were vested as at 31 March 2015. As at 31 March 2018, the Company had 1,271,995 exercisable options outstanding (31 March 2017: 1,891,920).

Scheme 2015

The Company has introduced the 'Scheme 2015' ("the scheme") and has issued stock options of its own shares to specified employees of the Company. The scheme was approved by the Board of Directors in its meeting held on 22 December 2015. The Scheme 2015 provides for the creation and issue of 475,000.00 options that would eventually convert into equity shares of ₹ 10.00 each in the hands of the employees. The options has a vesting schedule over a three year period and are exercisable within 3 years from the vesting date of each tranche. The exercise price of these stock options is ₹ 10.00. None of the outstanding options have been vested as at 31 March 2018. As at 31 March 2018, the Company had nil exercisable options outstanding (31 March 2017: 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 required.

Scheme 2015

The fair value of Employee Stock Options has been measured using Black Scholes Model of pricing. The fair value per Stock option of grant with vesting period of 1 year, 2 years and 3 years are ₹ 885.10, ₹ 885.60 and ₹ 886.10 respectively based on the Black Scholes Formula. The fair value has been calculated on the date of grant i.e. 18 August 2017.

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 2018 | 31 March 2017 |
|-----------------------------|---------------|---------------|
| Share price at grant date ₹ | 893.95 | - |
| Exercise price ₹ | 10.00 | - |
| Risk free rate of interest | 6.20% | - |
| Expected volatility | 33.40% | - |
| Expected dividend | - | - |
| Term to maturity | 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.

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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 ₹)

| Particulars | For the year ended | | | |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | 31 March 2018 | | 31 March 2017 | |
| | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| Outstanding options as at the beginning of the year | 1,891,920 | 10.00 | 2,729,528 | 10.00 |
| Add: Granted during the year | - | - | - | - |
| Less: Exercised during the year | (619,925) | 10.00 | (837,608) | 10.00 |
| Less: Lapsed/forfeited during the year | - | - | - | - |
| Options vested and exercisable at the end of the year | 1,271,995 | 10.00 | 1,891,920 | 10.00 |

The options outstanding as at 31 March 2018 have an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and a weighted average remaining contractual life of 3.17 years (31 March 2017: 4.17 years)

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2018 is ₹ 10.00 (31 March 2017: ₹ 10.00)

Scheme 2015

(Share price in INR)

| Particulars | For the year ended | | | |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | 31 March 2018 | | 31 March 2017 | |
| | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| Outstanding options as at the beginning of the year | - | - | - | - |
| Add: Granted during the year | 230,680 | 10.00 | - | - |
| Less: Exercised during the year | - | - | - | - |
| Less: Forfeited during the year | (7076) | - | - | - |
| Options vested and exercisable at the end of the year | 223,604 | 10.00 | - | - |

The options outstanding as at 31 March 2018 have an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and a weighted average remaining contractual life of 1.38 years (31 March 2017: nil)

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Grant date of options issued under ESOP 2009 Scheme:

| Grant Date | Exercise price | Number of options outstanding as at 1 April 2017 |
|--|----------------|--|
| 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 |
| Total | | 1,891,920 |
| Less: Options exercised during the year | | (619,925) |
| Closing options as at the end of the year | | 1,271,995 |

D. Expense recognised in standalone statement of profit and loss

For details on the employee benefits expense, refer note 31.

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

Investments in equity instruments

(Amount in ₹ lakhs except number of shares data)

| Subsidiaries | No. 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 |
|--|------------------------|-----------------------------------|--------------------|---------------------------|----------------------|--|---------------------|
| Quess Corp Holdings Pte Limited | 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 |

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

Investments in equity instruments

| Subsidiaries | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | Adjustment on account of corporate guarantee | As at 31 March 2017 |
|---|------------------------|-----------------------------------|--------------------|---------------------------|----------------------|--|---------------------|
| | | | | | | | |
| Quess Corp Holdings Pte Limited | 6,711,398 | SGD 1 | 1,100.00 | 4,800.00 | - | 314.82 | 6,214.82 |
| Inticore VJP Advance Systems Private Limited | 28,400 | 1,232.00 | - | 349.89 | - | 2.49 | 352.38 |
| Dependo Logistics Solutions Private Limited | 10,000 | 10.00 | - | 1.00 | - | - | 1.00 |
| CenterQ Business Solutions Private Limited | 10,000 | 10.00 | - | 1.00 | - | - | 1.00 |
| Excelus Learning Solutions Private Limited | 10,000 | 10.00 | - | 1.00 | - | 16.43 | 17.43 |
| Terrier Security Services (India) Private Limited | 245,000 | 2,938.78 | - | 7,200.00 | - | 11.00 | 7,211.00 |
| Simpliance Technologies Private Limited | 4,068 | 2,777.78 | - | 113.00 | - | - | 113.00 |

Investments in preference shares

| Merger (refer note 49) | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | As at 31 March 2017 |
|---|------------------------|-----------------------------------|--------------------|---------------------------|----------------------|---------------------|
| | | | | | | |
| Manipal Integrated Services Private Limited | 4,036,697 | 545 | - | 22,000 | - | 22,000 |

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47. Disclosure on Specified Bank Notes (SBNs)

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹ lakhs)

| Particulars | SBN* | Other denomination notes | Total |
|--|-------------|--------------------------|-------------|
| Closing cash in hand as on 8 November 2016 | 3.13 | 0.94 | 4.07 |
| Add: Permitted receipts | - | 31.02 | 31.02 |
| Less: Permitted payments | (0.06) | (1.72) | (1.78) |
| Less: Amount exchanged over the counter | (0.16) | - | (0.16) |
| Less: Amount deposited in banks | (2.91) | (24.88) | (27.79) |
| Closing cash in hand as on 30 December 2016 | - | 5.36 | 5.36 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016

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.

49. Business Acquisition

During the previous year ended 31 March 2017, the Company had entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business" or "Merged Business") of MIS through the Scheme of Arrangement ("the Scheme") at a consideration of ₹ 68,030.53 lakhs. The Board vide its meeting dated 28 November 2016 had approved the draft Scheme of Arrangement and filed the Scheme with BSE and NSE. The Company in the previous year had received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively.

During the year ended 31 March 2018, the Company has obtained approval from the National Company Law Tribunal ("NCLT") dated 30 November 2017, to merge Identified Business of MIS. The scheme has been filed with Registrar of Companies ("ROC") on 13 December 2017. The appointed date of the scheme is 1 December 2016 which is the effective date of merger approved by NCLT. The NCLT order override the requirements under Ind AS 103, Business Combinations, and hence the Company has considered the date of acquisition as 1 December 2016. The Company has considered the said merger as a business acquisition from the appointed date and accordingly have restated its previous years numbers including Earnings Per Share ("EPS").

The identified business includes two subsidiaries namely Master Staffing Solutions Private Limited (100.00% owned) and Golden Star Facilities & Services Private Limited (60.00% owned). The Company has a contractual commitment to acquire the non-controlling interest in Golden Star Facilities & Services Private Limited. 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. Post allocation of purchase price, the Company has recorded a goodwill of ₹ 55,301.60 lakhs.

The fair value of purchase consideration is ₹68,030.53. The details are as follows:

(Amount in ₹ lakhs)

| Nature of consideration and terms of payment | Amount | Fair Value |
|---|------------------|------------------|
| 1. Cancellation of investment in preference shares of Manipal Integrated Services Private Limited ("MISP") [refer note (i) below] | 22,000.00 | 22,000.00 |
| 2. Shares to be issued pursuant to merger [refer note (ii) below] | 46,030.53 | 46,030.53 |
| Total purchase consideration | 68,030.53 | 68,030.53 |

(i) As per the Scheme, the Company subscribed to preference shares amounting to INR 22,000.00 lakhs of MISP for securing an interest in the facility management business and catering business, development of the same and facilitating the proposed demerger as contemplated in the Scheme. This initial investment shall stand cancelled as on the appointed date and the Scheme becoming effective, and will be evaluated for the computation of goodwill/ capital reserve/ intangible assets. As per the terms of scheme of arrangement, on the date of NCLT order, the preferred shares stands cancelled and it forms part of the purchase consideration.

(iii) As per the Scheme, upon the Scheme becoming effective, as consideration for the proposed merger, the Company shall issue equity shares as fully paid to the equity shareholders of MISP as per the share entitlement ratio. The share entitlement ratio shall be: 165 equity shares of Qess Corp Limited of INR 10.00 each fully paid for every 280 equity shares of MISP of INR 10.00 each fully paid up. Accordingly, the Company had issued 7,149,263 equity shares.

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A table showing the effect of restatement is given below:

(Amount in ₹ lakhs)

| Balance Sheet (extract) | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|---|---|-----------------------|-----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,810.59 | 399.78 | 2,210.37 |
| Goodwill | 45.20 | 55,301.60 | 55,346.80 |
| Other intangible assets | 8,053.74 | 9,794.35 | 17,848.09 |
| Intangible assets under development | 852.37 | - | 852.37 |
| Financial assets | | | |
| (i) Non-current investments | 36,502.53 | (17,460.30) | 19,042.23 |
| (ii) Non-current loans | 1,146.46 | 62.88 | 1,209.34 |
| (iii) Other non-current financial assets | 85.72 | - | 85.72 |
| Deferred tax assets (net) | 1,561.34 | 380.18 | 1,941.52 |
| Income tax assets (net) | 11,155.58 | 481.08 | 11,636.66 |
| Other non-current assets | 436.63 | 3.15 | 439.78 |
| Total non-current assets | 61,650.16 | 48,962.72 | 110,612.88 |
| Current assets | | | |
| Inventories | 462.35 | 83.69 | 546.04 |
| Financial assets | | | |
| (i) Current investments | - | - | - |
| (ii) Trade receivables | 28,553.05 | 2,040.19 | 30,593.24 |
| (iii) Cash and cash equivalents | 22,379.68 | 225.72 | 22,605.40 |
| (iv) Bank balances other than cash and cash equivalents above | 15,827.11 | 36.60 | 15,863.71 |
| (iv) Current loans | 2,572.17 | 39.31 | 2,611.48 |
| (v) Unbilled revenue | 34,827.63 | - | 34,827.63 |
| (vi) Other current financial assets | 294.74 | 8.53 | 303.27 |
| Other current assets | 1,516.37 | 69.66 | 1,586.03 |
| Total current assets | 106,433.10 | 2,503.70 | 108,936.80 |
| Total Assets | 168,083.26 | 51,466.42 | 219,549.68 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12,679.10 | - | 12,679.10 |
| Shares to be issued pursuant to merger | - | 46,030.53 | 46,030.53 |
| Other equity | 66,564.47 | 458.84 | 67,023.31 |
| Total equity | 79,243.57 | 46,489.37 | 125,732.94 |
| Liabilities | | | |
| Non-current liabilities | | | |

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(Amount in ₹ lakhs)

| Balance Sheet (extract) | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|---|--|--------------------------|-----------------------------|
| Financial liabilities | | | |
| (i) Non-current borrowings | 14,872.39 | - | 14,872.39 |
| (ii) Non-current provisions | 1,613.08 | 40.15 | 1,653.23 |
| Total non-current liabilities | 16,485.47 | 40.15 | 16,525.62 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Current borrowings | 38,557.23 | - | 38,557.23 |
| (ii) Trade payables | 1,998.85 | 2,450.72 | 4,449.57 |
| (iii) Other current financial liabilities | 18,713.71 | 3,339.20 | 22,052.91 |
| Current provisions | 2,044.07 | 53.30 | 2,097.37 |
| Other current liabilities | 11,040.36 | (906.32) | 10,134.04 |
| Total current liabilities | 72,354.22 | 4,936.90 | 77,291.12 |
| Total Liabilities | 88,839.69 | 4,977.05 | 93,816.74 |
| Total Equity and Liabilities | 168,083.26 | 51,466.42 | 219,549.68 |

(Amount in ₹ lakhs)

| Statement of Profit or Loss (extract) | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|--|--|--------------------------|-----------------------------|
| Income | | | |
| Revenue from operations | 336,072.21 | 8,220.49 | 344,292.70 |
| Other income | 1,612.10 | 8.65 | 1,620.75 |
| Total income | 337,684.31 | 8,229.14 | 345,913.45 |
| Expenses | | | |
| Cost of material and stores and spare parts consumed | 3,604.22 | 2,229.34 | 5,833.56 |
| Employee benefit expenses | 293,630.38 | 966.50 | 294,596.88 |
| Finance costs | 3,890.30 | 0.61 | 3,890.91 |
| Depreciation and amortisation expense | 1,702.15 | 476.62 | 2,178.77 |
| Other expenses | 21,020.78 | 4,027.74 | 25,048.52 |
| Total expenses | 323,847.83 | 7,700.81 | 331,548.64 |
| Profit before tax | 13,836.48 | 528.33 | 14,364.81 |
| Tax expense | | | |
| Current tax | (3,327.42) | 245.95 | (3,081.47) |
| Deferred tax | (1,488.05) | (316.71) | (1,804.76) |
| Total tax expenses | (4,815.47) | (70.76) | (4,886.23) |
| Profit for the year | 9,021.01 | 457.57 | 9,478.58 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement (losses)/ gains on defined benefit plans | (309.29) | 1.96 | (307.33) |
| Income tax relating to items that will not be reclassified to profit or loss | 107.20 | (0.68) | 106.52 |
| Other comprehensive income/ (expense) for the year, net of income tax | (202.09) | 1.28 | (200.81) |
| Total comprehensive income for the year | 8,818.92 | 458.85 | 9,277.77 |

Notes

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The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|----------------------------|------------------------|--------------------------|
| Property, plant and equipment | 478.65 | - | 478.65 |
| Intangibles | 22.90 | 10,150.00 | 10,172.90 |
| Deferred tax assets | 736.37 | - | 736.37 |
| Investments | 1,313.50 | 3,226.20 | 4,539.70 |
| Net assets/ (liabilities) (excluding above) | (3,198.69) | - | (3,198.69) |
| Total | (647.27) | 13,376.20 | 12,728.93 |
| Purchase consideration paid | | | 68,030.53 |
| Goodwill | | | 55,301.60 |

Effect of restatement on Earnings Per Share

(Amount in ₹ lakhs except number of shares and per share data)

| Particulars | 31 March 2017 (as previously reported) | Effect of Restatement | 31 March 2017 (Restated) |
|--|---|-----------------------|-----------------------------|
| Profit after tax for the purpose of earning per share | 9,021.01 | 457.57 | 9,478.58 |
| Weighted average number of shares used in computing basic earnings per share | 122,829,474 | 125,199,504 | 125,199,504 |
| Basic earnings per share | 7.34 | 0.37 | 7.57 |
| Weighted average number of shares used in computing diluted earnings per share | 124,693,775 | 127,063,805 | 127,063,805 |
| Diluted earnings per share | 7.23 | 0.36 | 7.46 |

50. The previous year figures are restated pursuant to the merger with Identified Business of Manipal with effect from 1 December 2016, accordingly current year numbers are not comparable with those of last year (refer note 49).

51. Details of loans given during the year under Section 186(4) of the Act:

Movement for the year ended 31 March 2018

(Amount in ₹ lakhs)

| Particulars | Balance as at 1 April 2017 | Loans given during the year | Repaid/ adjusted during the year | Balance as at 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 |
| Total | 1,326.29 | 21,215.39 | 3,261.58 | 19,280.10 |

Notes

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Movement for the year ended 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Balance as at 1 April 2016 | Loans given during the year | Repaid/ adjusted during the year | Balance as at 31 March 2017 |
|---|-------------------------------|--------------------------------|--|--------------------------------|
| MFX Infotech Private Limited | 1,075.00 | 1,695.00 | 2,107.80 | 662.20 |
| Coachieve Solutions Private Limited | 413.91 | 883.35 | 836.13 | 461.13 |
| Quessglobal (Malaysia) SDN.BHD | 6.51 | - | 6.51 | - |
| Dependo Logistics Solutions Private Limited | - | 37.95 | 4.99 | 32.96 |
| Excelus Learning Solutions Private Limited | - | 170.00 | - | 170.00 |
| Total | 1,495.42 | 2,786.30 | 2,955.43 | 1,326.29 |

The above unsecured loans are given to subsidiaries at an interest rate equivalent to Government Bond rate. Loans do not have any fixed term and are receivable on demand. Out of total repayment of ₹ 3,261.57 lakhs (31 March 2017: ₹ 2,955.43 lakhs) an amount of ₹ 58.58 lakhs (31 March 2017: ₹ 873.92 lakhs) has been adjusted against trade payables. The above loans were given for the purpose of working capital requirements.

52. Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions (if applicable) entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions (if any) are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

53. Post balance sheet events

Subsequent to the year ended 31 March 2018, the Company has acquired the controlling stakes in Green Piece Landscapes India Private Limited and Qdigi Services Limited (formerly known as HCL Computing Products Limited).

Post 31 March 2018, the Company has entered into a Composite Scheme of Arrangement and Amalgamation ("Scheme") with 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 business (including investment in shares of Quess Corp Limited) into Quess Corp Limited. As a part of the consideration, the Company will issue its own shares to the shareholders of TCIL and cancel their own shares received from TCIL. Accordingly, TCIL will cease to be the shareholder of Quess Corp Limited upon the Scheme becoming effective.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

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: 17 May 2018

Subrata Kumar Nag

Executive Director &
Chief Executive Officer
DIN: 02234000

Sudershan Pallap

Company Secretary
Membership No.: A14076

Independent Auditors' Report

To the Members of Qness Corp Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Qness Corp Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), its associates and its joint venture, (as listed in note 46 to the consolidated Ind AS financial statements) which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit or loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act.

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; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

We are also responsible to 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 of 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 the 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.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated Ind AS

Independent Auditors' Report

financial statements give the information required by the Act in the manner so required and in the context of overriding effect of the accounting treatment for the merger scheme approved by the National Company Law Tribunal ('NCLT') vis-à-vis the treatment that would have been applicable otherwise as described in note 54 to the consolidated Ind AS financial statements, gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint venture as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 54 to the consolidated Ind AS financial statements regarding the Scheme of Arrangement ('Scheme') which has been approved by the NCLT vide its order dated 30 November 2017. The Holding Company has given effect to the Scheme from the appointed date specified in the Scheme i.e. 1 December 2016. The accounting treatment is different from that prescribed under Ind AS 103, Business Combinations.

Our opinion is not modified in respect of this matter.

Other Matters

1. The financial statements/ financial information of the merged business (including two subsidiaries) for the period from appointed date i.e. 1 December 2016 to 31 March 2017 included in the consolidated Ind AS financial statements have been audited by the other auditors who expressed unmodified opinion vide their audit reports dated 23 January 2018 (for merged business excluding two subsidiaries) and 24 January 2018 (for the aforesaid two subsidiaries) have been furnished to us by the Management and has been relied upon by us for the purpose of audit of the consolidated Ind AS financial statements.
2. We did not audit the financial statements/ financial information of twenty five subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 119,216 lakhs and net assets of ₹ 30,044 lakhs as at 31 March 2018, total revenues (including other income) of ₹ 167,152 lakhs and net cash inflows amounting to ₹ 3,437 lakhs for the year ended on that date, as considered in these consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 51.81 lakhs for the year ended 31 March 2018, as considered in these consolidated Ind AS financial statements, in respect of four associates, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries

and associates, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. This has been done on the basis of a reporting package prepared by the Holding Company which covers accounting and disclosure requirements applicable to the consolidated Ind AS financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the consolidated Ind AS financial statements, insofar as it relates to the financial statements/ financial information of such subsidiaries located outside India, is based solely on the aforesaid audit reports of these other auditors.

3. We did not audit the financial statements/ financial information of five subsidiaries, whose financial results/ financial information reflect total assets of ₹ 3,971 lakhs and net assets of ₹ 339 lakhs as at 31 March 2018 and total revenues (including other income) of ₹ 505 lakhs and net cash inflows amounting to ₹ 2,297 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 0.08 lakhs for the year ended 31 March 2018, as considered in these consolidated Ind AS financial statements, in respect of an associate and a joint venture, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture, and our report in terms of Section 143(3) of the Act, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements/ financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the reports of the other auditors and the financial statements/ financial information certified by the Management.

Annexure - A

to the Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries, associates and joint venture as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
 - (e) On the basis of the written representations received from the Directors of the Holding Company as on 31 March 2018, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a Director in terms of Section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries and associates as noted in the 'Other Matters' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture. Refer note 25 and note 43 to the consolidated Ind AS financial statements;
 - ii. The Group, its associates and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India during the year ended 31 March 2018; and
 - iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

for B S R & Associates LLP

Chartered Accountants

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

Place: Bengaluru
Date: 17 May 2018

Vipin Lodha

Partner

Membership No.: 076806

Annexure - A

to the Independent Auditor's Report

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

("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Quess Corp Limited ("the Holding Company"), its subsidiaries (collectively referred to as "the Company" or "the Group"), its associates and joint venture as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to the consolidated Ind AS financial statements of Quess Corp Limited, its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies incorporated in India, in terms of their report referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to the consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India.

Meaning of Internal Financial Controls with reference to the consolidated Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls with reference to the consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to the consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to the consolidated Ind AS financial statements may become inadequate

Annexure - A

to the Independent Auditor's Report

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on the consideration of the reports of the other auditors referred to in the 'Other Matters' paragraph below, the Holding Company, its subsidiary companies and associate companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to the consolidated Ind AS financial statements and such internal financial controls with reference to the consolidated Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to the consolidated Ind AS financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial

controls with reference to the consolidated Ind AS financial statements insofar as it relates to ten subsidiary companies and four associate companies, incorporated in India, is based solely on the corresponding reports of the auditors of such subsidiary companies and associate companies incorporated in India.

Our opinion is not modified in respect of the above matters.

for B S R & Associates LLP

Chartered Accountants

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

Place: Bengaluru

Date: 17 May 2018

Vipin Lodha

Partner

Membership No.: 076806

Consolidated Balance Sheet

as at 31 March 2018

| | | (Amount in ₹ lakhs) | |
|---|------|------------------------|-------------------------------------|
| Particulars | Note | As at 31 March 2018 | As at 31 March 2017 Restated* |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 23,249.12 | 5,599.01 |
| Capital work-in-progress | 3 | 18.87 | - |
| Goodwill | 4 | 109,593.33 | 91,872.92 |
| Other intangible assets | 5 | 30,320.77 | 19,686.09 |
| Intangible assets under development | 5 | 215.79 | 771.68 |
| Investments in equity accounted investees | 6 | 8,578.78 | 7,398.33 |
| Financial assets | | | |
| (i) Non-current investments | 6 | 297.74 | 365.49 |
| (iii) Non-current loans | 7 | 5,150.58 | 1,582.41 |
| (iii) Other non-current financial assets | 8 | 5,258.21 | 136.53 |
| Deferred tax assets (net) | 9 | 15,556.23 | 4,014.70 |
| Income tax assets (net) | 9 | 20,918.27 | 12,313.56 |
| Other non-current assets | 10 | 1,792.41 | 571.32 |
| Total non-current assets | | 220,950.10 | 144,312.04 |
| Current assets | | | |
| Inventories | 11 | 849.45 | 708.66 |
| Financial assets | | | |
| (i) Current Investments | 12 | 19,740.20 | - |
| (iii) Trade receivables | 13 | 92,067.85 | 50,940.01 |
| (iii) Cash and cash equivalents | 14 | 56,611.15 | 30,389.71 |
| (iv) Bank balances other than cash and cash equivalents above | 15 | 27,040.22 | 15,870.07 |
| (v) Current loans | 16 | 17,431.63 | 2,363.48 |
| (vi) Unbilled revenue | 17 | 47,287.46 | 38,722.03 |
| (viii) Other current financial assets | 18 | 1,724.37 | 273.54 |
| Other current assets | 19 | 6,160.90 | 2,771.23 |
| Total current assets | | 268,913.23 | 142,038.73 |
| Total Assets | | 489,863.33 | 286,350.77 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 20 | 14,548.42 | 12,679.10 |
| Shares to be issued pursuant to merger | 54 | - | 46,030.53 |
| Other equity | 21 | 231,527.90 | 71,767.08 |
| Total equity attributable to equity holders of the Company | | 246,076.32 | 130,476.71 |
| Non-controlling interests | 22 | 157.78 | 88.20 |
| Total equity | | 246,234.10 | 130,564.91 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Non-current borrowings | 23 | 26,860.08 | 27,444.87 |
| (iii) Other non-current financial liabilities | 24 | 19,569.04 | 16,225.87 |
| Deferred tax liabilities (net) | 9 | 22.40 | - |
| Non-current provisions | 25 | 5,768.39 | 2,374.36 |
| Total non-current liabilities | | 52,219.91 | 46,045.10 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Current borrowings | 26 | 69,760.56 | 46,956.42 |
| (iii) Trade payables | 27 | 14,812.32 | 7,776.45 |
| (iii) Other current financial liabilities | 28 | 78,395.08 | 37,153.55 |
| Income tax liabilities (net) | 29 | 961.19 | 522.64 |
| Current provisions | 30 | 4,772.88 | 2,984.07 |
| Other current liabilities | 31 | 22,707.29 | 14,347.63 |
| Total current liabilities | | 191,409.32 | 109,740.76 |
| Total Liabilities | | 243,629.23 | 155,785.86 |
| Total Equity and Liabilities | | 489,863.33 | 286,350.77 |

*Refer note 54

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

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

Subrata Kumar NagExecutive Director &
Chief Executive Officer
DIN: 02234000**Sudershan Pallap**Company Secretary
Membership No.: A14076

Place: Bengaluru

Date: 17 May 2018

Place: Bengaluru

Date: 17 May 2018

Consolidated Statement of Profit and Loss

For the year ended 31 March 2018

| (Amount in ₹ lakhs, except per equity share data) | | | |
|---|------|-------------------------------------|--|
| Particulars | Note | For the year ended 31 March 2018 | For the year ended 31 March 2017 Restated* |
| Income | | | |
| Revenue from operations | 32 | 616,726.07 | 431,493.20 |
| Other income | 33 | 5,692.16 | 1,542.23 |
| Total income | | 622,418.23 | 433,035.43 |
| Expenses | | | |
| Cost of material and stores and spare parts consumed | 34 | 14,221.87 | 7,137.62 |
| Employee benefit expenses | 35 | 507,931.79 | 363,394.75 |
| Finance costs | 36 | 7,545.39 | 4,786.07 |
| Depreciation and amortisation expenses | 37 | 7,474.01 | 3,329.95 |
| Other expenses | 38 | 59,136.01 | 37,168.01 |
| Total expenses | | 596,309.07 | 415,816.40 |
| Profit before share of profit of equity accounted investees and income tax | | 26,109.16 | 17,219.03 |
| Share of profit of equity accounted investees (net of income tax) | 6 | 36.49 | 12.46 |
| Profit before tax | | 26,145.65 | 17,231.49 |
| Tax credit/(expense) | | | |
| Current tax: Minimum Alternative Tax ("MAT") for the year | 9 | (6,260.55) | (3,508.99) |
| Tax relating to earlier years | 9 | 5,651.55 | - |
| Deferred tax (including MAT credit entitlement) | 9 | 5,439.54 | (1,534.56) |
| Total tax credit/ (expense) | | 4,830.54 | (5,043.55) |
| Profit for the year | | 30,976.19 | 12,187.94 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Re-measurement losses on defined benefit plans | 48 | (470.85) | (379.05) |
| Share of other comprehensive income of equity accounted investees (net of income tax) | | 15.40 | 54.44 |
| Income tax relating to items that will not be reclassified to profit or loss | | 152.46 | 119.77 |
| <i>Items that will be reclassified to profit or loss</i> | | | |
| Exchange differences in translating financial statements of foreign operations | | (83.38) | (323.06) |
| Total other comprehensive income for the year, net of income tax | | (386.37) | (527.90) |
| Total comprehensive income for the year | | 30,589.82 | 11,660.04 |
| Profit attributable to | | | |
| Owners of the Company | | 31,098.72 | 12,189.57 |
| Non-controlling interests | | (122.53) | (1.63) |
| Total profit for the year | | 30,976.19 | 12,187.94 |
| Other comprehensive income attributable to | | | |
| Owners of the Company | | (386.37) | (527.90) |
| Non-controlling interests | | - | - |
| Total other comprehensive income | | (386.37) | (527.90) |
| Total comprehensive income attributable to : | | | |
| Owners of the Company | | 30,712.35 | 11,661.67 |
| Non-controlling interests | | (122.53) | (1.63) |
| Total comprehensive income | | 30,589.82 | 11,660.04 |
| Earnings per equity share (face value of ₹ 10.00 each) | | | |
| Basic (in ₹) | 44 | 22.05 | 9.74 |
| Diluted (in ₹) | 44 | 21.82 | 9.59 |

*Refer note 54

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

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: 17 May 2018

Subrata Kumar Nag

Executive Director &

Chief Executive Officer

DIN: 02234000

Sudershan Pallap

Company Secretary

Membership No.: A14076

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

(A) Equity share capital

| Particulars | Note | 31 March 2018 | 31 March 2017 |
|---------------------------------|------|------------------|------------------|
| Opening balance | 20 | 12,679.10 | 11,333.51 |
| Changes in equity share capital | 20 | 1,869.32 | 1,345.59 |
| Closing balance | | 14,548.42 | 12,679.10 |

(B) Shares to be issued pursuant to merger

| Particulars | Note | 31 March 2018 | 31 March 2017 |
|----------------------------------|------|---------------|---------------|
| Opening balance | 54 | 46,030.53 | - |
| Shares issued pursuant to merger | 54 | (46,030.53) | 46,030.53 |
| Closing balance | | - | 46,030.53 |

(C) Other equity

| Other comprehensive income | | | | | | | | | Total attributable to equity holders of the Company | Attributable to non-controlling interests | Total |
|---|------|--------------------|-------------------|-----------------|-----------------------------------|-------------------------|--------------------------------------|---|---|---|-----------|
| Particulars | Note | Securities premium | Retained earnings | General reserve | Stock options outstanding account | Debt redemption reserve | Foreign currency translation reserve | Re-measurement of the net defined benefit liability/asset | | | |
| Reserves and surplus | | | | | | | | | | | |
| Balance at 1 April 2016 | | 4,083.16 | 19,288.95 | 126.56 | 434.81 | - | (11.53) | 406.81 | 24,328.76 | - | 24,328.76 |
| Total comprehensive income for the year ended 31 March 2017 | | | | | | | | | | | |
| Profit for the year | | - | 12,189.57 | - | - | - | - | - | 12,189.57 | (1.63) | 12,187.94 |
| Other comprehensive income (net of tax) | | - | - | - | - | - | (323.06) | (204.84) | (527.90) | - | - |
| Total comprehensive income | | - | 12,189.57 | - | - | - | (323.06) | (204.84) | 11,661.67 | (1.63) | 11,660.04 |
| Transfer to debt redemption reserve | 21 | - | (187.50) | - | - | 187.50 | - | - | - | - | - |
| Acquisition of subsidiary with non-controlling interests | 21 | - | - | - | - | - | - | - | - | 89.83 | 89.83 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Contributions by owners | | | | | | | | | | | |
| Premium on allotment of ESOP | 21 | 345.79 | - | - | (345.79) | - | - | - | - | - | - |
| Premium on issue of equity shares | 21 | 38,738.18 | - | - | - | - | - | - | 38,738.18 | - | 38,738.18 |
| Share issue expenses | 21 | (2,961.53) | - | - | - | - | - | - | (2,961.53) | - | - |
| Total contributions by owners | | 36,122.44 | - | - | (345.79) | - | - | - | 35,776.65 | - | 35,776.65 |
| Balance at 31 March 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 |

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

(C) Other equity (continued)

| (Amount in ₹ lakhs) | | | | | | | | | | | | | |
|---|------|----------------------|-------------------|-----------------|-----------------|----------------------------|-----------------------------------|-------------------------|--------------------------------------|---|---|----------|---|
| Particulars | Note | Reserves and surplus | | | | | 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 | | | | Remeasurement of the net defined benefit liability/ asset |
| Balance 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 |
| Total comprehensive income for the year ended 31 March 2018 | | | | | | | | | | | | | |
| Profit for the year | | - | 31,098.72 | - | - | - | - | - | - | - | 31,098.72 | (122.53) | 30,976.19 |
| Other comprehensive income (net of tax) | | - | - | - | - | - | - | - | (83.38) | (302.99) | (386.37) | - | (386.37) |
| Total comprehensive income | | - | 31,098.72 | - | - | - | - | - | (83.38) | (302.99) | 30,712.35 | (122.53) | 30,589.82 |
| Transfer to debt redemption reserve | 21 | - | (750.00) | - | - | - | - | 750.00 | - | - | - | - | - |
| Transfer to general reserve | 21 | - | - | - | 87.90 | - | (87.90) | - | - | - | - | - | - |
| Appropriation to capital redemption reserve | 21 | - | (1,500.00) | - | - | 1,500.00 | - | - | - | - | - | - | - |
| Acquisition of subsidiary with non-controlling interests | | - | - | - | - | - | - | - | - | - | - | 192.11 | 192.11 |
| Arising on account of acquisition | | - | - | 44.74 | - | - | - | - | - | - | 44.74 | - | 44.74 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | | |
| Contributions by owners | | | | | | | | | | | | | |
| 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 | 20 | 86,299.83 | - | - | - | - | - | - | - | - | 86,299.83 | - | 86,299.83 |
| Share issue expenses | 21 | (3,310.16) | - | - | - | - | - | - | - | - | (3,310.16) | - | (3,310.16) |
| Share based payments | 21 | - | - | - | - | - | 698.46 | - | - | - | 698.46 | - | 698.46 |
| Total contributions by owners | | | | | | | | | | | | | |
| | | 128,305.27 | - | - | - | - | 698.46 | - | - | - | 129,003.73 | - | 129,003.73 |
| Balance at 31 March 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 |

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

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: 17 May 2018

Subrata Kumar Nag

Executive Director &

Chief Executive Officer

DIN: 02234000

Sudershan Pallap

Company Secretary

Membership No.: A14076

Consolidated Statement of Cash flows

For the year ended 31 March 2018

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|----------------------------|
| | 31 March 2018 | 31 March 2017 Restated* |
| Cash flows from operating activities | | |
| Profit before tax | 26,145.65 | 17,231.49 |
| Adjustments for: | | |
| Depreciation and amortisation | 7,474.01 | 3,329.95 |
| Share of profit of equity accounted investees | (36.49) | (12.46) |
| Dividend income on mutual fund units | (27.55) | (166.26) |
| Net gain on financial assets designated at fair value through profit or loss | (1,639.89) | - |
| Net gain on sale of investments in mutual funds | (20.55) | - |
| (Profit)/ loss on sale of property, plant and equipment, net | (32.73) | 16.55 |
| Bad debts recovered | (0.57) | (0.57) |
| Bad debts written off | 1,270.69 | 711.18 |
| Liabilities no longer required written back | (187.82) | (32.40) |
| Provision for bad and doubtful debts, net | (590.45) | 72.42 |
| Interest on loans to related parties | (277.70) | (11.80) |
| Interest income on term deposits | (1,545.01) | (1,129.13) |
| Interest income on present valuation of financial instruments | (128.96) | (83.68) |
| Interest on income tax refunds | (536.94) | (33.86) |
| Change in fair value of contingent consideration | (1,228.23) | (44.69) |
| Expense on employee stock option scheme | 698.46 | - |
| Finance costs | 7,545.39 | 4,786.07 |
| Operating cash flows before working capital changes | 36,881.31 | 24,632.81 |
| Changes in operating assets and liabilities | | |
| (Increase) in inventories | (140.79) | (369.29) |
| (Increase)/ decrease in trade receivables | (21,732.27) | 2,595.18 |
| Decrease/ (increase) in unbilled revenue | (143.11) | (8,240.34) |
| (Increase) in loans | (1,761.74) | (901.30) |
| (Increase)/ decrease in loans (current) | 1,297.41 | 313.36 |
| (Increase) in other non-current assets | (512.79) | 88.24 |
| (Increase)/ decrease in other current financial assets | 12.26 | 8.97 |
| (Increase) in other current assets | (2,013.39) | (4.49) |
| Increase in trade payables | (276.44) | (2,377.87) |
| Increase/ (decrease) in other current financial liabilities | (1,486.80) | (3,149.47) |
| Increase in non-current and current provisions | 644.37 | 505.42 |
| Increase in other current liabilities | 7,537.04 | 2,122.79 |
| Cash generated from operations | 18,305.06 | 15,224.01 |
| Income taxes paid, net of refund | (7,438.11) | (8,386.95) |
| Net cash provided by operating activities (A) | 10,866.95 | 6,837.06 |
| Cash flows from investing activities | | |
| Expenditure on property, plant and equipment and intangibles, net of sale proceeds | (9,279.81) | (3,826.71) |
| Acquisition of shares in subsidiaries and associates net of acquisition date cash and cash equivalents of subsidiaries | (29,085.80) | (38,421.61) |

Consolidated Statement of Cash flows

For the year ended 31 March 2018

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|----------------------------|
| | 31 March 2018 | 31 March 2017 Restated* |
| Investments in mutual fund units, net | (18,079.76) | - |
| Dividend received on mutual fund units | 27.55 | 166.26 |
| Bank deposits (having original maturity of more than three months) | (11,822.23) | (15,449.25) |
| Loans to related parties | (14,230.25) | (675.17) |
| Interest income on term deposits | 1,494.19 | 879.37 |
| Payable to erstwhile minority shareholders | - | (66.67) |
| Net cash used in investing activities (B) | (80,976.11) | (57,393.78) |
| Cash flows from financing activities | | |
| Proceeds from/ (repayment of) vehicle loan, net | 363.75 | 76.50 |
| Proceeds from/ (repayment of) finance lease obligation, net | (172.72) | 335.27 |
| Proceeds from term loans | (538.21) | 10,577.09 |
| Proceeds from issue of debentures, net of issue expenses | - | 15,000.00 |
| Transaction costs related to issue of debentures | - | (166.87) |
| Proceeds from short-term borrowings, net of transaction costs & repayments | 18,150.91 | 12,241.86 |
| Loans from related parties | 47.72 | (71.60) |
| Proceeds from issue of equity shares | 87,392.25 | 40,000.00 |
| Transaction costs related to issue of equity shares | (2,602.47) | (2,961.53) |
| Proceeds from exercise of share options | 61.99 | 83.76 |
| Interest paid | (6,652.94) | (4,432.99) |
| Net cash provided by financing activities (C) | 96,050.28 | 70,681.49 |
| Net increase in cash and cash equivalents (A+B+C) | 25,941.12 | 20,124.77 |
| Cash and cash equivalents at the beginning of the year | 30,355.49 | 10,278.55 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 314.54 | (47.83) |
| Cash and cash equivalents at the end of the year**(refer note 14) | 56,611.15 | 30,355.49 |

* Refer note 54

**Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Components of cash and cash equivalents (refer note 14)

(Amount in ₹ lakhs)

| Particulars | As at | |
|---|------------------|------------------|
| | 31 March 2018 | 31 March 2017 |
| Cash and cash equivalents | | |
| Cash in hand | 45.55 | 29.34 |
| Cheque in hand | - | 378.66 |
| Balances with banks | | |
| In current accounts | 45,307.94 | 29,648.71 |
| In EEFC accounts | 244.43 | - |
| In deposit accounts (with original maturity of less than 3 months) | 11,013.23 | 333.00 |
| Cash and cash equivalents in consolidated balance sheet | 56,611.15 | 30,389.71 |
| Bank overdraft used for cash management purpose | - | (34.22) |
| Cash and cash equivalents in the consolidated statement of cash flow | 56,611.15 | 30,355.49 |

Consolidated Statement of Cashflow

For the year ended 31 March 2018

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

(Amount in ₹ lakhs)

| Particulars | Debentures | Vehicle loan | Finance lease obligations | Other term loans | Short-term borrowings | Total |
|--|------------------|---------------|---------------------------|------------------|-----------------------|-------------------|
| Debt as at 1 April 2017 | 14,833.13 | 92.15 | 3,305.17 | 12,668.30 | 46,956.42 | 77,855.17 |
| Interest accrued but not due as at 1 April 2017 | - | - | - | 46.44 | 358.64 | 405.08 |
| Cash flows | - | 363.75 | (172.72) | (538.21) | 18,198.62 | 17,851.44 |
| 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) |
| Debt as at 31 March 2018 | 14,862.65 | 455.90 | 3,132.45 | 12,664.01 | 69,760.56 | 100,875.57 |

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

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: 17 May 2018

Subrata Kumar Nag

Executive Director &
Chief Executive Officer
DIN: 02234000

Sudershan Pallap

Company Secretary
Membership No.: A14076

Notes

to the consolidated financial statements for the year ended 31 March 2018

1. Company overview

Quess 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 at 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 global technology solutions, people and services, integrated facility management and industrials segments and internet business.

The Company undertook an initial public offer of equity shares and subsequently got its equity shares listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) effective 12 July 2016.

Thomas Cook (India) Limited ("TCIL") has become the parent company and Fairfax Financial Holding Limited ("FFHL") has become the ultimate holding company of the Company with effect from 14 May 2013. However, Thomas Cook (India) Limited ("TCIL") has ceased to be the parent company and Fairfax Financial Holding Limited ("FFHL") has also ceased to become the ultimate holding company of Quess Corp Limited with effect from 1 March 2018. [Refer note 58 of the consolidated financial statements]

During the year, the Group has restated the financials of the comparative period on account of merger of Facility Management Business and Catering Business (together means "Identified Business") of Manipal Integrated Services Private Limited ("MIS") and on account of acquisition of Comtel Solutions Pte Limited. [Refer note 54 of the consolidated financial statements].

2. Basis of preparation and significant accounting policies

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 ("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.

Effective 1 April 2016, the Group has adopted all the Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Ind AS financial statements are approved for issue by the Company's Board of Directors on 17 May 2018.

The consolidated Ind AS financial statements are presented in Indian Rupees ("₹"), which is also the Group's functional currency and all amounts have been rounded-off to the nearest lakhs.

2.2 Basis of measurement

The consolidated financial statements have been prepared on 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. Contingent consideration in business combinations are measured at fair value.

2.3 Use of estimates and judgement

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.

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

Notes

to the consolidated financial statements for the year ended 31 March 2018

- 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.
- ii. **Measurement of defined benefit obligations:** The cost of the defined benefit obligations are based on actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. All assumptions are reviewed on a periodic basis.
- iii. **Impairment of financial assets:** The Group assesses on a forward looking basis the expected credit losses associated with financial assets carried at amortised cost.
- 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.
- v. **Business combinations:** Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets (such as brands, customer contracts and customer relationships). These valuations are conducted by independent valuation experts.
- vi. **Other estimates:** The impairment of non-financial assets involves key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets.

2.4 Measurement of fair values

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

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

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

2.5 Basis of consolidation

a) Business combination

Business combinations (other than common control business combinations)

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1 April 2015. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised 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; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship with the acquiree. Such amounts are generally recognised in the Statement of Profit and Loss.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is re-measured at

Notes

to the consolidated financial statements for the year ended 31 March 2018

fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or other comprehensive income ("OCI"), as the case may be.

b) Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses.

When the net fair value of the identifiable assets, liabilities and contingent liabilities ("net assets") acquired exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve.

Any goodwill that arises is tested annually for impairment. An impairment loss on goodwill is not subsequently reversed. In respect of such business combinations that occurred prior to 1 April 2015, goodwill is included on the basis of its deemed cost on the transition date, which represents the amount recorded under the Group's Previous GAAP.

c) Intangible assets

Intangible assets acquired in a business combination (such as brands, customer contracts and customer relationships) are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The amortisation of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated and is included in depreciation and amortisation expenses in the consolidated statement of profit and loss. The estimated useful life of amortisable intangibles are reviewed and where appropriate are adjusted, annually.

d) Subsidiaries

Subsidiaries are the entities controlled by the Group. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in note 46. Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group. Non-controlling interests ("NCI") which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Group, are excluded.

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

In case where the Group has written a put option with NCI in an existing subsidiary on their equity interest in that subsidiary then the Group evaluates access to the returns associated with the ownership interest. In case NCI still have present access to returns associated with the underlying ownership interest, then the Group has elected to account for put option as per the anticipated-acquisition method. Under the anticipated-acquisition method the put option is accounted for as an anticipated acquisition of the underlying NCI. This is independent of how the exercise price is determined (e.g. fixed or variable) and how likely it is that the option will be exercised. Subsequent to initial recognition, any changes in the carrying amount of the put liability is accounted through 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.

e) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

Associates are entities over which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method of accounting. The investment is initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial

Notes

to the consolidated financial statements for the year ended 31 March 2018

statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases. The Group's investment in equity accounted investees includes goodwill identified on acquisition.

2.6 Functional and presentation currency

Items included in the consolidated Ind AS financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupees ("₹"), which is also the Group's functional currency.

2.7 Property, plant and equipment

i) Recognition and measurement

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

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

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

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

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated 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

Depreciation is provided on a Straight Line Method ('SLM') over the estimated useful lives of the property, plant and equipment as estimated by the Management and is generally recognized in the consolidated statement of profit and loss. The management believes that the useful lives as given below best represent the period over which the management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for some of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of). The Group has estimated the useful lives for property, plant and equipment as follows:

| Asset category | Estimated useful life |
|------------------------|-----------------------|
| Buildings | 20 years |
| Plant and machinery | 3 years |
| Computer equipment | 3 years |
| Furniture and Fixtures | 4 - 7 years |
| Office equipment | 4 - 5 years |
| Vehicles | 3 years |
| Computer (data server) | 7 years |

Leasehold improvements are depreciated over the 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 at each financial year end and adjusted if appropriate.

Notes

to the consolidated financial statements for the year ended 31 March 2018

2.8 Goodwill and other intangible assets

(i) Goodwill

For measurement of goodwill that arises on a business combination refer note 2.5. Subsequent measurement of goodwill that arises on business combination is at carrying cost less any accumulated impairment losses.

(ii) Other intangible assets

Internally generated: Research and development

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

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

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

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

Others

Other intangible assets 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.

(iii) Subsequent expenditure

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

(iv) Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

The estimated useful lives of intangible assets are as follows:

| Asset category | Estimated useful life |
|--------------------------|--|
| Brand | 15 years |
| Software (leasehold) | Lease term or estimated useful life of, whichever is lower |
| Software (owned) | 3 years |
| Copyright and trademarks | 3 years |
| Customer contracts | 3 years |
| Customer relationships | 5-10 years |

The residual values, useful lives and method of amortization of intangible assets are reviewed at each financial year end and adjusted if appropriate.

Notes

to the consolidated financial statements for the year ended 31 March 2018

2.9 Impairment of non-financial assets

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

If such assets are considered to be impaired, the impairment to be recognised in the consolidated 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 consolidated 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 for the asset in prior years.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in net profit in the consolidated statement of profit and loss and is not reversed in the subsequent period.

2.10 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are 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.

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

2.11 Inventories

Inventories (raw materials and stores and spares) which comprise of food consumables, operating consumables are valued at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

Inventories are stated net of write down or allowances on account of obsolete, damaged or slow moving items. The Group assess the obsolescence of inventory on a periodic basis.

Notes

to the consolidated financial statements for the year ended 31 March 2018

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

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

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

a) People and services:

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

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

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

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

b) Global technology solutions:

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

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

c) Integrated facility management:

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

d) Industrials:

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

2.13 Other income

Other income mostly comprises interest income on deposits, dividend income and gain/ (losses) 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

2.14 Foreign currency transactions and balances

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

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

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities

Notes

to the consolidated financial statements for the year ended 31 March 2018

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

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

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.

2.15 Financial instruments

a) Recognition and initial measurement

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

All financial instruments are recognized 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.

b) Classification and subsequent measurement

Financial assets

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

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

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

- (i) A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:
 - the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.
- (ii) A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
 - the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the financial asset give rise on specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Notes

to the consolidated financial statements for the year ended 31 March 2018

- (iii) On initial recognition of an equity investment that is not held for trading, the Group irrevocably elects to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-to-investment basis.
- (iv) All financial assets not classified at amortised cost or FVOCI 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.

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 consolidated statement of profit and loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in the consolidated 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 consolidated 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 consolidated statement of profit and loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated 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 consolidated statement of profit and loss. |

c) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40 details how the Group determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on financial assets 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 entity reverts to recognizing impairment loss allowance based on 12 month ECL.

d) Derecognition of financial assets

A financial asset is derecognised only when:

- The 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.

Notes

to the consolidated financial statements for the year ended 31 March 2018

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.

Financial liabilities

Classification, subsequent measurement and gains and losses

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

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

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 them on a net basis or to realize the asset and settle the liability simultaneously.

2.16 Employee benefits

(a) Short-term benefit plans

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

(b) Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit Credit Method as at the reporting date.

(c) Defined contribution plan

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

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(d) Defined benefit plans

The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

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.

(e) Termination benefits

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

2.17 Share based payments

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 consolidated statement of profit and loss with a corresponding increase to the share based payment reserve, a component of equity. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

Amendment to Ind AS 102:

Effective 1 April 2017, Ind AS 102 has been amended which provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes. The amendment did not have any effect on the consolidated financial statements. The impact of the above stated amendment to the Group is Nil as the same is not applicable to Group.

2.18 Taxes

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted 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 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 is not recognised for:

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

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- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

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

Minimum alternative tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence 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 balance sheet

2.19 Provisions

A provision is recognised if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the reporting date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contract

A contract is considered to be onerous when the expected economic benefit to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognizes any impairment loss on the assets associated with the contract.

2.20 Contingent liability

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are disclosed in the financial statements if an inflow of economic benefits is probable.

2.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks 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 in 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.

2.22 Cash flow statement

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

Amendment to Ind AS 7:

Effective 1 April 2017, the Group adopted the amendment to Ind AS 7 which requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

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2.23 Earnings per share

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

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

2.24 Segment reporting

Based on the “management approach” as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Group’s performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. People and Services, Integrated Facility Management, Global Technology Solutions and Industrials and Internet business.

2.25 Contributed equity

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

2.26 Recent accounting pronouncements

Standards issued but not yet effective

On 28 March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 40, ‘Investment Property’, Ind AS 21, ‘The Effects of Changes in Foreign Exchange Rates’, Ind AS 12, ‘Income Taxes’, Ind AS 28, ‘Investments in Associates and Joint Ventures’, ‘Ind AS 112, ‘Disclosure of Interests in Other Entities’ and Ind AS 115, ‘Revenue from contracts with customers’.’ These amendments maintain convergence with IFRS by incorporating amendments issued by the International Accounting Standards Board (IASB) into Ind AS. The amendments are applicable to the Group from 1 April 2018.

Amendment to Ind AS 40, Investment Property

The amendment to Ind AS 40 lays down the principle regarding when a Group should transfer to, or from, investment property. Accordingly, a transfer is made only when:

- i. There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.
- ii. There is evidence of the change in use.

The impact of the above stated amendment to the Group is nil as the same is not applicable to the Group.

Amendment to Ind AS 21, The Effects of Changes in Foreign Exchange Rates Appendix B to Ind AS 21, Foreign currency transactions and advance consideration clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Group is in process evaluating the effect of this on the consolidated financial statements and expects the impact to be not material.

Amendment to Ind AS 12, Income Taxes

The amendment to Ind AS 12 considers that:

- i. Tax law determines which deductions are offset against taxable income in determining taxable income in determining taxable profits.
- ii. No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Group is evaluating the effect of this on the consolidated financial statements and expects the impact to be not material.

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Amendment to Ind AS 28, Investments in Associates and Joint Ventures

The amendment to Ind AS 28 clarifies that a venture capital organization, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

The standard is applicable to the Group but the impact of the above stated amendment to the Group is nil.

Amendment to Ind AS 112, Disclosure of Interests in Other Entities

The amendment to Ind AS 112 provide that the disclosure requirements for interests in other entities also apply to interests that are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

The standard and the disclosure requirements as per the above stated amendment is applicable to the Group and the Group will comply the requirements wherever applicable.

Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Group has completed an initial qualitative assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its consolidated financial statements. The quantitative impact of adoption of Ind AS 115 on the consolidated financial statements in the period of initial application is not expected to be material. The Group is currently evaluating the methods of transition to be adopted.

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3. Property, plant and equipment

| (Amount in ₹ lakhs) | | | | | | | | | | | | |
|---|----------|-----------|------------------------|------------------------|----------|------------------|---------------------|--------------------|-----------------------------|-------------------------------------|--------------------------|--|
| Particulars | Land | Buildings | Leasehold improvements | Furniture and fixtures | Vehicles | Office equipment | Plant and machinery | Computer equipment | Computer equipment - Leased | Total Property, plant and equipment | Capital work-in-progress | Total Property, plant and equipment and capital work-in-progress |
| Gross carrying amount as at 1 April 2016 | - | - | 2,034.80 | 625.84 | 92.23 | 1,298.20 | 577.44 | 895.52 | 3,689.03 | 9,215.06 | - | 9,215.06 |
| Acquisitions through business combinations | - | - | 43.47 | 17.55 | 63.10 | 61.02 | 1,479.64 | 221.41 | - | 1,886.19 | 150.92 | 2,037.11 |
| Additions | - | - | 294.43 | 131.23 | 141.61 | 316.48 | 485.24 | 325.47 | 1,041.30 | 2,735.76 | - | 2,735.76 |
| Disposals | - | - | 142.88 | 3.61 | 36.02 | 63.04 | 16.40 | 0.44 | - | 262.39 | - | 262.39 |
| Capitalised during the year | - | 127.58 | - | - | - | - | 23.34 | - | - | 150.92 | [150.92] | - |
| Translation differences* | - | - | [18.74] | [3.19] | 0.43 | [13.10] | - | [30.10] | [49.83] | [114.53] | - | [114.53] |
| Balance as at 31 March 2017 | - | 127.58 | 2,213.08 | 767.82 | 261.35 | 1,599.56 | 2,549.26 | 1,411.86 | 4,680.50 | 13,611.01 | - | 13,611.01 |
| Acquisitions through business combinations | 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 |
| Balance as at 31 March 2018 | 4,700.00 | 3,740.63 | 3,131.85 | 2,032.49 | 792.29 | 4,045.33 | 6,193.04 | 8,317.04 | 5,476.82 | 38,429.49 | 18.87 | 38,448.36 |
| Accumulated depreciation as at 1 April 2016 | - | - | 1,309.18 | 322.78 | 59.32 | 648.43 | 349.67 | 313.27 | 1,768.49 | 4,771.14 | - | 4,771.14 |
| Acquisitions through business combinations | - | - | 31.38 | 9.82 | 23.96 | 31.08 | 1,010.49 | 147.31 | - | 1,254.04 | - | 1,254.04 |
| Depreciation for the year | - | 0.56 | 234.65 | 90.17 | 44.69 | 236.89 | 308.11 | 374.41 | 984.33 | 2,273.81 | - | 2,273.81 |
| Disposals | - | - | 128.21 | 1.81 | 36.02 | 60.77 | 16.40 | 0.06 | - | 243.27 | - | 243.27 |
| Translation differences* | - | - | [8.91] | [0.45] | 0.43 | [8.58] | - | [27.83] | 1.62 | [43.72] | - | [43.72] |
| Balance as at 31 March 2017 | - | 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 |
| Acquisitions through business combinations | - | 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 |
| Balance as at 31 March 2018 | - | 133.63 | 2,004.87 | 995.91 | 241.50 | 1,801.78 | 2,433.19 | 3,855.15 | 3,714.34 | 15,180.37 | - | 15,180.37 |
| Net carrying amount | | | | | | | | | | | | |
| As at 31 March 2018 | 4,700.00 | 3,607.00 | 1,126.98 | 1,036.58 | 550.79 | 2,243.55 | 3,759.85 | 4,461.89 | 1,762.48 | 23,249.12 | 18.87 | 23,267.99 |
| As at 31 March 2017 | - | 127.02 | 774.99 | 347.31 | 168.97 | 752.51 | 897.39 | 604.76 | 1,926.06 | 5,599.01 | - | 5,599.01 |

*Represents translation of tangible assets of foreign operations into Indian Rupees. No impairment loss has been recognised during the current year or previous year.

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4 Goodwill

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Carrying value at the beginning of the year | 91,872.92 | 20,197.57 |
| Add: Goodwill on acquisition of: | | |
| Quess Corp Lanka (Private) Limited [refer note (a)] | - | 99.08 |
| Inticore VJP Advance Systems Private Limited [refer note (b)] | - | 94.89 |
| Comtel Solutions Pte Limited [refer note (c)] | - | 11,864.86 |
| Identified business of Manipal Integrated Services, including two of its subsidiaries [refer note (d)] | - | 60,055.07 |
| Vedang Cellular Services Private Limited [refer note (e)] | 2,531.83 | - |
| Conneqt Business Solutions Limited [refer note (f)] | 6,949.11 | - |
| Certain subsidiaries of Monster Group [refer note (g)] | 7,506.99 | - |
| Business assets of CAARPUS Technology Services Limited [refer note (h)] | 45.20 | - |
| Translation differences | 687.28 | (438.55) |
| Carrying value at the end of the year | 109,593.33 | 91,872.92 |

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries as on the date of acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. An amount of INR 17,033.13 lakhs (31 March 2017: INR 72,113.90 lakhs) has been recognised as goodwill as per the requirements of Ind AS 103, Business Combinations.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The goodwill on acquisition of entities has been allocated to operating segments as follows:

| Business acquired | Allocated operating segment |
|---|--------------------------------|
| Quess Corp Lanka (Private) Limited | People and services |
| Inticore VJP Advance Systems Private Limited | Industrials |
| Comtel Solutions Pte Limited | Global technology solutions |
| Identified business of Manipal Integrated Services, including two of its subsidiaries | Integrated facility management |
| Vedang Cellular Services Private Limited | Industrials |
| Conneqt Business Solutions Limited | Global technology solutions |
| Certain subsidiaries of Monster Group | Internet business |
| Business assets of CAARPUS Technology Services Limited | Industrials |

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The allocation of goodwill to the CGU's before any translation differences is as below:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--------------------------------|------------------------|------------------------|
| People and services | 157.18 | 157.18 |
| Global technology solutions | 37,051.12 | 30,101.99 |
| Integrated facility management | 60,844.36 | 60,844.36 |
| Industrials | 3,682.46 | 1,105.43 |
| Internet business | 7,506.99 | - |

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is allowed to be determined based on value in use as per specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each of the assumptions are mentioned below:

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|-------------------------|------------------------|------------------------|
| Discount rate* | 12.00% - 23.66% | 12.00% - 23.66% |
| Terminal growth rate ** | 2.00% - 4.00% | 2.00% - 4.00% |
| Operating margins | 5.00% - 20.00% | 5.00% -15.00% |

*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 of 31 March 2018, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

(a) Acquisition of Quess Corp Lanka (Private) Limited

On 26 April 2016, Quess Corp Limited acquired 100.00% equity interest in Quess Corp Lanka (Private) Limited [formerly known as Randstad Lanka (Private) Limited] through its wholly owned subsidiary Quess Corp Holdings Pte Ltd ("QHPL") for a consideration of ₹ 387.16 lakhs. The business acquisition was effected by entering into a Share Purchase Agreement ("SPA") dated 14 October 2015 with Randstad India (Private) Limited. Accordingly, during the previous year Quess Corp Lanka (Private) Limited became the wholly owned subsidiary of Quess Corp Limited.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 288.08 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 99.08 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Goodwill is not deductible for income tax purposes. Results from this acquisition and goodwill are grouped under People and services segment. This acquisition is expected to provide the Group an increased share in People and services segment.

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The purchase price has been allocated based on the report of a valuer which is as follows:

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Property, plant and equipment | 2.93 | - | 2.93 |
| Net assets (excluding above) | 277.94 | - | 277.94 |
| Deferred tax assets | 7.21 | - | 7.21 |
| Total | | | 288.08 |
| Purchase consideration | | | 387.16 |
| Goodwill | | | 99.08 |

(b) Acquisition of Inticore VJP Advance Systems Private Limited

On 1 December 2016, Quess Corp Limited acquired 73.95% equity interest in Inticore VJP Advance Systems Private Limited ("IASPL") for a consideration of ₹ 349.89 lakhs. The business combination was effected by entering into a Share Subscription Agreement ("SSA") dated 28 November 2016 with IASPL and promoters of IASPL. IASPL offers engineering solutions to clients including component design solutions, development engineering and sourcing management.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 344.83 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 94.89 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Goodwill is not deductible for income tax purposes. Results from this acquisition and goodwill are grouped under Industrials segment. This acquisition is expected to provide the Group an increased share in Industrials segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

| (Amount in ₹ lakhs) | | | |
|-------------------------------------|----------------------------|------------------------|--------------------------|
| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 4.22 | - | 4.22 |
| Net assets (excluding above) | 338.56 | - | 338.56 |
| Deferred tax assets | 2.05 | - | 2.05 |
| Total | | | 344.83 |
| Share of the Group at 73.95% | | | 255.00 |
| Purchase consideration | | | 349.89 |
| Goodwill | | | 94.89 |

(c) Acquisition of Comtel Solutions Pte Limited

On 14 February 2017, Quess Corp Limited through its wholly owned subsidiary Quesscorp Holdings Pte Ltd ("QHPL") had entered into Share Purchase Agreement ("SPA") with Comtel Solutions Pte. Ltd. ("Comtel") and its shareholder, Mr. Gopal Vasudev ("GV"), to acquire controlling stake in Comtel. Comtel is one of Singapore's independent staffing companies with services offered across staffing solutions, managed services solutions and recruitment and search services. The Company in the previous year has 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 ₹ 7,966.73 lakhs as at 14 February 2017 to be amortised over its estimated useful life of 7 years. The fair value of net assets acquired on the acquisition date including customer relationships as a part of the transaction amounted to ₹ 13,600.73 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 11,864.86 lakhs. The goodwill is attributable to value of benefits of expected synergies, future revenue and

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future market developments. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide an increased share in Global technology solutions segment through Comtel's customer base.

The fair value of purchase consideration is ₹ 25,465.59 lakhs. The details are as follows:

(Amount in ₹ lakhs)

| Nature of consideration and terms of payment | Amount | Fair Value |
|--|------------------|------------------|
| 1. Upfront cash consideration [refer note (i) below] | 12,657.01 | 12,657.01 |
| 2. Additional consideration [refer note (i) below] | 1,169.08 | 1,169.08 |
| 3. Financial liability [refer note (ii) below] | 12,531.38 | 11,639.50 |
| Total purchase consideration | 26,357.47 | 25,465.59 |

- (i) As per the SPA, QHPL has acquired 64.00% equity shares of Comtel by paying an upfront cash consideration of SGD 268.49 lakhs and an additional consideration of SGD 24.80 lakhs. The additional consideration has been computed as per the pre-defined calculation based on the EBITDA of Comtel for the financial year ending 31 March 2017 and paid during the year.
- (ii) As per the SPA, GV is committed to sell the remaining equity shares of 36.00% to QHPL by October 2018. The consideration for 36.00% of equity shares will be calculated as per the pre-defined calculation based on the EBITDA of Comtel for the half year ending 30 September 2018. The Company has accounted the commitment to acquire remaining 36.00% equity shares as financial liabilities at its present value as on the reporting date.

The purchase price has been allocated based on the report of a valuer which is as follows :

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|------------------------|----------------------------|------------------------|--------------------------|
| Net assets | 6,988.35 | - | 6,988.35 |
| Customer relationships | - | 7,966.73 | 7,966.73 |
| Deferred tax liability | - | (1,354.34) | (1,354.34) |
| Total | | | 13,600.73 |
| Purchase consideration | | | 25,465.59 |
| Goodwill | | | 11,864.86 |

- (iii) The impact of the purchase price allocation as compared to provisional allocation is as follows:

(Amount in ₹ lakhs)

| Particulars | 31 March 2017 | | Impact |
|--|---------------------------------------|---------------------------------|-------------------|
| | Provisional purchase price allocation | Final purchase price allocation | |
| Purchase consideration | 25,094.49 | 25,465.59 | 371.10 |
| Net assets and liabilities acquired | 6,988.35 | 6,988.35 | - |
| Customer relationships | - | 7,966.73 | 7,966.73 |
| Deferred tax liability arising on identified intangibles | - | (1,354.34) | (1,354.34) |
| Goodwill | 18,106.14 | 11,864.86 | (6,241.28) |

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d) Acquisition of Identified business of Manipal Integrated Services, including two of its subsidiaries namely Master Staffing Solutions Private Limited and Golden Star Facilities & Services Private Limited

During the previous year ended 31 March 2017, Quess Corp Limited ("the Company") had entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business" or "Merged Business") of MIS through the Scheme of Arrangement ("the Scheme") at a consideration of ₹ 70,846.53 lakhs. The Board vide its meeting dated 28 November 2016 had approved the draft Scheme of Arrangement and filed the Scheme with BSE and NSE. The Company in the previous year had received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively.

During the year, the Company has obtained approval from the National Company Law Tribunal ("NCLT") dated 30 November 2017, to merge Identified Business of MIS. The scheme has been filed with Registrar of Companies ("ROC") on 13 December 2017. The appointed date of the scheme is 1 December 2016 which is the effective date of merger approved by NCLT. The NCLT order override the requirements under Ind AS 103, Business Combinations, and hence the Company has considered the date of acquisition as 1 December 2016.

The identified business includes two subsidiaries namely Master Staffing Solutions Private Limited ("MSSP") (100.00% owned) and Golden Star Facilities & Services Private Limited ("GSFS") (60.00% owned). The Company has a contractual commitment to acquire the non-controlling interest in Golden Star Facilities & Services Private Limited, of which, 10.00% was acquired during the year. 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. Post allocation of purchase price, the Company has recorded a goodwill of ₹ 60,055.07 lakhs.

The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Goodwill of identifiable business of MIS is deductible for income tax purposes and that of MSSP and GSFS is not deductible for income tax purposes. This acquisition is expected to provide an increased share in Integrated facility management segment through the customer base of Identified business of Manipal Integrated Services, including two of its subsidiaries namely Master Staffing Solutions Private Limited and Golden Star Facilities & Services Private Limited. The Group also expects to reduce costs through economies of scale.

For the four months ended 31 March 2017, MSSP and GSFS contributed revenue of ₹ 9,219.43 lakhs and profit after tax of ₹ 626.69 lakhs to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2016, consolidated revenue and consolidated profit for the year would have been increased by ₹ 26,340.99 lakhs and ₹ 786.37 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.

The fair value of purchase consideration is INR 70,846.53 lakhs. The details are as follows:

(Amount in ₹ lakhs)

| Nature of consideration and terms of payment | Amount | Fair Value |
|---|------------------|------------------|
| 1. Cancellation of investment in preference shares of Manipal Integrated Services Private Limited ("MISP") [refer note (i) below] | 22,000.00 | 22,000.00 |
| 2. Shares to be issued pursuant to merger [refer note (ii) below] | 46,030.53 | 46,030.53 |
| 3. Financial liability [refer note (iii) below] | 3,177.00 | 2,816.00 |
| Total purchase consideration | 71,207.53 | 70,846.53 |

- (i) As per the Scheme, the Company subscribed to preference shares amounting to INR 22,000.00 lakhs of MISP for securing an interest in the facility management business and catering business, development of the same and facilitating the proposed demerger as contemplated in the Scheme. This initial investment shall stand cancelled as on the appointed date and the Scheme becoming effective, and will be evaluated for the computation of goodwill/ capital reserve/ intangible assets. As per the terms of scheme of arrangement, on the date of NCLT order, the preferred shares stands cancelled and it forms part of the purchase consideration.
- (ii) As per the Scheme, upon the Scheme becoming effective, as consideration for the proposed merger, the Company shall issue equity shares as fully paid to the equity shareholders of MISP as per the share entitlement ratio. The share entitlement ratio shall be: 165 equity shares of Quess Corp Limited of INR 10.00 each fully paid for every 280 equity shares of MISP of INR 10.00 each fully paid up. Accordingly, the Company had issued 7,149,263 equity shares.

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- (iii) The Company has accounted the commitment to acquire remaining 40.00% equity shares in GSFS as financial liabilities at its present value as on the date of acquisition.

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Property, plant and equipment | 624.99 | - | 624.99 |
| Intangibles | 22.90 | 11,480.00 | 11,502.90 |
| Deferred tax assets | 1,135.15 | (460.00) | 675.15 |
| Net assets (excluding above) | (2,011.58) | - | (2,011.58) |
| Total | (228.54) | 11,020.00 | 10,791.46 |
| Purchase consideration | | | 70,846.53 |
| Goodwill | | | 60,055.07 |

(e) Acquisition of Vedang Cellular Services Private Limited

During the year, Quess Corp Limited 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 has acquired 70.00% stake for a consideration of ₹ 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 optimization and installation of active components in telecom network in India.

As Vedang acquisition has been completed towards end of the financial year, the management has decided to avail the one year measurement period available as per Ind AS 103 for completing the purchase price allocation exercise. Accordingly, for the year ended 31 March 2018, the group has provisionally allocated the purchase consideration.

The fair value of net assets acquired including the identified intangibles as on the acquisition date as a part of the transaction amounted to ₹ 3,243.34 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 2,531.83 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.

For the period from 10 November 2017 to 31 March 2018, Vedang contributed revenue of ₹ 4,481.51 lakhs and profit after tax of ₹ 69.11 lakhs to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2017, consolidated revenue and consolidated profit for the year would have increased by ₹ 9,952.94 lakhs and ₹ 96.20 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.

The fair value of purchase consideration is ₹ 5,775.18 lakhs. The details are as follows:

(Amount in ₹ lakhs)

| Nature of consideration and terms of payment | 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 |
| Total purchase consideration | 6,667.73 | 5,775.18 |

- (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.

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The purchase price has been provisionally allocated which is as follows:

| (Amount in ₹ lakhs) | | | |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 477.21 | - | 477.21 |
| Intangibles | - | 1,834.41 | 1,834.41 |
| Deferred tax liabilities | - | (635.03) | (635.03) |
| Net assets (excluding above) | 1,566.75 | - | 1,566.75 |
| Total | 2,043.96 | 1,199.38 | 3,243.34 |
| Purchase consideration | | | 5,775.18 |
| Goodwill | | | 2,531.83 |

(f) Acquisition of Conneqt Business Solutions Limited

During the year, Quess 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 ₹ 32,166.68 lakhs. In accordance with the SPA and SHA, on 27 November 2017 the Company has acquired 51.00% stake for a consideration of ₹ 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 name of Tata Business Support Services Limited has been changed to Conneqt Business Solutions Limited w.e.f. 9 January 2018.

As TBSS acquisition has been completed towards end of the financial year, the management has decided to avail the one year measurement period available as per Ind AS 103 for completing the purchase price allocation exercise. Accordingly, for the year ended 31 March 2018, the group has provisionally allocated the purchase consideration.

The fair value of net assets acquired including the identified intangibles as on the acquisition date as a part of the transaction amounted to ₹ 25,217.57 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 6,949.11 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 Global technology solutions segment. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide an increased share in Global technology solutions segment.

For the period from 27 November 2017 to 31 March 2018, TBSS contributed revenue of ₹ 25,989.96 lakhs and profit after tax of ₹ 1,307.01 lakhs to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2017, consolidated revenue and consolidated profit for the year would have increased by ₹ 73,927.36 lakhs and ₹ 2,308.31 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.

The fair value of purchase consideration is ₹ 32,166.68 lakhs. The details are as follows:

| (Amount in ₹ lakhs) | | |
|---|------------------|------------------|
| Nature of consideration and terms of payment | Amount | Fair Value |
| 1. Upfront cash consideration | 14,772.82 | 14,772.82 |
| 2. Consideration payable | 500.00 | 500.00 |
| 3. Financial liability [refer note (i) below] | 46,765.88 | 16,893.86 |
| Total purchase consideration | 62,038.70 | 32,166.68 |

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- (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.

The purchase price has been provisionally allocated which is as follows:

| (Amount in ₹ 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 | - | 6,425.25 | 6,425.25 |
| Deferred tax liabilities | - | (2,223.65) | (2,223.65) |
| Net assets (excluding above) | 8,755.54 | - | 8,755.54 |
| Total | 16,315.97 | 8,901.60 | 25,217.57 |
| Purchase consideration paid | | | 32,166.68 |
| Goodwill | | | 6,949.11 |

(g) 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, Quess Corp Limited along with its wholly owned subsidiary Quesscorp Holdings Pte Ltd ("QHPL") has entered into an arrangement with Monster Group (Monster Emerging Markets LLC, Monster.Com Asia Limited 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 ₹ 14,477.95 lakhs. These entities are engaged in providing online and mobile employment and recruitment solutions to its customers.

As the acquisition has been completed towards end of the financial year, the management has decided to avail the one year measurement period available as per Ind AS 103 for completing the purchase price allocation exercise. Accordingly, for the year ended 31 March 2018, the group has provisionally allocated the purchase consideration.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 6,970.96 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 7,506.99 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.

For the period from 8 February 2018 to 31 March 2018, Monster entities contributed revenue of ₹ 2,338.93 lakhs and loss of ₹ 208.38 lakhs to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2017, consolidated revenue for the year would have increased by ₹ 16,321.10 lakhs and consolidated profit for the year would have decreased by ₹ 1,814.05 lakhs. 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.

The fair value of purchase consideration of ₹ 14,477.95 lakhs comprise of upfront cash consideration of ₹ 14,050.65 lakhs and deferred consideration of ₹ 427.30 lakhs.

The purchase price has been provisionally allocated which is as follows:

| (Amount in ₹ lakhs) | | | |
|-------------------------------|----------------------------|------------------------|--------------------------|
| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
| Property, plant and equipment | 582.76 | - | 582.76 |
| Intangible assets | - | 3,509.65 | 3,509.65 |
| Net assets (excluding above) | 2,878.55 | - | 2,878.55 |
| Total | 3,461.31 | 3,509.65 | 6,970.96 |
| Purchase consideration | | | 14,477.95 |
| Goodwill | | | 7,506.99 |

Notes

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(h) Acquisition of business assets of CAARPUS Technology Services Limited

The Company has entered into an Asset Transfer Agreement with CAARPUS Technology Services Limited ("Transferor") and its founder Mr. L Bharani Raj dated 30 September 2016 to purchase the business asset (copyright and trademarks for using E-catalogue software and other intangibles). The transferor is engaged in the business of providing technology based solutions for material management, coding, catalogue, inventory management etc. The total consideration paid is ₹ 50.00 lakhs. In accordance with Ind AS 103, the consideration paid requires to be allocated across identifiable assets acquired, at their respective fair values. Accordingly, the Company has recognised intangible assets aggregating ₹ 4.80 lakhs and remaining amount aggregating ₹ 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).

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5 Other intangible assets and intangible assets under development

| Particulars | Other intangible assets | | | | | | | (Amount in ₹ lakhs) | |
|--|------------------------------|-----------------|--|----------------------|----------------------------------|---|-----------------------------|---------------------|--|
| | Goodwill (refer note 5.1) | Brand | Customer Relationship (Refer note 5.2) | Computer software | Computer software - leased | Customer Contracts (refer note 5.3) | Copyright and trademarks | Total | Intangible assets under development (refer note 5.4) |
| Gross carrying amount as at 1 April 2016 | - | - | - | 1,010.64 | 204.52 | - | - | 1,215.16 | 239.07 |
| Acquisitions through business combinations | - | - | 19,446.73 | 84.80 | - | - | - | 19,531.53 | - |
| Additions | 45.20 | - | - | 381.84 | 268.17 | - | 4.80 | 700.01 | 532.61 |
| Disposals | - | - | - | 4.75 | - | - | - | 4.75 | - |
| Translation differences* | - | - | - | (1.62) | (7.14) | - | - | (8.75) | - |
| Balance as at 31 March 2017 | 45.20 | - | 19,446.73 | 1,470.91 | 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 | - |
| Balance as at 31 March 2018 | - | 3,636.58 | 27,579.46 | 4,257.93 | 684.52 | 235.35 | 4.80 | 36,398.65 | 215.79 |
| Accumulated amortisation as at 1 April 2016 | - | - | - | 569.35 | 69.97 | - | - | 639.32 | - |
| Acquisitions through business combinations | - | - | - | 61.90 | - | - | - | 61.90 | - |
| Amortisation for the year | - | - | 571.17 | 340.68 | 143.49 | - | 0.80 | 1,056.14 | - |
| Disposals | - | - | - | 4.75 | - | - | - | 4.75 | - |
| Translation differences* | - | - | - | - | (5.50) | - | - | (5.50) | - |
| Balance as at 31 March 2017 | - | - | 571.17 | 967.18 | 207.96 | - | 0.80 | 1,747.11 | - |
| Acquisitions through business combinations | - | - | - | 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 | - |
| Balance as at 31 March 2018 | - | 32.92 | 3,601.24 | 2,012.70 | 390.83 | 37.79 | 2.40 | 6,077.88 | - |
| Net carrying amount | | | | | | | | | |
| As at 31 March 2018 | - | 3,603.66 | 23,978.22 | 2,245.23 | 293.69 | 197.56 | 2.40 | 30,320.77 | 215.79 |
| As at 31 March 2017 | 45.20 | - | 18,875.56 | 503.73 | 257.59 | - | 4.00 | 19,686.09 | 771.68 |

*Represents translation of intangible assets of foreign operations into Indian Rupees.

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

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- 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(h)].
- 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, Golden Star Facilities & Services Private Limited, Master Staffing Solutions Private Limited and Identified business of Manipal Integrated Services, the Company has allocated ₹ 27,579.46 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. 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 has acquired customer contracts from The Peoples's Choice, a proprietorship firm, for a consideration of ₹ 235.35 lakhs and has recognised the customer contracts as an intangible asset.
- 5.4** 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 ₹ 1,315.65 lakhs in the current year ₹ 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.

6. Investments in equity accounted investees

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Interest in associates (refer note A below) | 8,578.78 | 7,396.90 |
| Interest in joint ventures (refer note A below) | - | 1.43 |
| | 8,578.78 | 7,398.33 |

Non-current investments

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Unquoted | | |
| Investment carried at fair value through other comprehensive income | | |
| Investments in equity and other instruments (refer note B below) | 297.74 | 365.49 |
| | 297.74 | 365.49 |

Notes

to the consolidated financial statements for the year ended 31 March 2018

(Amount in ₹ lakhs)

| A | Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|------------------------|------------------------|
| | Investments in equity accounted investees | | |
| | Investments in associates | | |
| | Investments in equity instruments | | |
| | 245,000 (31 March 2017: 245,000) fully paid up equity shares of par value of ₹ 10.00 each at a premium of ₹ 2,929.00 each of Terrier Security Services (India) Private Limited (refer note 6.1) | 7,436.20 | 7,291.33 |
| | 9,000 (31 March 2017: 4,068) fully paid up equity shares of par value of ₹ 10.00 each at a premium of ₹ 2,768.00 each of Simpliance Technologies Private Limited (refer note 6.2) | 208.20 | 105.57 |
| | 12,778 (31 March 2017: Nil) fully paid up equity shares of par value of ₹ 10.00 each at a premium of ₹ 7,636.00 Heptagon Technologies Private Limited (refer note 6.3) | 922.64 | - |
| | 5,100 (31 March 2017: Nil) fully paid up equity shares of par value of ₹ 10.00 each of Trimax Smart Infraprojects Private Limited (refer note 6.4) | 9.39 | - |
| | 2,500 (31 March 2017: Nil) fully paid up equity shares of par value of Peso 100 (₹ 1.24 per Peso) each of Quess Recruit, Inc. (refer note 6.5) | 2.35 | - |
| | | 8,578.78 | 7,396.90 |
| | Investments in joint venture | | |
| | 49,000 (31 March 2017: 49,000) fully paid up equity shares of par value of 1 RM each of Himmer Industrial Services (M) SDN.BHD (refer note 6.6) | - | 1.43 |
| | Total investments in equity accounted investees | 8,578.78 | 7,398.33 |

(Amount in ₹ lakhs)

| B | Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|--|------------------------|------------------------|
| | Unquoted | | |
| | Investments carried at fair value through other comprehensive income | | |
| | Investments in equity instruments | | |
| | 200,000 (31 March 2017: 200,000) fully paid up equity shares of par value of ₹ 10.00 each of KMG Infotech Limited (refer note 6.8) | 165.50 | 165.50 |
| | Other non-current investments | | |
| | Investment in Styracorp Management Services (refer note 6.9) | 132.24 | 132.24 |
| | Investment in IME Consultancy (refer note 6.9) | - | 67.75 |
| | | 297.74 | 365.49 |

- 6.1 During the previous 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. The Company in the previous year had acquired 49.00% stake for a consideration of ₹ 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 summarizes the financial information of Terrier as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Terrier.

Notes

to the consolidated financial statements for the year ended 31 March 2018

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Percentage ownership interest | 49.00% | 49.00% |
| Non-current assets | 1,675.28 | 1,260.55 |
| Current assets | 9,054.73 | 8,141.84 |
| Non-current liabilities | (272.97) | (79.03) |
| Current liabilities | (7,663.31) | (6,813.81) |
| Net assets before corporate guarantee adjustment | 2,793.73 | 2,509.55 |
| Less: Corporate guarantee issued by Quess Corp Limited | (22.00) | (11.00) |
| Net assets | 2,771.73 | 2,498.55 |
| Group's share of net assets | 1,358.16 | 1,224.29 |
| Goodwill | 6,056.04 | 6,056.04 |
| Carrying amount of interest in associates | 7,414.20 | 7,280.33 |
| Add: Corporate guarantee issued by Quess Corp Limited | 22.00 | 11.00 |
| Total Investment | 7,436.20 | 7,291.33 |
| Revenue | 32,989.21 | 10,440.16 |
| Profit after tax | 241.75 | 52.84 |
| Other comprehensive income | 31.43 | 111.10 |
| Total comprehensive income | 273.18 | 163.94 |
| Group's share of profit (49.00%) | 118.47 | 25.89 |
| Group's share of other comprehensive income (49.00%) | 15.40 | 54.44 |
| Group's share of total comprehensive income | 133.87 | 80.33 |

- 6.2** During the previous year ended 31 March 2017, the Group has entered into Share Subscription Agreement ("SSA") dated 19 October 2016 with Simpliance Technologies Private Limited ("Simpliance") and its shareholders to acquire equity stake of 45% in Simpliance for a consideration of ₹ 250.00 lakhs. In accordance with SSA, the Group has acquired 45.00% equity stake and accordingly Simpliance has become the associate of the Group.
- 6.3** During the year ended 31 March 2018, the Group has entered into a Share Subscription Agreement ("SSA") dated 21 June 2017 with Heptagon Technologies Private Limited ("Heptagon") and has acquired 46.00% of shares for a consideration of ₹ 977.00 lakhs. Accordingly, Heptagon has become the associate of the Group.
- 6.4** During the year, 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 Infraprojects Private Limited. In accordance with the agreement, the Group has subscribed 51.00% stake for a consideration of ₹ 0.51 lakhs during the year. Considering provisions of the agreement, the Group has classified investment in Trimax Smart Infraprojects Private Limited as associate as per Ind AS 28, Investment in Associates.
- 6.5** During the year, 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 (₹ equivalent 3.10 lakhs) during the year. Accordingly, Quess Recruit has become the associate of the Group.
- 6.6** During the previous year ended 31 March 2017, the Group has entered into an agreement with CPI Engineering Services SDN. BHD ("CPI") and incorporated Himmer Industrial Services (M) SDN. BHD ("Himmer") in which the group has 49% equity stake. Considering provisions of the agreement, the Group has classified investment in Himmer as joint venture as per Ind AS 111, Joint Arrangements.

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to the consolidated financial statements for the year ended 31 March 2018

- 6.7 The following table analyses the Group's interests in individually immaterial associates (refer note 6.2, 6.3, 6.4 and 6.5) and joint venture (refer note 6.6) in the carrying amount and share of profit and other comprehensive income.

Associates and joint venture

| (Amount in ₹ lakhs) | | |
|---|------------------------|------------------------|
| Particulars | As at 31 March 2018 | As at 31 March 2017 |
| Aggregate carrying amount of individually immaterial associates and joint venture | 1,142.58 | 107.00 |
| Share in loss | 81.96 | 13.43 |
| Share in other comprehensive income | - | - |
| Share in total comprehensive income | 81.96 | 13.43 |

- 6.8 Investments in KMG Infotech Ltd has been acquired through the acquisition of MFXchange Holdings Inc.

- 6.9 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 year, the Company has transferred the license of IME Consultancy in the name of Quesscorp Holdings Pte Limited ("QHPL") and accordingly all the assets and liabilities of IME Consultancy has become the assets and liabilities of QHPL as on 1 April 2017.

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.

7. Non-current loans

| (Amount in ₹ lakhs) | | |
|-----------------------------------|------------------------|------------------------|
| Particulars | As at 31 March 2018 | As at 31 March 2017 |
| Unsecured, considered good | | |
| Security deposits | 5,150.58 | 1,582.41 |
| | 5,150.58 | 1,582.41 |

8. Other non-current financial assets

| (Amount in ₹ lakhs) | | |
|---|------------------------|------------------------|
| Particulars | As at 31 March 2018 | As at 31 March 2017 |
| Bank deposits (due to mature after 12 months from the reporting date) | 824.86 | 136.53 |
| Indemnification assets* | 4,433.35 | - |
| | 5,258.21 | 136.53 |

* 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, Quess 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.

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to the consolidated financial statements for the year ended 31 March 2018

9. Taxes

A. Amount recognised in profit or loss

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|-------------------|
| | 31 March 2018 | 31 March 2017 |
| Current tax: | | |
| In respect of the current period | (6,260.55) | (3,508.99) |
| Excess provision related to prior years [refer note (i) below] | 5,651.55 | - |
| Deferred tax: | | |
| Attributable to: | | |
| Origination and reversal of temporary differences | 5,439.54 | (1,534.56) |
| Income tax credit / (expense) reported in the Statement of Profit and Loss | 4,830.54 | (5,043.55) |

- (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 in the previous year. Resultantly, the Group had accounted for 80JJAA deduction and the related deduction for the year ended 31 March 2017 in the current year.

B. Income tax recognised in other comprehensive income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|-----------------|
| | 31 March 2018 | 31 March 2017 |
| Re-measurement of the net defined benefit liability/ asset | | |
| Before tax | (470.85) | (379.05) |
| Tax expense | 152.46 | 119.77 |
| Net of tax | (318.39) | (259.28) |

C. Amounts recognised directly in equity

No tax expense has been recognised directly in equity.

D. Reconciliation of effective tax rate

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Profit before tax | 26,145.65 | 17,231.49 |
| Tax using the Company's domestic tax rate of 34.608% | (9,048.49) | (5,963.47) |
| Effect of: | | |
| Tax exempt income | 758.63 | 160.10 |
| Non-deductible expenses | (8,041.80) | (3,848.67) |
| Other allowances net of MAT credit | 14,120.12 | 3,828.61 |
| Unrecognised tax losses | 106.40 | 289.54 |

Notes

to the consolidated financial statements for the year ended 31 March 2018

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|-------------------|
| | 31 March 2018 | 31 March 2017 |
| Deferred tax credit for earlier periods | 748.89 | 366.86 |
| Difference in enacted tax rate | 212.25 | 55.49 |
| Others | 344.31 | 67.99 |
| Effective tax rate | (799.69) | (5,043.55) |
| Excess provisions relating to earlier years | 5,630.23 | - |
| Income tax credit/ (expense) reported in the Statement of Profit and Loss | 4,830.54 | (5,043.55) |

E. The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017

Non-current tax assets (net)

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Income tax assets | 42,948.34 | 29,199.10 |
| Income tax liabilities | (22,030.07) | (16,885.54) |
| Net income tax assets at the end of the year | 20,918.27 | 12,313.56 |

Current tax liabilities (net)*

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Income tax assets | - | - |
| Income tax liabilities | 961.19 | 522.64 |
| Net income tax liabilities at the end of the year | 961.19 | 522.64 |

*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

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Deferred tax asset and liabilities are attributable to the following: | | |
| Deferred tax assets: | | |
| Impairment loss allowance on financial assets | 1,386.76 | 1,730.32 |
| Provision for employee benefits | 1,790.25 | 1,461.16 |
| Provision for bonus | 243.02 | 260.34 |
| Provision for disputed claims | 140.14 | 72.63 |
| Provision for interest on service tax | - | 111.28 |
| Provision for rent escalation | 20.29 | 18.60 |
| Present valuation of financial instruments | 5.71 | 5.75 |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | 9,158.27 | - |
| Property, plant and equipment and intangible assets | 1,553.88 | 2,022.96 |
| MAT credit entitlement | 8,387.72 | 2,225.13 |
| Others | 4,331.33 | 579.91 |
| Deferred tax assets | 27,017.37 | 8,488.08 |

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(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Deferred tax liabilities: | | |
| Customer relationships | (4,882.19) | (2,081.03) |
| Goodwill on merger | (6,578.95) | (2,392.35) |
| | (11,461.14) | (4,473.38) |
| Net deferred tax assets | 15,556.23 | 4,014.70 |
| Deferred income tax liabilities: | | |
| Deferred income tax liabilities | 22.40 | - |
| | 15,533.83 | 4,014.70 |

The movement of deferred tax aggregating to ₹ 12,113.18 lakhs (excluding additions through business combination) for the year ended 31 March 2018 [31 March 2017: ₹ (1,414.79) lakhs] comprises of ₹ 11,960.72 lakhs [31 March 2017: ₹ (1,534.56) lakhs] charged to Statement of Profit and Loss account and ₹ 152.46 lakhs (31 March 2017: ₹ 119.77 lakhs) charged to other comprehensive income.

G. Recognised deferred tax assets and liabilities

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

(Amount in ₹ lakhs)

| For the year ended 31 March 2018 | Opening balance | Additions through business combinations | Recognised in profit or loss | Recognised in OCI | Closing balance |
|---|--------------------|--|------------------------------------|----------------------|--------------------|
| Deferred tax assets: | | | | | |
| Impairment loss allowance on financial assets | 1,730.32 | - | (343.56) | - | 1,386.76 |
| Provision for employee benefits | 1,461.16 | - | 176.63 | 152.46 | 1,790.25 |
| Provision for bonus | 260.34 | - | (17.32) | - | 243.02 |
| Provision for disputed claims | 72.63 | - | 67.51 | - | 140.14 |
| Provision for interest on service tax | 111.28 | - | (111.28) | - | - |
| Provision for rent escalation | 18.60 | - | 1.69 | - | 20.29 |
| Present valuation of financial instruments | 5.75 | - | (0.04) | - | 5.71 |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | - | - | 9,158.27 | - | 9,158.27 |
| Property, plant and equipment and intangible assets | 2,022.96 | - | (469.08) | - | 1,553.88 |
| MAT credit entitlement | 2,225.13 | - | 6,162.59 | - | 8,387.72 |
| Others | 579.91 | (594.05) | 4,345.47 | - | 4,331.33 |
| | 8,488.08 | (594.05) | 18,970.88 | 152.46 | 27,017.37 |
| Deferred tax liabilities: | | | | | |
| Customer relationships | (2,081.03) | - | (2,801.16) | - | (4,882.19) |
| Goodwill on merger | (2,392.35) | - | (4,186.60) | - | (6,578.95) |
| | (4,473.38) | - | (6,987.76) | - | (11,461.14) |
| Net deferred tax assets | 4,014.70 | (594.05) | 11,983.12 | 152.46 | 15,556.23 |
| Deferred income tax liabilities: | | | | | |
| Deferred income tax liabilities | - | - | 22.40 | - | 22.40 |
| Deferred income tax liabilities | 4,014.70 | (594.05) | 11,960.72 | 152.46 | 15,533.83 |

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to the consolidated financial statements for the year ended 31 March 2018

(Amount in ₹ lakhs)

| For the year ended 31 March 2017 | Opening balance | Additions through business combinations | Recognised in profit or loss | Recognised in OCI | Closing balance |
|---|-----------------|---|------------------------------|-------------------|-------------------|
| Deferred tax assets: | | | | | |
| Impairment loss allowance on financial assets | 1,130.41 | - | 599.91 | - | 1,730.32 |
| Provision for employee benefits | 826.60 | - | 514.79 | 119.77 | 1,461.16 |
| Provision for bonus | 1,632.04 | - | (1,371.70) | - | 260.34 |
| Provision for disputed claims | 78.31 | - | (5.68) | - | 72.63 |
| Provision for interest on service tax | 126.69 | - | (15.41) | - | 111.28 |
| Provision for rent escalation | 16.60 | - | 2.00 | - | 18.60 |
| Present valuation of financial instruments | 4.55 | - | 1.20 | - | 5.75 |
| Property, plant and equipment and intangible assets | 2,156.98 | - | (134.02) | - | 2,022.96 |
| MAT credit entitlement | 12.81 | - | 2,212.32 | - | 2,225.13 |
| Others | 166.56 | (722.06) | 1,135.41 | - | 579.91 |
| | 6,151.55 | (722.06) | 2,938.82 | 119.77 | 8,488.08 |
| Deferred tax liabilities: | | | | | |
| Customer relationships | - | - | (2,081.03) | - | (2,081.03) |
| Goodwill on merger | - | - | (2,392.35) | - | (2,392.35) |
| | - | - | (4,473.38) | - | (4,473.38) |
| Net deferred tax assets | 6,151.55 | (722.06) | (1,534.56) | 119.77 | 4,014.70 |

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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 ₹ lakhs)

| As at 31 March 2018 | Unabsorbed business losses |
|---------------------|----------------------------|
| 2019 | - |
| 2020 | - |
| 2021 | - |
| 2022 | - |
| 2023 | - |
| Thereafter | 4,053.10 |
| | 4,053.10 |

10. Other non-current assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Capital advances | 291.45 | 113.14 |
| Advances other than capital advances | | |
| Taxes paid under protest | 1,200.31 | 186.12 |
| Provident fund payments made under protest | 107.22 | 113.37 |
| Prepaid expenses | 193.43 | 158.69 |
| | 1,792.41 | 571.32 |

11. Inventories

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Valued at lower of cost and net realizable value | | |
| Raw material and consumables | 481.98 | 283.37 |
| Stores and spares | 367.47 | 425.29 |
| | 849.45 | 708.66 |

12. Financial assets: Investments

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Quoted | | |
| Investments at Fair value through profit or loss | | |
| Investments in liquid mutual fund units | 19,740.20 | - |
| | 19,740.20 | - |

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Details of investments in liquid mutual fund units

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| 3,797.38 units (March 2017: Nil) Axis Liquid Fund - Growth | 72.94 | - |
| 36,389.55 units (March 2017: Nil) Axis Liquid Fund - Direct Growth | 701.42 | - |
| 76,218.45 units (March 2017: Nil) HDFC Liquid Fund - Regular Plan | 2,599.48 | - |
| 71,141.49 units (March 2017: Nil) HDFC Liquid Fund - Direct Plan | 2,435.80 | - |
| 1,027.26 units (March 2017: Nil) HSBC Cash Fund - Growth | 17.73 | - |
| 32,770.79 units (March 2017: Nil) ICICI Flexible Income Plan - Direct Growth | 109.81 | - |
| 11,630.19 units (March 2017: Nil) ICICI Flexible Income Plan - Growth | 38.76 | - |
| 1,015,044.17 units (March 2017: Nil) ICICI Prudential Liquid Plan - Growth | 2,602.45 | - |
| 73,294.51 units (March 2017: Nil) ICICI Prudential Liquid Plan - Direct Growth | 188.47 | - |
| 2,005.39 units (March 2017: Nil) IDFC Cash Fund Growth Direct Plan | 42.32 | - |
| 84,725.66 units (March 2017: Nil) Kotak Floater Short Term Direct Plan Growth | 2,416.34 | - |
| 91,495.65 units (March 2017: Nil) Kotak Floater Short Term Regular Plan Growth | 2,602.66 | - |
| 942.45 units (March 2017: Nil) SBI Premier Liquid Fund - Regular Plan Growth | 25.59 | - |
| 171,930.78 units (March 2017: Nil) SBI Premier Liquid Fund - Direct Plan Growth | 4,684.07 | - |
| 28,357.90 units (March 2017: Nil) Reliance Liquid Fund- Direct Plan Growth | 1,202.36 | - |
| | 19,740.20 | - |
| Aggregate value of quoted investments | 19,740.20 | - |
| Aggregate market value of quoted investments | 19,740.20 | - |

13. Trade receivables

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Unsecured | | |
| Considered good | 94,000.72 | 51,740.52 |
| Considered doubtful | 3,269.81 | 4,459.81 |
| | 97,270.53 | 56,200.33 |
| Loss allowance [refer note 40(i)] | | |
| Doubtful | (5,202.68) | (5,260.32) |
| | (5,202.68) | (5,260.32) |
| Net trade receivables | 92,067.85 | 50,940.01 |

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

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Trade receivables from related parties | 2,265.93 | 253.54 |
| Less: Loss allowance | (484.59) | (130.13) |
| Net trade receivables | 1,781.34 | 123.41 |

For terms and conditions of trade receivables owing from related parties refer note 46.

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 40.

Notes

to the consolidated financial statements for the year ended 31 March 2018

14. Cash and cash equivalents

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Cash and cash equivalents | | |
| Cash in hand | 45.55 | 29.34 |
| Cheque in hand | - | 378.66 |
| Balances with banks | | |
| In current accounts | 45,307.94 | 29,648.71 |
| In EEFC accounts | 244.43 | - |
| In deposit accounts (with original maturity of 3 months) | 11,013.23 | 333.00 |
| Cash and cash equivalents in consolidated balance sheet | 56,611.15 | 30,389.71 |
| Bank overdraft used for cash management purpose | - | (34.22) |
| Cash and cash equivalent in the consolidated statement of cash flow | 56,611.15 | 30,355.49 |

15. Bank balances other than cash and cash equivalents

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| In deposit accounts (mature within 12 months from the reporting date) | 27,040.22 | 15,870.07 |
| | 27,040.22 | 15,870.07 |

16. Current loans

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Unsecured, considered good | | |
| Security deposits | 1,685.86 | 853.54 |
| Other loans and advances | | |
| Loans to employees* | 400.26 | 672.38 |
| Loans to related parties (refer note 46) | 15,345.51 | 837.56 |
| | 17,431.63 | 2,363.48 |

*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 ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--------------------------------------|------------------------|------------------------|
| Unbilled revenue* (refer note 40(i)) | 47,367.46 | 38,722.03 |
| Less: Loss allowance | (80.00) | - |
| | 47,287.46 | 38,722.03 |

*includes unbilled revenue billable to related parties (refer note 46)

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18. Other current financial assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Interest accrued but not due | 324.37 | 273.54 |
| Advance for purchase of shares (refer note 18.1) | 1,400.00 | - |
| | 1,724.37 | 273.54 |

- 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 ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Advances other than capital advances | | |
| Advances to suppliers | 840.14 | 493.79 |
| Travel advances to employees | 75.95 | 27.36 |
| Prepaid expenses | 3,794.32 | 1,697.19 |
| Balances with government authorities | 1,176.66 | 487.21 |
| Other advances | 273.83 | 65.68 |
| | 6,160.90 | 2,771.23 |

20. Equity share capital

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Authorised | | |
| 200,000,000 (31 March 2017: 200,000,000) equity shares of par value of ₹ 10.00 each | 20,000.00 | 20,000.00 |
| | 20,000.00 | 20,000.00 |
| Issued, subscribed and paid-up | | |
| 145,484,178 (31 March 2017: 126,790,961) equity shares of par value of ₹ 10.00 each, fully paid up | 14,548.42 | 12,679.10 |
| | 14,548.42 | 12,679.10 |

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

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|--|---------------------|----------------------|---------------------|----------------------|
| | Number of shares | Amount in ₹ lakhs | Number of shares | Amount in ₹ lakhs |
| Equity shares | | | | |
| At the commencement of the year | 126,790,961 | 12,679.10 | 113,335,056 | 11,333.51 |
| Add: Shares issued on exercise of employee stock options (refer note 50) | 619,925 | 61.99 | 837,608 | 83.76 |
| Add: Shares issued on Initial Public Offer (i) | - | - | 12,618,297 | 1,261.83 |
| Add: Shares issued on Institutional Private Placement (ii) | 10,924,029 | 1,092.40 | - | - |
| Add: Shares issued on MIS acquisition (iii) | 7,149,263 | 714.93 | - | - |
| At the end of the year | 145,484,178 | 14,548.42 | 126,790,961 | 12,679.10 |

Notes

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- i. During the previous year ended 31 March 2017, the Company has completed the Initial Public Offering ("IPO") and raised a total capital of ₹ 40,000.00 lakhs by issuing 12,618,297 equity shares of ₹ 10.00 each at a premium of ₹ 307.00 per equity share. The equity shares of the Company got listed on NSE and BSE effective from 12 July 2016. The proceeds from IPO is ₹ 37,038.47 lakhs (net of issue expenses).

Details of utilisation of IPO proceeds are as follows:

(Amount in ₹ lakhs)

| Particulars | Objects of the issue as per the prospectus | Utilised upto 31 March 2018 | Unutilised amount as on 31 March 2018 |
|--|--|-----------------------------|---------------------------------------|
| Repayment of debt availed by the Group | 5,000.00 | 5,000.00 | - |
| Meeting capital expenditure requirement of the Company and Subsidiary MFX US | 7,171.70 | 7,171.70 | - |
| Funding incremental working capital requirement of the Company | 15,790.10 | 15,790.10 | - |
| Acquisitions and strategic initiatives | 8,000.00 | 8,000.00 | - |
| General corporate purpose | 1,076.67 | 1,076.67 | - |
| Total | 37,038.47 | 37,038.47 | - |

Expenses incurred by the Group amounting to ₹ 2,961.53 lakhs, in connection with IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

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

Details of utilisation of IPP proceeds are as follows:

(Amount in ₹ lakhs)

| Particulars | Objects of the issue as per the prospectus | Utilised upto 31 March 2018 | Unutilised amount as on 31 March 2018 |
|--|--|-----------------------------|---------------------------------------|
| Acquisitions and other strategic initiatives | 62,500.00 | 34,236.00 | 28,264.00 |
| Funding incremental working capital requirement of our Company | 15,000.00 | 15,000.00 | - |
| General corporate purpose | 7,254.90 | 2,421.00 | 4,833.90 |
| Total | 84,754.90 | 51,657.00 | 33,097.90 |

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 complete by 2020. Expenses estimated by the Company amounting to ₹ 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.

- iii. During the year ended 31 March 2018, the Company had issued 7,149,263 shares as consideration for acquisition of Identified business of Manipal Integrated Services Private Limited [refer note 4(d)(iii) and 54]

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 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.

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20.3 Shares held by Holding Company

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|--|---------------------|-------------------|---------------------|-------------------|
| | Number of shares | Amount in ₹ lakhs | Number of shares | Amount in ₹ lakhs |
| Equity shares | | | | |
| Equity shares of par value of ₹ 10.00 each | | | | |
| Thomas Cook (India) Limited* | - | - | 78,823,496 | 7,882.35 |
| | - | - | 78,823,496 | 7,882.35 |

*Thomas Cook (India) Limited ("TCIL") is not a Holding Company effective 1 March 2018.

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

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|--|---------------------|--------|---------------------|--------|
| | Number of shares | % held | Number of shares | % held |
| Equity shares | | | | |
| Equity shares of par value of ₹ 10.00 each | | | | |
| Thomas Cook (India) Limited | 71,323,496 | 49.02% | 78,823,496 | 62.17% |
| Ajit Isaac | 17,585,960 | 12.09% | 18,585,960 | 14.66% |
| Net Resource Investments Private Limited | 15,365,824 | 10.56% | 15,365,824 | 12.12% |

- 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 balance sheet 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 50)

(Values in numbers)

| Particulars | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 December 2013 |
|---|---------------|---------------|---------------|---------------|------------------|
| Bonus shares issued | - | - | 85,001,292 | - | - |
| Shares issued on exercise of employee stock options (refer note 50) | 619,925 | 837,608 | - | - | - |

21. Other equity*

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|---------------------|---------------------|
| Securities premium (refer note 21.1) | 1,68,510.87 | 40,205.60 |
| Stock options outstanding account (refer note 21.2) | 699.58 | 89.02 |
| Foreign currency translation reserve (refer note 21.3) | (417.96) | (334.58) |
| Capital reserve (refer note 21.4) | 44.74 | - |
| Debenture redemption reserve (refer note 21.5) | 937.50 | 187.50 |
| General reserve | 214.46 | 126.56 |
| Other comprehensive income (refer note 21.6) | (101.03) | 201.96 |
| Capital redemption reserve (refer note 21.7) | 1,500.00 | - |
| Retained earnings | 60,139.74 | 31,291.02 |
| | 2,31,527.90 | 71,767.08 |

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

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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 2017, the Company has made an Initial Public Offer (IPO) and issued 12,618,297 equity shares at a premium of ₹ 307.00 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 Initial Public Offer (IPO) amounting to ₹ 2,961.53 lakhs.

During the year ended March 2018, the Company has made an Institutional Placement Program (IPP) and issued 10,924,029 equity shares at a premium of ₹ 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 ₹ 2,637.33 lakhs.

During the year ended March 2018, the Company has issued 7,149,263 equity shares at a premium of ₹ 633.85 per share to the shareholders of Manipal Integrated Services Private Limited pursuant to the scheme of amalgamation (refer note 54). 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 ₹ 672.85 lakhs.

21.2 Share 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 Indian Rupees (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 ₹ 44.74 lakhs represents capital reserve arising out of business combination of IME Consultancy.

21.5 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 requirement of Companies Act, 2013.

21.6 Other comprehensive income

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

21.7 Capital Redemption Reserve

The Group had issued 12.33% cumulative redeemable preference shares having face value of ₹ 10.00 each and redeemable at ₹ 12.00 each. As per the provisions of the Companies Act, 2013, the Company is required to create a capital redemption reserve ("CRR") equivalent to the nominal value of shares redeemed out of the profits of the Company. Such reserve can be created out of the free reserves of the Company. Accordingly, the Company has created CRR out of the retained earnings of earlier years and an amount of ₹ 1,500.00 lakhs has been transferred from retained earnings to CRR. 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 ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------|------------------------|------------------------|
| Non-controlling interests | 157.78 | 88.20 |
| | 157.78 | 88.20 |

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23. Non-current borrowings

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Secured | | |
| Non-convertible debentures [refer note 23.1(a) & 23.2] | 14,862.65 | 14,833.13 |
| Term loans [refer note 23.1(b), 23.1(c), 23.1(d), 23.3, 23.4 & 23.5] | 11,348.63 | 12,459.41 |
| Finance lease obligations [refer note 23.1(e) & 23.6] | 3,132.45 | 3,305.17 |
| NSDC loan [refer note 23.1(f) & 23.7] | 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(g) & 23.9] | 455.90 | 92.15 |
| Unsecured | | |
| Others [#] | - | 208.89 |
| Total borrowings | 31,115.01 | 30,898.75 |
| Less: Current maturities of long-term borrowings (refer note 28) | 2,741.68 | 2,142.29 |
| Less: Current maturities of finance lease obligation (refer note 28) | 1,513.25 | 1,311.59 |
| Total non-current borrowings | 26,860.08 | 27,444.87 |

[#] The group has availed unsecured loans from various financial institutions.

Information about the Company's exposure to interest rate and liquidity risk is included in note 40.

Terms of repayment schedule

23.1 Terms and condition of outstanding borrowings are as follows:

(Amount in ₹ lakhs)

| Particulars | Currency | Coupon/ Interest rate | Year of maturity | Carrying amount as at 31 March 2018 | Carrying amount as at 31 March 2017 |
|---|----------|--------------------------|---------------------|--|--|
| (a) Secured non-convertible debentures | INR | 8.25% | 2022 | 14,862.65 | 14,833.13 |
| (b) Secured term loan | USD | LIBOR + 2.50% | 2021 | 10,231.77 | 10,724.94 |
| (c) Secured loan | CAD | CDOR + 3.75% | 2019 | 1,032.68 | 1,620.07 |
| (d) Secured loan | INR | MCLR + 0.60% | 2019 | 84.18 | 114.40 |
| (e) Finance lease obligations | USD | 5.00% to 6.30% | 2023 | 3,132.45 | 3,305.17 |
| (f) Secured NSDC Loan | INR | 0% - 6.00% | 2021 | 315.38 | - |
| (g) Loan from Tata Capital Financial Services Limited | INR | 10.05% | 2019 | 1,000.00 | - |
| (h) Vehicle loan | INR | 9.25% - 14.28% | 2018-2023 | 455.90 | 92.15 |
| (i) Unsecured loan | INR | 9.25% - 14.25% | 2017 | - | 208.89 |
| Total borrowings | | | | 31,115.01 | 30,898.75 |

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23.2 Non-convertible debentures

During the previous year ended 31 March 2017, the Company in its Board of Directors meeting held on 28 November 2016 passed a resolution to issue 1,500 redeemable non-convertible debentures at a face value of ₹ 10.00 lakh aggregating to ₹ 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. They are secured primarily by way of first pari passu charge on all the movable and immovable assets of the Company.

(Amount in ₹ lakhs)

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

23.3 Term loan

During the previous year ended 31 March 2017, the Group has taken term loan from Axis Bank Limited, Hong Kong amounting to USD 16,580,000. The loan carries interest rate of LIBOR+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.

(Amount in ₹ lakhs)

| Particulars | Amount |
|--|------------------|
| Proceeds from term loan | 10,871.00 |
| Less: Transaction costs | 154.74 |
| Net proceeds | 10,716.26 |
| Add: Accrued interest | 8.68 |
| Carrying amount of liability at 31 March 2017 | 10,724.94 |
| Less: Repayments during the year | (493.17) |
| Carrying amount of liability at 31 March 2018 | 10,231.77 |

- 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.
- 23.5** Secured by way of first pari passu charge on the current assets and movable fixed assets of Inticore VJP Advance Solutions Private Limited and is repayable in 33 monthly instalments, first instalment starting from 23 February 2017.
- 23.6** 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 10.05% p.a. The loan is secured by mortgage of property.
- 23.9** 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.

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24. Other non-current financial liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Contingent consideration (payable for acquisition of business) [refer note 46] | 764.86 | 2,184.63 |
| Non-controlling interests put option [refer note (i) below] | 18,804.18 | - |
| Financial liability [refer note (ii) below] | - | 14,041.24 |
| | 19,569.04 | 16,225.87 |

i) This represents non-controlling interests put option pertaining to Conneqt Business Solutions Limited and Vedang Cellular Services Private Limited [refer note 4(e), 4(f) and 39].

ii) This represents fair value of contractual commitment to acquire non-controlling interests.

25. Non-current provisions

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Provision for employee benefits | | |
| Provision for gratuity (refer note 48) | 2,946.44 | 1,602.26 |
| Provision for compensated absences | 1,388.99 | - |
| Others | | |
| Provision for disputed claims (refer note 25.1) | 937.07 | 711.81 |
| Provision for rent escalation | 495.89 | 60.29 |
| | 5,768.39 | 2,374.36 |

25.1 The disclosures of provisions movement as required under the provisions of Ind AS 37 is as follows:

Provision for disputed claims

(Amount in ₹ lakhs)

| Particulars | Amount |
|--|---------------|
| Balance as at 1 April 2016 | 758.41 |
| Provision reversed | (46.60) |
| Provision utilized | - |
| Balance at the end of 31 March 2017 | 711.81 |
| Provision recognized | 225.26 |
| Provision utilized | - |
| Balance at the end of 31 March 2018 | 937.07 |

Disputed claims

The Group has received a demand notice dated 12 June 2012 from Employees' Provident Fund (EPF) Organisation raising a demand of ₹ 428.90 lakhs for the period from April 2008 to February 2012 for not contributing Provident fund, Pension fund, Deposit Linked Insurance Fund and administration charges in accordance with the definition of basic wages as contained in Section 2(b) of Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The 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 ₹ 179.67 lakhs provision.

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The Group has received a demand notice dated 20 May 2017 from Assistant Commissioner of Commercial Taxes (ACCT) raising a demand of ₹ 375.60 lakhs for the period from January 2016 to January 2017 for availment 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. The Group has appealed against the ruling which is pending with the Joint commissioner of commercial taxes [JCCT (A)] Bangalore. The Group has created a provision of ₹ 225.26 lakhs.

Service tax demands (including penalty and interest) pending with the Commissioner of Service Tax amounts to ₹ 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 ₹ 532.14 lakhs. While doing the purchase price allocation of Aravon Services Private Limited the Group has fair valued the remaining liability of ₹ 972.35 lakhs at ₹ 425.25 lakhs and included as provision for expenses. The balance amount of ₹ 547.10 lakhs has been recognised as contingent liability.

26. Current borrowings

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Loans from bank repayable on demand | | |
| Secured | | |
| Cash credit and overdraft facilities (refer note 26.1) | 42,326.54 | 16,791.15 |
| Bill discounting facility from bank (refer note 26.2) | 595.40 | 2,540.15 |
| Working capital loan (refer note 26.3) | 23,700.00 | 24,500.00 |
| Bank overdraft (refer note 14) | - | 34.22 |
| Loan from related parties, unsecured | | |
| From Fairfax (US), Inc. (refer note 26.4) | 2,607.00 | 2,594.00 |
| From Fairfax Financial Holdings Limited (refer note 26.5) | 531.62 | 496.90 |
| | 69,760.56 | 46,956.42 |

Information about the Company's exposure to interest rate and liquidity risk is included in note 40.

- 26.1** The Company has taken cash credit and overdraft facilities having interest rates ranging from MCLR+0.35% to MCLR+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/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.
- 26.2** The Company 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 and movable assets of the Company on both present and future excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements and assets created out of NSDC facility.
- 26.3** The Company has taken working capital loan from banks having interest rate ranging from 6.00% p.a. to 8.68% 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/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company. The Company has also taken working capital loan from TATA Capital Financial Services Limited at a floating interest rate, presently 6.50% p.a. which is secured by mortgage of property and repayable in 12 equal monthly instalments.
- 26.4** MFXchange US, Inc. had entered into an arrangement with Fairfax (US) Inc. to obtain a revolving credit facility upto ₹ 3,312.75 lakhs (USD 50.00 lakhs) which carries an interest rate of 3.00% - 5.00% per annum on incremental basis each year upto 3 November 2018.
- 26.5** This represents interest free unsecured loan taken by Brainhunter Systems Limited from Fairfax Financial Holdings Limited {₹ 531.62 lakhs (CAD 10.49 lakhs) [31 March 2017: ₹ 496.90 lakhs (CAD 10.22 lakhs)]}. The loan is repayable on demand.

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27. Trade payables

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Dues to micro, small and medium enterprises (refer note 49) | - | - |
| Trade payables to related parties (refer note 46) | 326.27 | 1.30 |
| Other trade payables | 14,486.05 | 7,775.15 |
| | 14,812.32 | 7,776.45 |

The Group's exposure to currency and liquidity risk related to trade payables is disclosed in note 40.

28. Other current financial liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Current maturities of long-term borrowings (refer note 23) | 2,741.68 | 2,142.29 |
| Current maturities of finance lease obligations (refer note 23) | 1,513.25 | 1,311.59 |
| Payable for acquisition of business: | | |
| Consideration payable | 1,063.46 | 2,007.92 |
| Contingent consideration payable (refer note 46) | 577.49 | 431.29 |
| Current maturities of financial liabilities [refer note (i) below] | 15,760.32 | - |
| Interest accrued and not due | 318.62 | 405.08 |
| Financial guarantee liability | 8.25 | 8.25 |
| Amount payable to related parties | 166.00 | - |
| Capital creditors | 634.52 | 59.24 |
| Other payables | | |
| Accrued salaries and benefits | 29,447.44 | 22,631.86 |
| Provision for bonus and incentive | 5,353.36 | 2,066.10 |
| Provision for expenses | 20,775.53 | 6,069.07 |
| Uniform deposits | 35.16 | 20.86 |
| | 78,395.08 | 37,153.55 |

(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

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Provision for tax (net of advance tax) (refer note 9) | 961.19 | 522.64 |
| | 961.19 | 522.64 |

30. Current provisions

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Provision for employee benefits | | |
| Provision for gratuity (refer note 48) | 3,334.42 | 2,351.37 |
| Provision for compensated absences | 1,438.46 | 632.70 |
| | 4,772.88 | 2,984.07 |

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31. Other current liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Income received in advance | 7,665.93 | 1,027.00 |
| Advance received from customers | 76.31 | 3,370.44 |
| Balances payable to government authorities | 14,639.78 | 9,892.94 |
| Provision for rent escalation | 119.44 | 57.25 |
| Security deposits - received from vendors | 205.83 | - |
| | 22,707.29 | 14,347.63 |

32. Revenue from operations

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---------------------------------------|--|--|
| Staffing and recruitment services | 429,942.71 | 326,343.01 |
| Facility management and food services | 102,170.08 | 57,638.92 |
| Training services | 9,745.25 | 9,101.76 |
| Operation and maintenance | 20,596.97 | 13,182.64 |
| Software sales and maintenance | 25,942.17 | 25,226.87 |
| BPO Services | 25,989.96 | - |
| Internet business services | 2,338.93 | - |
| | 616,726.07 | 431,493.20 |

33. Other income

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Interest income under the effective interest method on: | | |
| Deposits with banks | 1,545.01 | 1,129.13 |
| Interest income from financial assets at amortised cost | 128.96 | 83.68 |
| Interest on tax refunds due | 536.94 | 33.86 |
| Profit on sale of property, plant and equipment and intangible assets | 32.73 | - |
| Dividend income on mutual fund units | 27.55 | 166.26 |
| Interest on loans given to related parties (refer note 46) | 277.70 | 11.80 |
| Net gain on sale of investments in mutual funds | 20.55 | - |
| Rent from letting out properties | 7.41 | - |
| Liabilities and provisions reversed | 187.82 | 32.40 |
| Bad debts recovered | 0.57 | 0.57 |
| Change in fair value of contingent consideration | 1,228.23 | 44.69 |
| Net gain on financial assets designated at fair value through profit or loss | 1,639.89 | - |
| Miscellaneous income | 58.80 | 39.84 |
| | 5,692.16 | 1,542.23 |

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34. Cost of material and stores and spare parts consumed

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Inventory at the beginning of the year | 708.66 | 182.77 |
| Add: Purchases | 14,362.66 | 7,663.51 |
| Less: Inventory at the end of the year | 849.45 | 708.66 |
| Cost of materials and stores and spare parts consumed | 14,221.87 | 7,137.62 |

35. Employee benefits expense

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Salaries and wages | 462,289.65 | 335,800.29 |
| Contribution to provident and other funds | 39,521.57 | 24,415.59 |
| Expenses related to post-employment defined benefit plan | 1,927.25 | 1,135.29 |
| Expenses related to compensated absences | 423.14 | 112.85 |
| Staff welfare expenses | 3,071.72 | 1,930.73 |
| Expense on employee stock option scheme | 698.46 | - |
| | 507,931.79 | 363,394.75 |

36. Finance costs

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|-------------------------------------|-------------------------------------|
| Interest expense on financial liabilities at amortised cost | 6,746.03 | 4,479.79 |
| Other borrowing costs | 799.36 | 306.28 |
| | 7,545.39 | 4,786.07 |

37. Depreciation and amortisation expense

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| Depreciation of property, plant and equipment (refer note 3) | 3,758.47 | 2,273.81 |
| Amortisation of intangible assets (refer note 5) | 3,715.54 | 1,056.14 |
| | 7,474.01 | 3,329.95 |

38. Other expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Sub-contractor charges | 16,957.48 | 8,720.12 |
| Recruitment and training expenses | 4,981.79 | 3,410.77 |
| Rent (refer note 47) | 5,486.53 | 3,810.17 |
| Power and fuel | 1,912.36 | 1,081.83 |
| Repairs & maintenance | | |

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(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| - buildings | 1,445.95 | 454.66 |
| - plant and machinery | 705.88 | 188.94 |
| - others | 5,393.01 | 5,136.13 |
| Legal and professional fees (refer note 38.1) | 3,364.65 | 1,798.73 |
| Rates and taxes | 500.97 | 418.37 |
| Printing and stationery | 714.48 | 554.45 |
| Stores and tools consumed | 988.62 | 1,493.17 |
| Travelling and conveyance | 7,536.22 | 4,672.22 |
| Communication expenses | 2,419.98 | 1,791.52 |
| Loss allowance on financial assets, net [refer note 40(ii)] | (590.45) | 72.42 |
| Provision for security deposit clients | - | 1.29 |
| Equipment hire charges | 1,749.16 | 1,018.22 |
| Insurance | 707.88 | 292.40 |
| Database access charges | 449.23 | 318.61 |
| Technological support services | 69.93 | - |
| Bank charges | 105.78 | 89.99 |
| Bad debts written off | 1,270.69 | 711.18 |
| Business promotion and advertisement expenses | 2,020.00 | 605.10 |
| Loss on sale of fixed assets, net | - | 16.55 |
| Foreign exchange loss, net | 29.96 | 143.13 |
| Expenditure on corporate social responsibility (refer note 38.2) | 267.17 | 152.62 |
| Miscellaneous expenses | 648.74 | 215.42 |
| | 59,136.01 | 37,168.01 |

38.1 The total transaction cost related to acquisitions made during the year amounting to ₹ 619.97 lakhs (31 March 2017: ₹ 424.10 lakhs) have been included under legal and professional fees in the 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 are explained below: (Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| a) Gross amount required to be spent by the Company during the year | 258.59 | 152.62 |
| b) Amount spent during the year | | |
| i) Construction or acquisition of any asset | - | 10.30 |
| ii) On purpose other than i) above | 267.17 | 142.32 |

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39. Financial instruments - fair value and risk management

Financial instruments by category

(Amount in ₹ lakhs)

| Particulars | Note | 31 March 2018 | | | 31 March 2017 | | |
|---|---------|------------------|---------------|-------------------|---------------|---------------|-------------------|
| | | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| Financial assets: | | | | | | | |
| Non-current investments | 6 | - | 297.74 | - | - | 365.49 | - |
| Loans | 7 & 16 | - | - | 22,582.21 | - | - | 3,945.89 |
| Current investments | 12 | 19,740.20 | - | - | - | - | - |
| Trade receivables | 13 | - | - | 92,067.85 | - | - | 50,940.01 |
| Cash and cash equivalents including other bank balances | 14 & 15 | - | - | 83,651.37 | - | - | 46,259.78 |
| Unbilled revenue | 17 | - | - | 47,287.46 | - | - | 38,722.03 |
| Other financial assets | 8 & 18 | 1,400.00 | - | 5,582.58 | - | - | 410.07 |
| Total financial assets | | 21,140.20 | 297.74 | 251,171.47 | - | 365.49 | 140,277.78 |
| Financial liabilities: | | | | | | | |
| Non-convertible debentures | 23 | - | - | 14,862.65 | - | - | 14,833.13 |
| Borrowings other than above* | 23 & 26 | - | - | 81,757.99 | - | - | 59,568.16 |
| Trade payables | 27 | - | - | 14,812.32 | - | - | 7,776.45 |
| Other financial liabilities | 24 & 28 | - | - | 97,964.12 | - | - | 53,379.42 |
| Total financial liabilities | | - | - | 209,397.08 | - | - | 135,557.16 |

*Current maturities of long-term borrowings forms part of other financial liabilities

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Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Fair value hierarchy

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

Fair value of financial instruments as at 31 March 2018

(Amount in ₹ lakhs)

| Particulars | Note | Carrying amount | Fair value | | |
|---|---------|-------------------|------------------|----------|------------------|
| | | 31 March 2018 | Level 1 | Level 2 | Level 3 |
| Financial assets not measured at fair value | | | | | |
| 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 | - | - | - |
| Financial assets measured at fair value | | | | | |
| Other 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 | - | - |
| Total financial assets | | 272,609.41 | 19,740.20 | - | 1,697.74 |
| Financial liabilities not measured at fair value | | | | | |
| 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 | - | - | - |
| Financial liabilities measured at fair value | | | | | |
| Contingent consideration | 24 & 28 | 1,342.35 | - | - | 1,342.35 |
| Non-controlling interests put option | 24 | 18,804.18 | - | - | 18,804.18 |
| Financial liabilities | 24 & 28 | 15,760.32 | - | - | 15,760.32 |
| Total financial liabilities | | 209,397.08 | - | - | 35,906.85 |

*Current maturities of long-term borrowings forms part of other financial liabilities

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Fair value of financial instruments as at 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Note | Carrying amount | Fair value | | |
|---|---------|--------------------|------------|----------|------------------|
| | | 31 March 2017 | Level 1 | Level 2 | Level 3 |
| Financial assets not measured at fair value | | | | | |
| Loans | 7 & 16 | 3,945.89 | - | - | - |
| Trade receivables | 13 | 50,940.01 | - | - | - |
| Cash and cash equivalents including other bank balances | 14 & 15 | 46,259.78 | - | - | - |
| Other financial assets | 8 & 18 | 410.07 | - | - | - |
| Unbilled revenue | 17 | 38,722.03 | - | - | - |
| Financial assets measured at fair value | | | | | |
| Other non-current investments | 6 | 365.49 | - | - | 365.49 |
| Total financial assets | | 140,643.27 | - | - | 365.49 |
| Financial liabilities not measured at fair value | | | | | |
| Non-convertible debentures | 23 | 14,833.13 | - | - | - |
| Finance lease obligations | 23 | 1,993.58 | - | - | - |
| Borrowings other than above | 23 & 26 | 57,574.58 | - | - | - |
| Trade payables | 27 | 7,776.45 | - | - | - |
| Other financial liabilities* | 24 & 28 | 36,722.26 | - | - | - |
| Financial liabilities measured at fair value | | | | | |
| Contingent consideration | 24 & 28 | 2,615.92 | - | - | 2,615.92 |
| Financial liability | 24 | 14,041.24 | | | 14,041.24 |
| Total financial liabilities | | 135,557.16 | - | - | 16,657.16 |

*Current maturities of long-term borrowings forms part of other financial liabilities

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Fair value hierarchy

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference shares, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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 and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

3) 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 and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

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 this 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):

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Financial instruments measured at fair value

(Amount in ₹ 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 ₹ 53.25 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 65.28 lakhs. |
| | | EBITDA projection | 303.96 | 291.52 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 6.22 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 6.22 lakhs. |
| | | Revenue projection | 303.96 | 291.52 | Increase in revenue projection by 1% would increase the fair value by ₹ 6.22 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 6.22 lakhs. |
| | | Risk adjusted discount rate | 1,309.90 | 1,375.95 | Increase in discount rate by 1% would decrease the fair value by ₹ 32.45 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 33.60 lakhs. |
| Contingent consideration | 1,342.35 | Risk discount | | | |
| | | EBITDA projection | 1,355.77 | 1,328.93 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 13.42 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 13.42 lakhs. |
| | | PAT | 1,355.77 | 1,328.93 | Increase in revenue projection by 1% would increase the fair value by ₹ 13.42 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 13.42 lakhs. |
| | | Risk adjusted discount rate | 17,535.42 | 20,138.09 | Increase in discount rate by 1% would decrease the fair value by ₹ 1,268.76 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 1,333.91 lakhs. |
| Financial liability | 18,804.18 | EBITDA projection | 18,953.01 | 18,539.48 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 148.83 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 264.70 lakhs. |
| | | Revenue projection | 18,953.01 | 18,539.48 | Increase in revenue projection by 1% would increase the fair value by ₹ 148.83 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 264.70 lakhs. |
| | 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 ₹ 117.06 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 120.83 lakhs. |
| | | Risk discount | | | |
| Particulars | Fair Value as at 31 March 2017 | Significant unobservable inputs | Fair value as at 31 March 2017 | | Sensitivity |
| | | | Increase by 1% | Decrease by 1% | |
| Other non-current investments (unquoted) | 365.49 | Risk adjusted discount rate | 317.36 | 424.52 | Increase in discount rate by 1% would decrease the fair value by ₹ 48.13 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 59.03 lakhs. |
| | | EBITDA projection | 371.13 | 359.85 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 5.64 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 5.64 lakhs. |
| | | Revenue projection | 371.78 | 358.55 | Increase in revenue projection by 1% would increase the fair value by ₹ 6.29 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 6.94 lakhs. |
| | | Risk adjusted discount rate | 2,557.07 | 2,676.86 | Increase in discount rate by 1% would decrease the fair value by ₹ 58.85 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 60.94 lakhs. |
| Contingent consideration | 2,615.92 | EBITDA projection | 2,653.85 | 2,577.99 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 37.93 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 37.93 lakhs. |
| | | Revenue projection | 2,653.85 | 2,577.99 | Increase in revenue projection by 1% would increase the fair value by ₹ 37.93 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 37.93 lakhs. |
| | | Risk adjusted discount rate | 13,936.95 | 14,148.89 | Increase in discount rate by 1% would decrease the fair value by ₹ 104.29 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 107.65 lakhs. |
| | 14,041.24 | Risk discount | | | |

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Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

(Amount in ₹ lakhs)

| Particulars | Fair value through other comprehensive income | Fair value through profit and loss | | |
|---------------------------------------|---|------------------------------------|--|---------------------|
| | Other non-current investments (unquoted) | Contingent consideration | Financial liability towards put option | Financial liability |
| Balance as at 1 April 2016 | 365.49 | 2,918.31 | - | - |
| Assumed in a business combination | - | - | - | 14,041.24 |
| Purchases | - | - | - | - |
| Transferred to consideration payable | - | (356.89) | - | - |
| Net change in fair value (unrealised) | - | 54.50 | - | - |
| Balance as at 31 March 2017 | 365.49 | 2,615.92 | - | 14,041.24 |
| Assumed in a business combination | - | - | 18,804.18 | - |
| Purchases/ disposal | (67.75) | - | - | - |
| Transferred to consideration payable | - | (136.16) | - | - |
| Net change in fair value (unrealised) | - | (1,137.41) | - | 1,719.08 |
| Balance as at 31 March 2018 | 297.74 | 1,342.35 | 18,804.18 | 15,760.32 |

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 Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and current asset. The

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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 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. The loan represents security deposits given to suppliers, employees and others. The credit risk associated with such deposits 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.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for corporate customers as at 31 March 2017 and 31 March 2018 are as follows:

Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default (credit impaired) if the payments are due for more than specific number of days. Loss rates are based on actual credit loss experience over the last six quarters.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from customers and unbilled revenue:

As at 31 March 2018

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether credit impaired | Carrying amount |
|-----------------------|-----------------------|---------------------------|------------------------|-------------------------|-------------------|
| Not due | 93,761.39 | 0.00% - 9.90% | 359.82 | No | 93,401.57 |
| Past due 1-90 days | 39,144.63 | 0.00% - 25.13% | 818.37 | No | 38,326.26 |
| Past due 91-180 days | 6,439.38 | 0.00% - 52.58% | 847.05 | No | 5,592.33 |
| Past due 181-270 days | 2,264.71 | 0.00% - 72.35% | 671.96 | No | 1,592.75 |
| Above 270 days | 3,027.88 | 0.00% - 100.00% | 2,585.48 | No | 442.40 |
| | 144,637.99 | | 5,282.68 | | 139,355.31 |

As at 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether credit impaired | Carrying amount |
|-----------------------|-----------------------|---------------------------|------------------------|-------------------------|------------------|
| Not due | 61,262.97 | 0.00% - 16.01% | 98.66 | No | 61,164.31 |
| Past due 1-90 days | 24,412.29 | 0.00% - 46.54% | 277.26 | No | 24,135.03 |
| Past due 91-180 days | 3,593.53 | 0.00% - 73.53% | 278.33 | No | 3,315.20 |
| Past due 181-270 days | 1,211.43 | 0.00% - 88.61% | 276.91 | No | 934.52 |
| Above 270 days | 4,442.14 | 0.00% - 100% | 4,329.16 | No | 112.98 |
| | 94,922.36 | | 5,260.32 | | 89,662.04 |

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The movement in the allowance for impairment in respect of trade receivables from customers and unbilled revenue during the year was as follows:

| (Amount in ₹ lakhs) | | |
|---|---------------|---------------|
| Particulars | 31 March 2018 | 31 March 2017 |
| Balance as at the beginning of the year | (5,260.32) | (3,639.81) |
| Additions through business combination | (612.79) | (1,548.09) |
| Impairment loss allowances recognised/ (reversed) | 590.45 | (72.42) |
| Balance as at the end of the year | (5,282.66) | (5,260.32) |

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 deposit. This is generally carried out in accordance with practice and limits set by the Group. The limits vary to take into account the liquidity of the market in which the Group operates.

i) Financing arrangement

The Group maintains the following line of credit:

- (i) The Group has taken working capital loan from banks having interest rate ranging from 6.00% p.a to 8.68% 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 Group has also taken working capital loan from TATA Capital Financial Services Limited at a floating interest rate, presently 6.50% p.a. which is secured by mortgage of property and repayable in 12 equal monthly instalments.
- (ii) The Group has taken cash credit and overdraft facilities having interest rates ranging from MCLR+0.35% p.a to MCLR+1.75% 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.
- (iii) The Group has taken bill discounting facilities from banks having interest rate of MCLR plus 1.30% p.a and bank rate plus 1.75% p.a. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current and movable assets of the Group on both present and future excluding charge on vehicles/ equipments purchased /to be purchased under lease agreements/ hire purchase agreements and assets created out of NSDC facility.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

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As at 31 March 2018

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Contractual cash flows | | | |
|-----------------------------|-----------------|------------------------|-----------|-----------|-------------------|
| | | 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 | - |

As at 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Contractual cash flow | | | |
|-----------------------------|-----------------|-----------------------|-----------|-----------|-------------------|
| | | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings | 77,855.17 | 49,733.87 | 4,834.32 | 23,286.98 | - |
| Trade payables | 7,776.45 | 7,776.45 | - | - | - |
| Other financial liabilities | 49,925.54 | 33,699.51 | 14,814.25 | 1,411.78 | - |

As disclosed in note 23 and note 28, the Group has a secured bank loan that contains a loan covenant. A future breach of covenant may require Group to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

| Particulars | Currency | As at 31 March 2018 | | As at 31 March 2017 | |
|-----------------------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | Foreign currency* | Amount in ₹ lakhs | Foreign currency* | Amount in ₹ lakhs |
| Trade and other receivables | USD | 8,226,715 | 5,361.76 | 4,018,722 | 2,606.14 |
| | EURO | 30,086 | 24.31 | 16,798 | 11.64 |
| | CAD | - | - | 6,248 | 3.04 |
| | SAR | - | - | 96,695 | 16.72 |
| | AED | 1,158,874 | 205.64 | - | - |
| | GBP | 326,180 | 300.99 | - | - |

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| Particulars | Currency | As at 31 March 2018 | | As at 31 March 2017 | |
|--------------------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | Foreign currency* | Amount in ₹ lakhs | Foreign currency* | Amount in ₹ lakhs |
| | HKD | 286,982 | 23.83 | - | - |
| | MYR | 2,476,826 | 417.78 | - | - |
| | PHP | 14,060,852 | 174.68 | - | - |
| | QAR | 16,000 | 2.86 | - | - |
| | VND | 56,016,909 | 1.57 | - | - |
| Trade and other payables | USD | 515,921 | 336.25 | 403,361 | 261.58 |
| | CAD | 209,556 | 106.14 | 99,866 | 48.53 |
| | AED | 182,207 | 32.33 | - | - |
| | HKD | 396,760 | 32.95 | - | - |
| | MYR | 2,476,824 | 417.78 | - | - |
| | PHP | 415,663 | 5.16 | - | - |
| | SAR | 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 2018 | 31 March 2017 |
| USD/INR | 65.18 | 64.85 |
| EUR/INR | 80.81 | 69.29 |
| CAD/INR | 50.65 | 48.59 |
| SAR/INR | 17.38 | 17.29 |
| AED/INR | 17.75 | 17.66 |
| GBP/INR | 92.28 | 80.90 |
| HKD/INR | 8.31 | 8.35 |
| MYR/INR | 16.87 | 14.65 |
| PHP/INR | 1.24 | 1.29 |
| QAR/INR | 17.90 | 17.81 |
| 100 VND/INR | 0.28 | 0.29 |

Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the USD, EUR, CAD, SAR, AED, GBP, HKD, MYR, PHP, QAR and VND against INR at 31 March 2018 and 31 March 2017 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

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(Amount in ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|------------------------|-----------------|-----------|--------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 March 2018 | | | | |
| USD (0.50% movement) | (28.12) | 28.12 | (18.39) | 18.39 |
| 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) |
| 31 March 2017 | | | | |
| USD (2% movement) | 46.89 | (46.89) | 32.20 | (32.20) |
| EURO (8% movement) | 0.93 | (0.93) | 0.64 | (0.64) |
| CAD (5% movement) | (2.27) | 2.27 | (1.56) | 1.56 |
| SAR (2% movement) | 0.33 | (0.33) | 0.23 | (0.23) |

*Amounts are less than ₹ 1,000.00

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 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 includes cash credit, bill discounting and term loan facilities and loans from related parties which carries variable rate of interest.

(a) Interest rate risk exposure

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

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|------------------------|
| Variable rate borrowings | 53,394.35 | 59,415.83 |
| Fixed rate borrowings | 47,481.22 | 18,439.34 |
| Total borrowings | 100,875.57 | 77,855.17 |

Total borrowings considered above includes current maturities of long-term borrowings.

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(b) Sensitivity

(Amount in ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|--------------------------|-----------------|-------------|--------------------|-------------|
| | 1% Increase | 1% decrease | 1% Increase | 1% decrease |
| 31 March 2018 | | | | |
| Variable rate borrowings | (338.59) | 338.59 | (224.93) | 224.93 |
| 31 March 2017 | | | | |
| Variable rate borrowings | (37.71) | 37.71 | (25.90) | 25.90 |

iii) 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 financial statements.

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 exposure of the Group's mutual fund investments to security price changes at the end of the reporting period are as follows:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|----------------------------------|------------------------|------------------------|
| Investments in mutual fund units | 19,740.20 | - |

(b) Sensitivity

Amount in ₹ lakhs)

| Particulars | Impact on profit after tax | |
|---------------|----------------------------|-------------|
| | 1% increase | 1% decrease |
| 31 March 2018 | 197.40 | (197.40) |
| 31 March 2017 | - | - |

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 maximize shareholder value.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as aggregate of non-current 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 2.50. The Group's adjusted net debt to equity ratio is as follows:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------------|------------------------|------------------------|
| Gross debt | 100,875.57 | 77,855.17 |
| Less: Cash and cash equivalents | 56,611.15 | 30,389.71 |
| Adjusted net debt | 44,264.42 | 47,465.46 |
| Total equity | 246,076.32 | 130,476.71 |
| Net debt to equity ratio | 0.18 | 0.36 |

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42. Capital commitments

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 711.14 | 590.67 |
| | 711.14 | 590.67 |

43. Contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Corporate guarantee given as security for loan availed by related party [refer note (i)] | 2,200.00 | 2,200.00 |
| Bonus [refer note (ii)] | 3,258.77 | 3,258.77 |
| Provident fund [see note (iii) and (iv) below] | 949.81 | 257.33 |
| Direct and Indirect tax matters [see note (iii) and (iv) below] | 1,895.54 | 1,230.86 |
| Other claims | 468.99 | - |
| | 8,773.11 | 6,946.96 |

- i) The Group has given guarantee to banks for the loans given to related parties to make good any default made by its related parties in payment to banks on the loan availed by those related parties.

Movement of Corporate Guarantee given to related party during the year is as follows:

(Amount in ₹ lakhs)

| Related parties | As at 1 April 2017 | Given during the financial year | Settled / expired during the financial year | As at 31 March 2018 |
|---|--------------------------|--|---|---------------------------|
| Terrier Security Services (India) Private Limited | 2,200.00 | 2,200.00 | (2,200.00) | 2,200.00 |
| Total | 2,200.00 | 2,200.00 | (2,200.00) | 2,200.00 |

Movement of Corporate Guarantee given to related party during the previous year is as follows:

(Amount in ₹ lakhs)

| Related parties | As at 1 April 2016 | Given during the financial year | Settled / expired during the financial year | As at 31 March 2017 |
|---|--------------------------|--|---|---------------------------|
| Terrier Security Services (India) Private Limited | - | 2,200.00 | - | 2,200.00 |
| Total | - | 2,200.00 | - | 2,200.00 |

- (ii) The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015, according to which the eligibility criteria of salary or wages has been increased from ₹ 10,000.00 per month to ₹ 21,000.00 per month [Section 2(13)] and the ceiling for computation of such salary or wages has been increased from ₹ 3,500.00 per month to ₹ 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. Based on the same, the Company has computed the bonus for the year ended 31 March 2016 and 31 March 2017 aggregating to ₹ 4,536.37 lakhs and ₹ Nil respectively.

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

- (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.
- (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 financial statements. The Group does not expect outcome of these proceedings to have a material adverse effect on its financial position.

44. Earnings per share

(Amount in ₹ lakhs except number of shares and per share data)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Nominal value of equity shares (₹ per share) | 10.00 | 10.00 |
| Net profit after tax for the purpose of earnings per share (₹ in lakhs) | 31,098.72 | 12,189.57 |
| Weighted average number of shares used in computing basic earnings per share | 141,021,748 | 125,199,504 |
| Basic earnings per share (₹) | 22.05 | 9.74 |
| Weighted average number of shares used in computing diluted earnings per share | 142,502,809 | 127,063,800 |
| Diluted earnings per share (₹) | 21.82 | 9.59 |

Computation of weighted average number of shares

| Particulars | For the year ended | |
|---|--------------------|--------------------|
| | 31 March 2018 | 31 March 2017 |
| Number of equity shares outstanding at beginning of the year | 133,940,224 | 113,335,056 |
| Add: Weighted average number of equity shares issued during the year | | |
| - 12,618,297 number of equity shares issued on Initial Public Offer on 12 July 2016 for 263 days | - | 9,092,088 |
| - 795,398 number of equity shares issued under ESOP scheme on 4 October 2016 for 179 days | - | 390,072 |
| - 42,210 number of equity shares issued under ESOP scheme on 16 December 2016 for 106 days | - | 12,258 |
| - 7,149,263 number of equity shares issued to MIS effective from 1 December 2016 pursuant to merger (refer note 54) | - | 2,370,030 |
| - 10,924,029 number of equity shares issued under Institutional Private Placement 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 | - |
| Weighted average number of shares outstanding at the end of year for computing basic earnings per share | 141,021,748 | 125,199,504 |
| Add: Impact of potentially dilutive equity shares | | |
| - 1,495,599 (31 March 2017: 1,891,915) number of ESOP's at fair value | 1,481,061 | 1,864,296 |
| Weighted average number of shares outstanding at the end of the year for computing diluted earnings per share | 142,502,809 | 127,063,800 |

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45. Segment reporting

The Chief Executive Officer and Managing Director of the Group has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by service offerings. Accordingly, segment information has been presented for service offerings.

Operating segment

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

Reportable segment

| | |
|--------------------------------|---|
| People and services | It provides comprehensive staffing services and solutions including general staffing, recruitment and executive search, recruitment process outsourcing, as well as payroll, compliance and background verification services. |
| Global technology solutions | It provides IT staffing and technology solutions and products. |
| Integrated facility management | It provides services including janitorial services, electro-mechanical services, pest control as well as food and hospitality services. |
| Industrials | It provides industrial operations and maintenance services and related asset record maintenance services. |
| Internet business | It provides recruitment solutions such as resume database access, job postings, distribution of access rights of third party products and services, consumer services and fee for internet advertisement services. |

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Segment reporting (continued)

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. The Group has a corporate center, which provides various accounting and administrative support functions. Segment information for this activity has been aggregated under "Unallocated". Revenue identifiable to business segments have been disclosed under the respective business segments. 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'.

A. Operating segment information for the period from 1 April 2017 to 31 March 2018 is as follows:

| | (Amount in ₹ lakhs) | | | | | |
|---|---------------------|-----------------------------|--------------------------------|-----------------|-------------------|-------------------|
| Particulars | People and services | Global technology solutions | Integrated facility management | Industrials | Internet Business | Unallocated |
| Segment revenue | 287,814.10 | 186,806.69 | 102,725.19 | 37,041.16 | 2,338.93 | - |
| Segment cost | (274,189.75) | (175,000.79) | (96,010.17) | (35,543.54) | (2,700.83) | - |
| Segment result | 13,624.35 | 11,805.90 | 6,715.02 | 1,497.62 | (361.90) | - |
| Other income | - | - | - | - | - | 5,692.16 |
| Finance charges | - | - | - | - | - | (7,545.39) |
| Unallocated corporate expenses | - | - | - | - | - | (5,318.60) |
| Share of profit/ (loss) of equity accounted investees (net of income tax) | - | - | - | - | - | 36.49 |
| Profit before taxation | 13,624.35 | 11,805.90 | 6,715.02 | 1,497.62 | (361.90) | (7,135.34) |
| Taxation | - | - | - | - | - | 4,830.54 |
| Profit after taxation | 13,624.35 | 11,805.90 | 6,715.02 | 1,497.62 | (361.90) | (2,304.80) |
| Segment assets | 42,809.19 | 132,538.39 | 101,772.97 | 25,552.78 | 18,493.38 | 168,696.62 |
| Segment liabilities | 29,433.67 | 42,967.14 | 15,597.43 | 8,665.02 | 13,142.20 | 133,823.77 |
| Capital expenditure | 1,688.83 | 3,055.56 | 1,174.73 | 3,433.78 | 32.68 | 1,878.71 |
| | | | | | | 11,264.29 |

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Segment reporting (continued)

Operating segment information for the period from 1 April 2016 to 31 March 2017 is as follows:

| Particulars | People and services | Global technology solutions | Integrated facility management | Industrials | Internet Business | Unallocated | Total |
|--|---------------------|-----------------------------|--------------------------------|-----------------|-------------------|--------------------|------------------|
| Segment revenue | 234,541.08 | 118,296.65 | 56,218.43 | 22,437.04 | - | - | 431,493.20 |
| Segment cost | (223,650.70) | (110,103.30) | (53,163.56) | (20,727.63) | - | - | (407,645.19) |
| Segment result | 10,890.38 | 8,193.35 | 3,054.87 | 1,709.41 | - | - | 23,848.01 |
| Other income | - | - | - | - | - | 1,542.23 | 1,542.23 |
| Finance charges | - | - | - | - | - | (4,786.07) | (4,786.07) |
| Unallocated corporate expenses | - | - | - | - | - | (3,385.14) | (3,385.14) |
| Share of profit/(loss) of equity accounted investees (net of income tax) | - | - | - | - | - | 12.46 | 12.46 |
| Profit before taxation | 10,890.38 | 8,193.35 | 3,054.87 | 1,709.41 | - | (6,616.52) | 17,231.49 |
| Taxation | - | - | - | - | - | (5,043.55) | (5,043.55) |
| Profit after taxation | 10,890.38 | 8,193.35 | 3,054.87 | 1,709.41 | - | (11,660.07) | 12,187.94 |
| Segment assets | 35,202.16 | 73,453.63 | 92,361.69 | 10,570.10 | - | 74,763.19 | 286,350.77 |
| Segment liabilities | 23,241.85 | 16,252.91 | 13,769.33 | 3,792.01 | - | 98,729.76 | 155,785.86 |
| Capital expenditure | 801.55 | 1,921.05 | 431.90 | 386.97 | - | 577.83 | 4,119.30 |

(Amount in ₹ lakhs)

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B. Geographic information

The geographical information analyses the Group's revenue and non-current assets by the Group'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 ₹ lakhs)

| Particulars | Revenue | | Non-current assets* | |
|----------------------------|--------------------|-------------------|---------------------|-------------------|
| | For the year ended | | As at | |
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| India | 505,753.83 | 357,271.91 | 155,667.05 | 105,746.29 |
| Other countries: | | | | |
| - Singapore | 43,199.68 | 5,792.68 | 21,967.45 | 17,826.56 |
| - Canada | 31,664.83 | 35,053.30 | 3,247.99 | 3,031.23 |
| - Philippines | 1,549.54 | 1,203.90 | 12.59 | 6.54 |
| - United States of America | 25,795.14 | 26,193.43 | 12,022.90 | 11,487.82 |
| - Malaysia | 4,252.70 | 1,953.61 | 1,135.37 | 18.52 |
| - Sri Lanka | 4,448.99 | 3,406.44 | 108.38 | 95.95 |
| - Others | 61.36 | 617.93 | 525.61 | - |
| Total | 616,726.07 | 431,493.20 | 194,687.34 | 138,212.91 |

*Non-current assets exclude financial instrument and deferred tax assets.

C. Major customer

None of the customers of the Group has revenue which is more than 10.00 % of the Group's total revenue

46. Related party disclosures

i. Name of related parties and description of relationship:

| | |
|---|---|
| - Ultimate Holding Company | Fairfax Financial Holdings Limited (till 28 February 2018) |
| - Holding Company | Thomas Cook (India) Limited (till 28 February 2018, refer note 20.3) |
| - Subsidiaries, associates and joint venture | Refer note (ii) below |
| - Fellow subsidiaries | National Collateral Management Services Limited Fairfax (US) Inc. (till 28 February 2018) |
| - Entities having common directors | Net Resources Investments Private Limited Go Digit Infoworks Service Private Limited Go Digit General Insurance Limited |
| - Entities in which key managerial personnel have significant influence | Styracorp Management Services IME Consultancy (till 31 March 2017, refer note 6.8) |

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Key executive management personnel

| | |
|-------------------|--|
| Ajit Isaac | Chairman & Managing Director & Chief Executive Officer (upto 23 January 2018). Chairman and Managing Director (w.e.f 24 January 2018) |
| Subrata Kumar Nag | Whole time Director & Chief Finance Officer (upto 23 January 2018). Executive Director and Chief Executive Officer (w.e.f 24 January 2018) |
| Manoj Jain | Chief Financial Officer (w.e.f 24 January 2018) |
| Balasubramanian S | Chief Financial Officer (from 24 January 2017 to 4 April 2017) |
| Sudershan Pallap | Company Secretary |
| N.V.S Pavan Kumar | Company Secretary (till 28 November 2016) |

(ii) List of subsidiaries (including step-subsiidiaries), associates and joint venture

(Amount in ₹ lakhs)

| Name of the entity | Note | Nature of relation | Country of domicile | Holdings as at | |
|---|------|--------------------|---------------------|----------------|---------------|
| | | | | 31 March 2018 | 31 March 2017 |
| 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 Limited | | Subsidiary | Canada | 100.00% | 100.00% |
| Mindwire Systems Limited | 1 | Subsidiary | Canada | 100.00% | 100.00% |
| Brainhunter Companies LLC, USA | 1 | Subsidiary | USA | 100.00% | 100.00% |
| Quess (Philippines) Corp. | | Subsidiary | Philippines | 100.00% | 100.00% |
| Quess Corp (USA) Inc. | | Subsidiary | USA | 100.00% | 100.00% |
| Quesscorp Holdings Pte Limited | | Subsidiary | Singapore | 100.00% | 100.00% |
| Quessglobal (Malaysia) SDN.BHD. | 2 | Subsidiary | Malaysia | 100.00% | 100.00% |
| Quess Corp Lanka (Private) Limited | 2 | Subsidiary | Sri Lanka | 100.00% | 100.00% |
| Ikya Business Services (Private) Limited | 3 | Subsidiary | Sri Lanka | - | - |
| MFXchange Holdings Inc. | | Subsidiary | Canada | 100.00% | 100.00% |
| MFXchange US, Inc. | 4 | Subsidiary | USA | 100.00% | 100.00% |
| MFXchange (Ireland) Limited | 5 | Subsidiary | Ireland | 100.00% | 100.00% |
| Dependo Logistics Solutions Private Limited | | Subsidiary | India | 100.00% | 100.00% |
| CenterQ Business Solutions Private Limited | | Subsidiary | India | 100.00% | 100.00% |
| Excelus Learning Solutions Private Limited | | Subsidiary | India | 100.00% | 100.00% |
| Inticore VJP Advanced Solutions Private Limited | 6 | Subsidiary | India | 73.95% | 73.95% |
| Comtel Solutions Pte Limited | | Subsidiary | Singapore | 64.00% | 64.00% |
| ConnectQ Business Services Private Limited | 7 | Subsidiary | India | 51.00% | - |
| Vedang Cellular Services Private Limited | | Subsidiary | India | 70.00% | - |
| Master Staffing Solutions Private Limited | | Subsidiary | India | 100.00% | 100.00% |
| Golden Star Facilities and Services Private Limited | | Subsidiary | India | 70.00% | 60.00% |
| Comtelpro Pte. Limited | 8 | Subsidiary | Singapore | 51.00% | - |
| Comtelink SDN.BHD | | Subsidiary | Malaysia | 100.00% | - |
| Monster.com (India) Private Limited | | Subsidiary | India | 99.99% | - |

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(Amount in ₹ lakhs)

| Name of the entity | Note | Nature of relation | Country of domicile | Holdings as at | |
|---|------|--------------------|---------------------|----------------|---------------|
| | | | | 31 March 2018 | 31 March 2017 |
| Monster.com.SG PTE Limited | 2 | Subsidiary | Singapore | 100.00% | - |
| Monster.com.HK Limited | 2 | Subsidiary | Hong Kong | 100.00% | - |
| Monster Malaysia SDN.BHD | 9 | Subsidiary | Malaysia | 49.00% | - |
| Quess Corp Vietnam LLC | 3 | Subsidiary | Vietnam | - | - |
| MFX Chile SpA | 3 | Subsidiary | Chile | - | - |
| Trimax Smart Infraprojects Private Limited | | Associate | India | 51.00% | - |
| Terrier Security Services (India) Private Limited | | Associate | India | 49.00% | 49.00% |
| Simpliance Technologies Private Limited | | Associate | India | 45.00% | 27.00% |
| Heptagon Technologies Private Limited | | Associate | India | 46.00% | - |
| Quess Recruit Inc. | | Associate | Philippines | 25.00% | - |
| Himmer Industrial Services (M) SDN.BHD | | Joint venture | Malaysia | 49.00% | 49.00% |

1. Wholly owned subsidiaries of Brainhunter Systems Limited.
2. Wholly owned subsidiaries of Quesscorp Holdings Pte. Limited.
3. No investments have been made in this subsidiary till date and the subsidiary does not have any operations
4. Wholly owned subsidiaries of MFXchange Holdings Inc.
5. Merged with MFXchange Holdings Inc, Canada.
6. On 1 December 2016, Quess Corp Limited acquired 73.95% equity shares in Inticore VJP Advanced Solutions Private Limited.
7. Formerly known as Tata Business Support Services Private Limited
8. Incorporated by Quesscorp Holdings Pte. Limited on 6 June 2017 with 51.00% equity share holding.
9. On 8 February 2018, Quesscorp Holdings Pte. Limited acquired 49.00% equity shares in Monster Malaysia SDN.BHD

(iii) Related party transactions

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Revenue from operations | | |
| Thomas Cook (India) Limited | 1,585.63 | 1,411.24 |
| National Collateral Management Services Limited | 2,446.20 | 1,978.05 |
| Terrier Security Services (India) Private Limited | 1,742.63 | 366.45 |
| Go Digit General Insurance Limited | 64.73 | - |
| Go Digit Infoworks Services Private Limited | 79.40 | - |
| Trimax Smart Infraprojects Private Limited | 748.30 | - |
| Other expenses | | |
| Thomas Cook (India) Limited | 606.71 | 403.63 |
| Net Resources Investments Private Limited | 347.33 | 300.14 |
| Terrier Security Services (India) Private Limited | 573.60 | 14.21 |
| Heptagon Technologies Private Limited | 9.46 | - |
| Simpliance Technologies Private Limited | 32.55 | - |
| Intangible assets under development | | |
| Heptagon Technologies Private Limited | 189.68 | - |
| Expenses incurred by the Company on behalf of related parties | | |
| Trimax Smart Infraprojects Private Limited | 505.24 | - |

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(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Finance costs | | |
| - Interest expense | | |
| Fairfax (US) Inc. | 103.15 | 86.75 |
| Fairfax Financial Holdings Limited | 13.58 | 15.25 |
| - Interest income | | |
| Trimax Smart Infraprojects Private Limited | 251.70 | - |
| IME Consultancy | - | 1.11 |
| Styracorp Management Services | 26.00 | 10.69 |
| Loans given to related parties | | |
| Trimax Smart Infraprojects Private Limited | 13,538.26 | - |
| Styracorp Management Services | 559.43 | 617.14 |
| IME Consultancy | - | 74.97 |
| Repayments/ adjustments of loans given to related parties | | |
| Trimax Smart Infraprojects Private Limited | 25.15 | - |
| Contingent consideration paid | | |
| Fairfax Financial Holdings Limited | 356.89 | - |
| Availment/(repayments) of loans from related parties | | |
| From Fairfax (US), Inc. | (90.15) | (56.20) |
| From Fairfax Financial Holdings Limited | 21.13 | (15.40) |
| Guarantees provided to banks on behalf of associates | | |
| Terrier Security Services (India) Private Limited | 2,200.00 | 2,200.00 |
| Purchase of intangible assets | | |
| Simpliance Technologies Private Limited | - | 1.71 |

iv. **Balance receivable from and payable to related parties as at the balance sheet date:**

(Amount in ₹ lakhs)

| Particulars | As at | |
|--|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Trade receivables (gross of loss allowance) | | |
| Thomas Cook (India) Limited | 551.16 | 235.14 |
| Terrier Security Services (India) Private Limited | 1,676.64 | 18.40 |
| Go Digit Infoworks Service Private Limited | 28.06 | - |
| Go Digit General Insurance Limited | 9.93 | - |
| National Collateral Management Services Limited | 0.14 | - |
| Trade payables | | |
| Thomas Cook (India) Limited | 20.72 | - |
| Terrier Security Services (India) Private Limited | 305.01 | 0.31 |
| Simpliance Technologies Private Limited | - | 0.99 |
| Heptagon Technologies Private Limited | 0.54 | - |

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(Amount in ₹ lakhs)

| Particulars | As at | |
|---|---------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Current loans | | |
| Trimax Smart Infraprojects Private Limited | 14,018.35 | - |
| Styracorp Management Services | 1,327.16 | 767.73 |
| IME Consultancy | - | 74.97 |
| Unbilled revenue | | |
| Thomas Cook (India) Limited | 70.96 | 92.68 |
| Trimax Smart Infraprojects Private Limited | 748.30 | - |
| Go Digit General Insurance Limited | 1.50 | - |
| Consideration payable | | |
| Fairfax Financial Holdings Limited | 136.16 | 356.89 |
| Contingent consideration payable (non-current) | | |
| Fairfax Financial Holdings Limited | 764.86 | 2,184.63 |
| Contingent consideration payable (current) | | |
| Fairfax Financial Holdings Limited | 577.49 | 431.29 |
| Current borrowings | | |
| Fairfax (US), Inc.* | 2,607.00 | 2,594.00 |
| Fairfax Financial Holdings Limited | 531.62 | 496.90 |
| Other financial assets (interest receivable) | | |
| Trimax Smart Infraprojects Private Limited | 251.70 | - |
| Guarantee outstanding | | |
| Terrier Security Services (India) Private Limited | 2,200.00 | 2,200.00 |

*includes interest

v. Compensation of key managerial personnel*

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Salaries and other employee benefits to whole-time directors and executive officers | 1,046.50 | 331.59 |

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

Terms and conditions

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

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47. Leases

Operating Leases

The Group has taken on lease offices and residential premises under operating leases. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are renegotiated at the time of renewal.

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

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|----------------------------|------------------------|------------------------|
| Payable within 1 year | 3,158.09 | 1,747.40 |
| Payable between 1-5 years | 3,044.41 | 2,926.01 |
| Payable later than 5 years | 418.72 | 500.51 |

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Total rental expense relating to operating lease | 5,486.53 | 3,810.17 |
| Non-cancellable | 2,066.29 | 2,320.66 |
| Cancellable | 3,420.24 | 1,489.51 |

The Group has purchased assets under finance lease. The lease agreement is for a period of 36 months. The minimum lease payments and their present values for the finance lease for the following periods are as follows:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Payable within 1 year | 1,633.72 | 1,469.76 |
| Payable between 1-5 years | 1,671.29 | 1,993.58 |
| Total | 3,305.01 | 3,463.34 |
| Less: Finance charges | (172.56) | (158.17) |
| Present value of minimum lease payments | 3,132.45 | 3,305.17 |

48. Assets and liabilities relating to employee benefits

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Net defined benefit liability, gratuity plan | 6,280.86 | 3,953.63 |
| Liability for compensated absences | 2,827.45 | 632.70 |
| Total employee benefit liability | 9,108.31 | 4,586.33 |
| Current (refer note 30) | 4,772.88 | 2,984.07 |
| Non-current (refer note 25) | 4,335.43 | 1,602.26 |
| | 9,108.31 | 4,586.33 |

For details about the related employee benefit expenses, see note 35.

The Group operates the following post-employment defined benefit plans.

The Group has a defined benefit gratuity plan in India (Plan A) governed by the Payment of Gratuity Act, 1972. Plan A entitles an employee, who has rendered at least five years of continuous 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.

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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.

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:

| (Amount in ₹ lakhs) | | |
|--|------------------------|------------------------|
| Particulars | As at 31 March 2018 | As at 31 March 2017 |
| Reconciliation of present value of defined benefit obligation | | |
| Obligation at the beginning of the year | 5,552.66 | 2,758.50 |
| Additions through business combination | 1,695.96 | 1,408.13 |
| Current service cost | 1,643.39 | 962.91 |
| Interest cost | 391.09 | 239.89 |
| Past service cost | 5.04 | - |
| Benefits settled | (643.18) | (202.62) |
| Actuarial (gains)/ losses recognised in other comprehensive income | | |
| - Changes in experience adjustments | 525.70 | 340.82 |
| - Changes in demographic assumptions | 74.30 | 66.00 |
| - Changes in financial assumptions | (103.54) | (20.97) |
| Obligation at the end of the year | 9,141.42 | 5,552.66 |
| Reconciliation of present value of plan assets | | |
| Plan assets at the beginning of the year, at fair value | 1,599.03 | 611.28 |
| Additions through business combination | 510.06 | 569.80 |
| Interest income on plan assets | 112.27 | 67.51 |
| Re-measurement - actuarial gain/(loss) | (8.69) | 4.71 |
| Return on plan assets recognised in other comprehensive income | 34.30 | 2.09 |
| Contributions | 1,226.86 | 443.41 |
| Benefits settled | (613.27) | (99.77) |
| Plan assets as at the end of the year | 2,860.56 | 1,599.03 |
| Net defined benefit liability | 6,280.86 | 3,953.63 |

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C. (i) Expense recognised in statement of profit or loss

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--------------------------|--------------------|-----------------|
| | 31 March 2018 | 31 March 2017 |
| Current service cost | 1,643.39 | 962.91 |
| Interest cost | 391.09 | 239.89 |
| Past service cost | 5.04 | - |
| Interest income | (112.27) | (67.51) |
| Net gratuity cost | 1,927.25 | 1,135.29 |

(ii) Re-measurement recognised in other comprehensive income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Remeasurement of the net defined benefit liability | 496.46 | 385.85 |
| Remeasurement of the net defined benefit asset | (25.61) | (6.80) |
| | 470.85 | 379.05 |

D. Plan assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|------------------------|
| | | |
| Funds managed by insurer | 2,860.56 | 1,599.03 |
| | 2,860.56 | 1,599.03 |

E. Defined benefit obligation - Actuarial assumptions

| Particulars | For the year ended | |
|---|--------------------|----------------|
| | 31 March 2018 | 31 March 2017 |
| Discount rate | 6.00%-7.80% | 6.36% - 7.31% |
| Future salary growth | 6.00%-12.00% | 5.67% - 12.00% |
| Attrition rate | 3.10%-70.00% | 3.10% - 70.00% |
| Rate of return on planned asset | 6.00% - 7.92% | 6.00% - 7.31% |
| Average duration of defined benefit obligation (in years) | 1 - 8 | 3 - 10 |

F. Sensitivity analysis

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

Core employees

(Amount in ₹ lakhs)

| Particulars | As at | | | |
|------------------------------------|---------------|----------|---------------|----------|
| | 31 March 2018 | | 31 March 2017 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 1,427.26 | 1,757.35 | 2,274.48 | 2,730.87 |
| Future salary growth (1% movement) | 1,752.25 | 1,427.57 | 2,696.30 | 2,304.14 |
| Attrition rate (1% movement) | 1,222.92 | 1,445.63 | 1,908.96 | 2,047.81 |

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Associate employees

(Amount in ₹ lakhs)

| Particulars | As at | | | |
|------------------------------------|---------------|----------|---------------|----------|
| | 31 March 2018 | | 31 March 2017 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 5,875.68 | 6,183.38 | 3,210.00 | 3,322.61 |
| Future salary growth (1% movement) | 6,179.22 | 5,874.11 | 3,321.98 | 3,209.56 |
| Attrition rate (1% movement) | 6,313.00 | 5,758.60 | 2,955.62 | 3,726.02 |

49. 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 2018 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.

50. Share-based payments

A. Description of share based payment arrangement

At 31 March 2018, the Group has the following share-based payment arrangements:

Share option plans (equity settled)

IKYA Employee Stock Option Scheme 2009 ("Scheme 2009")

The Group has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options of its own shares to specified employees of the Group. The scheme was approved by the Board of Directors in its meeting held on 19 November 2009. The Option Scheme 2009 provides for the creation and issue of 5,200,000 (bonus adjusted) options that would eventually convert into equity shares of ₹ 10.00 each in the hands of the employees. The options has a vesting schedule over a three year period and are exercisable only upon the occurrence of the liquidity event. The scheme defines 'liquidity event' as an Initial Public Offering by the Group (or one of its subsidiaries) or dilution of voting right below majority of the existing shareholders. The exercise price of these stock options is ₹ 10.00. All outstanding options were vested as at 31 March 2015. As at 31 March 2018, the Group had 1,271,995 exercisable options outstanding (31 March 2017: 1,891,920).

Scheme 2015

The Group has introduced the 'Scheme 2015' and has issued stock options of its own shares to specified employees of the Group. The scheme was approved by the Board of Directors in its meeting held on 22 December 2015. The Scheme 2015 provides for the creation and issue of 475,000 options that would eventually convert into equity shares of ₹ 10.00 each in the hands of the employees. The options has a vesting schedule over a three year period and are exercisable within 3 years from the vesting date of each tranche. The exercise price of these stock options is ₹ 10.00. None of the outstanding options has been vested as at 31 March 2018. As at 31 March 2018, the Group had nil exercisable options outstanding (31 March 2017: nil).

Notes

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B. Measurement of fair values

Scheme 2009

The Group does not have any unvested option as at 1 April 2015 under Employee Stock Option Scheme 2009. The Group has elected for the exemption of Employee Share based payment under Ind AS 101 and accordingly fair valuation of vested options prior to 1 April 2015 was not required.

Scheme 2015

The fair value of employee stock options has been measured using Black Scholes model of pricing. The fair value per stock option of grant with vesting period of 1 year, 2 years and 3 years are ₹ 885.10, ₹ 885.60 and ₹ 886.10 respectively based on the Black Scholes formula. The fair value has been calculated on the date of grant i.e. 18 August 2017.

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 2018 | 31 March 2017 |
|----------------------------|---------------|---------------|
| Share price at grant date | 893.95 | - |
| Exercise price | 10.00 | - |
| Risk free rate of interest | 6.20% | - |
| Expected volatility | 33.40% | - |
| Expected dividend | - | - |
| Term to maturity | 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 ₹)

| Particulars | For the year ended | | | |
|---|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | 31 March 2018 | | 31 March 2017 | |
| | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| Outstanding options at the beginning of the year | 1,891,920 | 10.00 | 2,729,528 | 10.00 |
| Less: Exercised during the year | (619,925) | 10.00 | (837,608) | 10.00 |
| Less: Lapsed/forfeited during the year | - | - | - | - |
| Options vested and exercisable at the end of the year | 1,271,995 | 10.00 | 1,891,920 | 10.00 |

The options outstanding as at 31 March 2018 have an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and a weighted average remaining contractual life of 3.17 years (31 March 2017: 4.17 years)

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The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2018 is ₹ 10.00 (31 March 2017: ₹ 10.00)

Scheme 2015

| Particulars | For the year ended | | | |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | 31 March 2018 | | 31 March 2017 | |
| | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| Outstanding options as at the beginning of the year | - | - | - | - |
| Add: Granted during the year | 230,680 | 10.00 | - | - |
| Less: Exercised during the year | - | - | - | - |
| Less: Forfeited during the year | (7,076) | - | - | - |
| Options vested and exercisable at the end of the year | 2,23,604 | 10.00 | - | - |

The options outstanding as at 31 March 2018 have an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and a weighted average remaining contractual life of 1.38 years (31 March 2017: nil)

Grant date of options issued under ESOP 2009 Scheme:

| Grant Date | Exercise price | Number of options outstanding as at 1 April 2017 |
|--|----------------|--|
| 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 Dec 2013 | 10.00 | 104,332 |
| Total | | 1,891,920 |
| Less: Options exercised during the year | | (619,925) |
| Closing options as at the end of the year | | 1,271,995 |

D. Expense recognised in statement of profit and loss

For details on the employee benefit expenses, refer note 35.

Notes

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51. Details of non-current investments purchased and sold during the year:
(i) Investments in associates and joint venture

| Particulars | Investments in associates | | | | | Investments in joint ventures | |
|--|---|--|-------------------------------|---|--------------------------|-------------------------------|--|
| | Terrier Security Services (India) Private Limited | Simplance Technologies Private Limited | Infraprojects Private Limited | Trimax Smart Technologies Private Limited | Heptagon Private Limited | Quess Recruit, Inc. | Himmer Industrial Services (M) SDN BHD |
| No. of shares acquired | 245,000.00 | 4,068.00 | 5,100.00 | 12,778.00 | 2,500.00 | 49,000.00 | |
| Value per share including premium | 2,938.78 | 2,777.78 | 10.00 | 7,645.95 | Peso 100 | 1 RM | |
| As at 1 April 2016 | - | - | - | - | - | - | - |
| Purchased during the year | 7,200.00 | 113.00 | - | - | - | - | 7.42 |
| Sold during the year | - | - | - | - | - | - | - |
| Adjustment on account of corporate guarantee | 11.00 | - | - | - | - | - | - |
| Share in total comprehensive income for the year | 80.33 | (7.43) | - | - | - | - | (5.99) |
| As at 31 March 2017 | 7,291.33 | 105.57 | - | - | - | - | 1.43 |
| Purchased during the year | - | 137.00 | 0.51 | 977.00 | 3.10 | - | - |
| 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) | (0.75) | (1.43) | |
| As at 31 March 2018 | 7,436.20 | 208.20 | 9.39 | 922.64 | 2.35 | - | - |

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(ii) Investments in equity instruments, preference shares and other non-current investments

| Particulars | Investments in equity instruments | | Investments in preference shares | | Other non-current investments | |
|--|-----------------------------------|--|---|--|---|--------------|
| | KMG Infotech Limited | | Manipal Integrated Services Private Limited | | Investment in Styracorp Management Services | |
| No. of shares acquired | 200,000.00 | | 4,036,697.00 | | NA | NA |
| Value per share including premium | 82.75 | | 545.00 | | NA | NA |
| As at 1 April 2016 | 165.50 | | - | | 132.24 | 67.75 |
| Purchased during the year | - | | 22,000.00 | | - | - |
| As at 31 March 2017 | 165.50 | | 22,000.00 | | 132.24 | 67.75 |
| Purchased during the year | - | | - | | - | - |
| Sold during the year | - | | - | | - | - |
| Cancelled on business combination (refer note 54) | - | | [22,000.00] | | - | - |
| Cancelled on business combination (refer note 6.9) | - | | - | | - | [67.75] |
| As at 31 March 2018 | 165.50 | | - | | 132.24 | - |

(Amount in ₹ lakhs)

Notes

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52. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹ lakhs data)

| Particulars | SBN* | Other denomination notes | Total |
|--|---------|--------------------------|--------------|
| Closing cash in hand as on 8 November 2016 | 9.21 | 2.86 | 12.07 |
| Add: Permitted receipts | 1.32 | 71.33 | 72.65 |
| Less: Permitted payments | (0.06) | (19.67) | (19.73) |
| Less: Amount exchanged over the counter | (0.16) | - | (0.16) |
| Less: Amount deposited in Banks | (10.31) | (37.00) | (47.31) |
| Closing cash in hand as on 30 December 2016 | - | 17.52 | 17.52 |

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016

53. 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 Group 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.

54. Business acquisitions

During the previous year, the Group had entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business") of MIS through the Scheme of Arrangement ("the Scheme"). The Board vide its meeting dated 28 November 2016 had approved the draft Scheme of arrangement and filed the Scheme with BSE and NSE. The Group in the previous year had received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively and has filed the Scheme with National Company Law Tribunal (NCLT) dated 26 April 2017.

During the year ended 31 March 2018, the Company has obtained approval from the National Company Law Tribunal ("NCLT") dated 30 November 2017, to merge Identified Business of MIS. The scheme has been filed with Registrar of Companies ("ROC") on 13 December 2017. The appointed date of the scheme is 1 December 2016 which is the effective date of merger approved by NCLT. The NCLT order override the requirements under Ind AS 103, Business Combinations, and hence the Company has considered the date of acquisition as 1 December 2016. The Company has considered the said merger as a business acquisition from the appointed date and accordingly have restated its previous years numbers including Earnings Per Share ("EPS").

The identified business includes two subsidiaries namely Master Staffing Solutions Private Limited ("MSSP") (100.00% owned) and Golden Star Facilities & Services Private Limited ("GSFS") (60.00% owned). The Company has a contractual commitment to acquire the non-controlling interest in Golden Star Facilities & Services Private Limited, of which, 10.00% was acquired during the year. 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. Post allocation of purchase price, the Company has recorded a goodwill of ₹ 60,055.07 lakhs.

On acquisition of Comtel Solutions Pte Limited, the group, in the previous year has 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. The accounting entries have been given impact to the previous year by restating reported numbers.

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A table showing the impact of the above two restatements is given below:

(Amount in ₹ lakhs)

| Balance Sheet (extract) | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|---|--|--------------------------|-----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5,043.56 | 555.45 | 5,599.01 |
| Goodwill | 37,875.28 | 53,997.64 | 91,872.92 |
| Other intangible assets | 790.38 | 18,895.71 | 19,686.09 |
| Intangible assets under development | 771.68 | - | 771.68 |
| Investments in equity accounted investees | 7,398.33 | - | 7,398.33 |
| Financial assets | | | |
| (i) Investments | 22,365.49 | (22,000.00) | 365.49 |
| (ii) Non-current loans | 1,433.41 | 149.00 | 1,582.41 |
| (iii) Other non-current financial assets | 131.13 | 5.40 | 136.53 |
| Deferred tax assets (net) | 4,799.58 | (784.88) | 4,014.70 |
| Income tax assets (net) | 11,479.07 | 834.49 | 12,313.56 |
| Other non-current assets | 563.30 | 8.02 | 571.32 |
| Total non-current assets | 92,651.21 | 51,660.83 | 144,312.04 |
| Current assets | | | |
| Inventories | 572.74 | 135.92 | 708.66 |
| Financial assets | | | |
| (i) Trade receivables | 44,684.60 | 6,255.41 | 50,940.01 |
| (ii) Cash and cash equivalents | 30,127.19 | 262.52 | 30,389.71 |
| (iii) Bank balances other than cash and cash equivalents above | 15,833.46 | 36.61 | 15,870.07 |
| (iv) Current loans | 2,302.32 | 61.16 | 2,363.48 |
| (v) Unbilled revenue | 38,682.58 | 39.45 | 38,722.03 |
| (vi) Other current financial assets | 259.86 | 13.68 | 273.54 |
| Other current assets | 2,619.01 | 152.22 | 2,771.23 |
| Total current assets | 135,081.76 | 6,956.97 | 142,038.73 |
| Total assets | 227,732.97 | 58,617.80 | 286,350.77 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12,679.10 | - | 12,679.10 |
| Shares to be issued pursuant to merger | - | 46,030.53 | 46,030.53 |
| Other equity | 70,938.29 | 828.79 | 71,767.08 |
| Total equity attributable to equity holders of the Group | 83,617.39 | 46,859.32 | 130,476.71 |
| Non-controlling interests | 88.20 | - | 88.20 |
| Total equity | 83,705.59 | 46,859.32 | 130,564.91 |

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to the consolidated financial statements for the year ended 31 March 2018

(Amount in ₹ lakhs)

| Balance Sheet (extract) | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|--|--|--------------------------|-----------------------------|
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Non-current borrowings | 27,444.87 | - | 27,444.87 |
| (ii) Other non-current financial liabilities | 13,279.03 | 2,946.84 | 16,225.87 |
| Non-current provisions | 2,254.62 | 119.74 | 2,374.36 |
| Total non-current liabilities | 42,978.52 | 3,066.58 | 46,045.10 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Current borrowings | 45,565.52 | 1,390.90 | 46,956.42 |
| (ii) Trade payables | 6,314.45 | 1,462.00 | 7,776.45 |
| (iii) Other current financial liabilities | 32,722.22 | 4,431.33 | 37,153.55 |
| Income tax liabilities (net) | 522.64 | - | 522.64 |
| Current provisions | 2,272.23 | 711.84 | 2,984.07 |
| Other current liabilities | 13,651.80 | 695.83 | 14,347.63 |
| Total current liabilities | 101,048.86 | 8,691.90 | 109,740.76 |
| Total Liabilities | 144,027.38 | 11,758.48 | 155,785.86 |
| Total Equity and Liabilities | 227,732.97 | 58,617.80 | 286,350.77 |

(Amount in ₹ lakhs)

| Statement of Profit or Loss (extract) | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|---|--|--------------------------|-----------------------------|
| Income | | | |
| Revenue from operations | 415,735.95 | 15,757.25 | 431,493.20 |
| Other income | 1,525.20 | 17.03 | 1,542.23 |
| Total income | 417,261.15 | 15,774.28 | 433,035.43 |
| Expenses | | | |
| Cost of material and stores and spare parts consumed | 4,687.77 | 2,449.85 | 7,137.62 |
| Employee benefit expenses | 354,350.85 | 9,043.90 | 363,394.75 |
| Finance costs | 4,653.28 | 132.79 | 4,786.07 |
| Depreciation and amortisation expense | 2,644.20 | 685.75 | 3,329.95 |
| Other expenses | 34,417.22 | 2,750.79 | 37,168.01 |
| Total expenses | 400,753.32 | 15,063.08 | 415,816.40 |
| Profit before share of profit of equity accounted investees and income tax | 16,507.83 | 711.20 | 17,219.03 |
| Share of profit/ (loss) of equity accounted investees (net of income tax) | 12.46 | - | 12.46 |
| Profit before tax | 16,520.29 | 711.20 | 17,231.49 |

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to the consolidated financial statements for the year ended 31 March 2018

(Amount in ₹ lakhs)

| Statement of Profit or Loss (extract) | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|---|---|-----------------------|-----------------------------|
| Tax expense | | | |
| Current tax | (3,720.74) | 211.75 | (3,508.99) |
| Deferred tax | (1,455.11) | (79.45) | (1,534.56) |
| Total tax expenses | (5,175.85) | 132.30 | (5,043.55) |
| Profit for the year | 11,344.44 | 843.50 | 12,187.94 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement of the net defined benefit liability/ asset | (340.47) | (38.58) | (379.05) |
| Share of other comprehensive income of equity accounted investees (net of income tax) | 54.44 | - | 54.44 |
| Income tax relating to items that will not be reclassified to profit or loss | 106.72 | 13.05 | 119.77 |
| Items that will be reclassified to profit or loss | | | |
| Exchange differences in translating financial statements of foreign operations | (333.91) | 10.85 | (323.06) |
| Income tax relating to items that will be reclassified to profit or loss | - | - | - |
| Total other comprehensive income, net of tax | (513.22) | (14.68) | (527.90) |
| Total comprehensive income for the year | 10,831.22 | 828.82 | 11,660.04 |

Effect of restatement on EPS

(Amount in ₹ lakhs)

| Particulars | 31 March 2017 (as previously reported) | Effect of restatement | 31 March 2017 (Restated) |
|--|---|-----------------------|-----------------------------|
| Profit after tax for the purpose of earning per share | 11,346.07 | 843.50 | 12,189.57 |
| Weighted average number of shares used in computing basic earnings per share | 122,829,474 | 125,199,504 | 125,199,504 |
| Basic earnings per share | 9.24 | 0.67 | 9.74 |
| Weighted average number of shares used in computing diluted earnings per share | 124,693,775 | 127,063,805 | 127,063,805 |
| Diluted earnings per share | 9.10 | 0.66 | 9.59 |

Notes

to the consolidated financial statements for the year ended 31 March 2018

55. 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 |
| | | | | | | | | |
| Parent | | | | | | | | |
| Quess Corp Limited | 83.10% | 236,147.40 | 81.31% | 25,926.38 | 32.56% | (354.44) | 83.04% | 25,571.93 |
| Subsidiaries - Indian | | | | | | | | |
| Aravon Services Private Limited | 0.87% | 2,478.85 | 4.32% | 1,378.64 | 1.30% | (14.12) | 4.43% | 1,364.52 |
| Coachive Solutions Private Limited | -0.15% | (419.26) | 0.05% | 16.76 | 0.08% | (0.83) | 0.05% | 15.93 |
| MFx Infotech Private Limited | 0.28% | 809.17 | 0.88% | 281.77 | -0.56% | 6.12 | 0.93% | 287.89 |
| Dependo Logistics Solutions Private Limited | 0.01% | 19.50 | 0.06% | 19.26 | 0.00% | - | 0.06% | 19.26 |
| CentreQ Business Solutions Private Limited | 0.00% | 1.18 | 0.00% | 0.11 | 0.00% | - | 0.00% | 0.11 |
| Excelus Learning Solutions Private Limited | -0.18% | (504.70) | -1.54% | (490.13) | 0.00% | - | -1.59% | (490.13) |
| Inticore VJP Advanced Solutions Private Limited | 0.05% | 149.77 | -0.60% | (191.40) | -0.01% | 0.10 | -0.62% | (191.30) |
| ConnectQ Business Services Private Limited* | 6.21% | 17,655.22 | 4.10% | 1,307.01 | 11.86% | (129.14) | 3.82% | 1,177.87 |
| Vedang Cellular Services Private Limited | 0.75% | 2,121.26 | 0.22% | 69.11 | -4.27% | 46.53 | 0.38% | 115.64 |
| Master Staffing Solutions Private Limited | 0.58% | 1,637.22 | 0.99% | 315.94 | 0.06% | (0.65) | 1.02% | 315.28 |
| Golden Star Facilities and Services Private Limited | 0.60% | 1,699.14 | 2.18% | 696.22 | 1.81% | (19.74) | 2.20% | 676.48 |
| Monster.com (India) Private Limited | 1.13% | 3,205.74 | -0.43% | (137.46) | -15.41% | 167.70 | 0.10% | 30.24 |
| Subsidiaries - Foreign | | | | | | | | |
| Quess (Philippines) Corp | 0.11% | 301.55 | 0.08% | 27.10 | 1.01% | (11.00) | 0.05% | 16.09 |
| Brainhunter Systems Limited | -1.37% | (3,893.89) | 0.52% | 165.25 | 14.40% | (156.70) | 0.03% | 8.54 |
| Quess Corp (USA) Inc. | -0.04% | (105.98) | -0.26% | (83.50) | 0.20% | (2.16) | -0.28% | (85.66) |
| Quesscorp Holdings Pte Limited | 5.20% | 14,763.61 | -2.99% | (954.74) | 123.16% | (1,340.71) | -7.45% | (2,295.45) |
| Quessglobal (Malaysia) SDN BHD | 0.18% | 516.33 | 0.73% | 233.06 | -5.01% | 54.49 | 0.93% | 287.54 |
| MFxchange Holdings Inc. Canada | -1.58% | (4,477.58) | 1.13% | 359.99 | 1.63% | (17.71) | 1.11% | 342.28 |
| Ikya Business Services (Private) Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Comtel Solutions Pte Limited | 3.80% | 10,807.14 | 8.74% | 2,785.10 | -61.35% | 667.86 | 11.21% | 3,452.96 |
| Quess Corp Lanka (Private) Limited | 0.28% | 791.83 | 0.80% | 256.08 | 1.16% | (12.63) | 0.79% | 243.45 |
| Comtelpro Pte. Limited | -0.02% | (48.01) | -0.45% | (143.94) | 0.04% | (0.46) | -0.47% | (144.40) |
| Comtelink SDN BHD | 0.07% | 191.06 | 0.04% | 11.49 | -1.23% | 13.35 | 0.08% | 24.84 |
| Monster.com.SG Pte Limited | 0.14% | 394.35 | 0.18% | 56.04 | -0.89% | 9.71 | 0.21% | 65.75 |
| Monster.com.HK Limited | -0.12% | (329.62) | -0.01% | (2.44) | 0.25% | (2.74) | -0.02% | (5.18) |
| Monster Malaysia SDN. BHD | 0.10% | 274.33 | -0.05% | (17.32) | -0.79% | 8.61 | -0.03% | (8.71) |
| Subtotal | 100.00% | 284,185.61 | 100.00% | 31,884.38 | 100.00% | (1,088.56) | 100.00% | 30,795.82 |

Notes

to the consolidated financial statements for the year ended 31 March 2018

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 |
| | | | | | | | | |
| Adjustment arising out of consolidation | | (41,059.55) | | (1,067.16) | | 686.79 | | (380.37) |
| Non-controlling interests in subsidiaries | | 157.78 | | 122.53 | | - | | 122.53 |
| Associates - Indian | | | | | | | | |
| Terrier Security Services (India) Private Limited | | 2,782.73 | | 118.47 | | 15.40 | | 133.87 |
| Simplance Technologies Private Limited | | 83.59 | | (34.37) | | - | | (34.37) |
| Heptagon Technologies Private Limited | | 68.17 | | (54.36) | | - | | (54.36) |
| Trimax Smart Infraprojects Private Limited | | 2.53 | | 8.88 | | - | | 8.88 |
| Associates - Foreign | | | | | | | | |
| Quest Recruit Inc. | | 30.00 | | (0.75) | | - | | (0.75) |
| Joint venture - Foreign | | | | | | | | |
| Himmer Industrial Services (M) SDN BHD | | (16.76) | | (1.43) | | - | | (1.43) |
| Total | | 246,234.10 | | 30,976.19 | | (386.37) | | 30,589.82 |

* (Formerly known as Tata Business Support Services Private Limited)

Notes

to the consolidated financial statements for the year ended 31 March 2018

56. The figures for the previous year are regrouped where ever required to conform to current year groupings.
57. The previous year figures are restated owing to (a) merger accounting of the acquisition of Identified business of Manipal Integrated Services, including two of its subsidiaries namely Master Staffing Solutions Private Limited and Golden Star Facilities & Services Private Limited with effect from 1 December 2016 pursuant to NCLT order and (b) final purchase price allocation of acquisition of Comtel Solutions Pte Limited, accordingly current year numbers are not comparable with that of last year.

58. Post balance sheet events

Subsequent to the year ended 31 March 2018, the Company has acquired the controlling stakes in Green Piece Landscapes India Private Limited and Qdigi Services Limited (formerly know as HCL Computing Products Limited).

Post 31 March 2018, the Company has entered into a Composite Scheme of Arrangement and Amalgamation ("Scheme") with 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 business (including investment in shares of Qess Corp Limited) into Qess Corp Limited. As a part of the consideration, the Company will issue its own shares to the shareholders of TCIL and cancel their own shares received from TCIL. Accordingly, TCIL will cease to be the shareholder of Qess Corp Limited upon the Scheme becoming effective.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Vipin Lodha

Partner

Membership No.: 076806

Place: Bengaluru

Date: 17 May 2018

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: 17 May 2018

Subrata Kumar Nag

Executive Director &

Chief Executive Officer

DIN: 02234000

Sudershan Pallap

Company Secretary

Membership No.: A14076

**Statement containing salient features of the financial statements 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 ₹ lakhs, except % of shareholding & exchange rate) |
|----------------------|--|---------------------------------------|-----------------------|-----------------------------|------------------------------|--|-----------------------|-----------------|----------------------|-------------|-----------|---------------------------|---------------------------|--------------------------|---|
| Sl.No. | Name of the subsidiary | Date of acquisition/ incorporation | Reporting currency | Closing exchange rate | Financial period ended | Issued & subscribed share capital | Reserves & Surplus | Total assets | Total liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | % of holding |
| 1 | Coachware Solutions Private Limited | 14.12.2009 | INR | NA | 31.03.2018 | 311.00 | (730.26) | 738.22 | 1,157.48 | - | 1,173.84 | 0.11 | (16.65) | 16.76 | 100.00 |
| 2 | MFx Intitech Private Limited | 20.08.2014 | INR | NA | 31.03.2018 | 100.00 | 709.17 | 3,692.31 | 2,883.14 | - | 5,125.83 | 413.15 | 131.38 | 281.77 | 100.00 |
| 3 | Araon Services Private Limited | 01.04.2015 | INR | NA | 31.03.2018 | 3,941.16 | (1,462.31) | 4,380.13 | 1,901.28 | - | 7,368.51 | 770.28 | (608.36) | 1,378.64 | 100.00 |
| 4 | Brainhunter Systems Limited | 23.10.2014 | CAD | 50.6500 | 31.03.2018 | 2,457.12 | (3,571.22) | 4,983.54 | 4,097.64 | 1,280.75 | 13,027.44 | (184.35) | - | (184.35) | 100.00 |
| 5 | Mindwire Systems Limited, Ottawa ¹ | 23.10.2014 | CAD | 50.6500 | 31.03.2018 | 1,280.75 | (1,440.46) | 3,430.69 | 3,590.40 | - | 16,818.99 | 561.90 | (39.80) | 601.70 | 100.00 |
| 6 | Brainhunter Companies LLC ¹ | 23.10.2014 | CAD | 50.6500 | 31.03.2018 | - | (1,339.33) | 680.50 | 2,019.83 | - | 1,818.40 | (252.10) | - | (252.10) | 100.00 |
| 7 | Quesscorp Inc, USA | 19.11.2014 | USD | 65.1750 | 31.03.2018 | 62.54 | (168.52) | 5,105.96 | 5,211.94 | 3,279.27 | - | (83.50) | - | (83.50) | 100.00 |
| 8 | Quess (Philippines) Corp | 14.05.2013 | PHP | 1.2417 | 31.03.2018 | 122.74 | 178.81 | 1,158.37 | 856.82 | 3.10 | 1,549.54 | 41.22 | 14.12 | 27.10 | 100.00 |
| 9 | Quesscorp Holdings PTE. LTD, Singapore | 16.06.2015 | SGD | 49.8225 | 31.03.2018 | 16,619.17 | (1,855.56) | 38,933.54 | 24,169.93 | 31,486.43 | 223.78 | (954.74) | - | (954.74) | 100.00 |
| 10 | Quessglobal (Malaysia) SDN BHD ² | 12.08.2015 | MYR | 16.8675 | 31.03.2018 | 83.30 | 433.03 | 1,842.28 | 1,325.95 | - | 4,040.65 | 389.45 | 156.40 | 233.06 | 100.00 |
| 11 | MFxchange Holdings Inc, Canada | 01.01.2016 | USD | 65.1750 | 31.03.2018 | 24,642.36 | (15,444.04) | 9,927.53 | 709.21 | 165.50 | 2,541.77 | 35.56 | - | 35.56 | 100.00 |
| 12 | MFxchange (Ireland) Limited ^{1&4} | 01.01.2016 | USD | 65.1750 | 31.03.2018 | - | - | - | - | - | - | - | - | - | 100.00 |
| 13 | MFxchange Inc, USA ¹ | 01.01.2016 | USD | 65.1750 | 31.03.2018 | - | (13,695.90) | 8,863.74 | 22,559.64 | - | 25,611.53 | 348.48 | 24.04 | 324.43 | 100.00 |
| 14 | Dependo Logistics Solutions Private Limited | 25.10.2016 | INR | NA | 31.03.2018 | 1.00 | 18.50 | 569.79 | 550.29 | - | 3,014.06 | 27.86 | 8.60 | 19.26 | 100.00 |
| 15 | CenterQ Business Solutions Private Limited | 25.01.2017 | INR | NA | 31.03.2018 | 1.00 | 0.18 | 43.23 | 42.04 | - | 48.85 | 0.17 | 0.05 | 0.11 | 100.00 |
| 16 | Excelus Learning Solutions Private Limited | 09.01.2017 | INR | NA | 31.03.2018 | 1.00 | (505.70) | 2,774.13 | 3,278.82 | - | 5,63.47 | (672.34) | (182.20) | (490.13) | 100.00 |
| 17 | Golden Star Facilities and Services Private Limited | 01.12.2016 | INR | NA | 31.03.2018 | 100.00 | 1,599.14 | 4,803.60 | 3,104.46 | - | 14,911.39 | 577.71 | (118.51) | 696.22 | 70.00 |
| 18 | Master Staffing Solutions Private Limited | 01.12.2016 | INR | NA | 31.03.2018 | 101.00 | 1,536.22 | 5,560.97 | 3,923.75 | - | 17,118.91 | 471.99 | 156.05 | 315.94 | 100.00 |
| 19 | Inticore VJP Advanced Solutions Private Limited ⁵ | 01.12.2016 | INR | NA | 31.03.2018 | 3.84 | 145.93 | 708.73 | 558.95 | - | 465.56 | (191.40) | - | (191.40) | 73.95 |
| 20 | Contel Solutions Pte Ltd ⁶ | 14.02.2017 | SGD | 49.8225 | 31.03.2018 | 235.70 | 10,571.44 | 15,356.38 | 4,549.24 | - | 42,618.67 | 3,361.24 | 576.14 | 2,785.10 | 64.00 |
| 21 | Quess Corp Lanka Private Limited ⁶ | 26.04.2016 | LKR | 0.4169 | 31.03.2018 | 55.30 | 736.52 | 1,195.78 | 403.95 | - | 4,448.99 | 258.95 | 2.87 | 256.08 | 100.00 |
| 22 | Vedang Cellular Services Private Limited | 10.11.2017 | INR | NA | 31.03.2018 | 18.21 | 2,103.05 | 4,949.61 | 2,828.35 | - | 4,481.51 | 62.39 | (6.72) | 69.11 | 70.00 |
| 23 | ConnectQ Business Services Private Limited ⁷ | 27.11.2017 | INR | NA | 31.03.2018 | 9,150.85 | 8,504.37 | 37,565.11 | 19,909.89 | - | 25,989.96 | 2,124.03 | 817.02 | 1,307.01 | 51.00 |
| 24 | Comtelink SDN. BHD. | 14.11.2017 | MYR | 16.8675 | 31.03.2018 | 156.11 | 34.94 | 201.07 | 10.01 | - | 99.35 | 12.14 | 0.65 | 11.49 | 100.00 |
| 25 | Comtelpro Pte. Limited ⁸ | 10.10.2017 | SGD | 49.8225 | 31.03.2018 | 96.38 | (144.40) | 209.22 | 257.23 | - | 151.72 | (143.94) | - | (143.94) | 51.00 |
| 26 | Monster.com (India) Private Limited | 08.02.2018 | INR | NA | 31.03.2018 | 5.00 | 3,200.74 | 13,411.13 | 10,205.39 | - | 1,835.21 | (328.69) | (191.23) | (137.46) | 100.00 |
| 27 | Monster.com.sg Pte. Limited ² | 08.02.2018 | SGD | 49.8225 | 31.03.2018 | 0.00 | 394.34 | 2,823.97 | 2,429.63 | - | 329.66 | 67.74 | 11.70 | 56.04 | 100.00 |
| 28 | Monster.com.HK Limited ² | 08.02.2018 | HKD | 8.3050 | 31.03.2018 | 3,187.14 | (3,516.76) | 179.13 | 508.75 | - | 61.36 | (2.44) | - | (2.44) | 100.00 |
| 29 | Monster Malaysia SDN BHD ⁸ | 08.02.2018 | MYR | 16.8675 | 31.03.2018 | 81.79 | 192.54 | 967.73 | 693.40 | - | 112.70 | 3.15 | 20.47 | (17.32) | 49.00 |

1. Wholly owned subsidiaries of Brainhunter Systems Limited
2. Wholly owned subsidiaries of Quesscorp Holdings Pte. Limited
3. Wholly owned subsidiaries of MFxchange Holdings Inc.
4. Merged with MFxchange Holdings Inc, Canada.
5. On 1 December 2016, Quess Corp Limited acquired 73.95% equity shares in Inticore VJP Advanced Solutions Private Limited.
6. Incorporated by Quesscorp Holdings Pte. Limited on 6 June 2017 with 51.00% equity share holding.
7. Formerly known as Tata Business Support Services Private Limited
8. On 8 February 2018, Quesscorp Holdings Pte. Ltd acquired 49.00% equity shares in Monster Malaysia SDN BHD

Notes:

1. Total assets include investments.
2. Proposed dividend from any of the subsidiaries is nil.
3. Reserves and surplus include other comprehensive income and securities premium

**Statement containing salient features of the financial statements 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] (continued)**

Part B: Associates/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 | | | | Profit or Loss for the year | | | |
|--------|---|-----------------------------------|---|---|---|-----------------------------------|---|--|--|-----------------------------|---------------------------------|
| | | | | Number | Amount of Investment in Associates or Joint Venture | Extent of Holding (in percentage) | Description of how there is significant influence | Reason why the associate / joint venture is not consolidated | Network attributable to shareholding as per latest audited Balance Sheet | Considered in Consolidation | Not Considered in Consolidation |
| 1 | Terrier Security Services (India) Private Limited | 31.03.2018 | 09.12.2016 | 2,45,000 | 7,200.00 | 49.00 | More than 20% holding | No control | 1,490.78 | 118.45 | 123.29 |
| 2 | Simpliance Technologies Private Limited | 31.03.2018 | 02.01.2017 | 9,000 | 250.00 | 45.00 | More than 20% holding | No control | 46.42 | [34.30] | [41.93] |
| 3 | Himmer Industrial Services (M) SDN BHD | 31.03.2018 | 28.03.2017 | 49,000 | 7.43 | 49.00 | More than 20% holding | No control | [8.21] | [1.43] | [1.49] |
| 4 | Trimax Smart Infraprojects Private Limited | 31.03.2018 | 15.12.2017 | 5,100 | 0.51 | 51.00 | More than 20% holding | No control | 1.29 | 8.88 | 8.53 |
| 5 | Heptagon Technologies Private Limited | 31.03.2018 | 22.06.2017 | 12,778 | 977.00 | 46.00 | More than 20% holding | No control | 31.36 | [54.36] | [63.81] |
| 6 | Quest Recruit Inc. | 31.03.2018 | 01.01.2018 | 2,500 | 3.10 | 25.00 | More than 20% holding | No control | 2.35 | [0.75] | [2.26] |



Quess Corp Limited

CIN: L74140KA2007PLC043909

Registered Office: 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru- 560103.

Tel: 080-6105 6000; Fax: 080-6105 6406

website: www.uesscorp.com; E-mail: investor@uesscorp.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Quess Corp Limited ("the Company") will be held at Spring Hall, Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka – 560 008 on Thursday, the July 26, 2018 at 11.30 am, to transact the following businesses:

ORDINARY BUSINESS:

1) Adoption of Audited Financial Statements

To receive, consider and adopt the Audited Financial Statements including consolidated financial statements of the Company for the financial year ended March 31, 2018 together with Reports of Auditors and Board of Directors thereon.

2) Appointment of Mr. Subrata Kumar Nag as a Director liable to retire by rotation

To appoint a Director in place of Mr. Subrata Kumar Nag (DIN: 02234000), who retires by rotation and, being eligible, offers himself for re-appointment.

3) Appointment of the Statutory Auditors

To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company and, in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an

Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Eleventh Annual General Meeting until the conclusion of the Sixteenth Annual General Meeting of the Company, at such remuneration as may be fixed by the Board of Directors on recommendation of the Audit Committee."

SPECIAL BUSINESS:

4) Revision in Commission payable to Independent Directors

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in partial modification of the Resolution (appearing at Sr. No. 10 of Minutes of the Extra-ordinary General Meeting (EGM) held on December 22, 2015) passed by the Members at the said EGM of the Company and pursuant to the applicable provisions of Section 149(9), 197, 198 and other provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act") approval of the Company be and is hereby accorded for payment of commission to the Independent Directors of the Company (that is, Directors other than the Whole-time Director(s), Nominee Director(s) and Non-Executive Director(s)), by way of annual payment, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof and reimbursement of expenses, up to Rs. 7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand Only) to each Independent Director per financial year or 1% (one percent) per annum of the net profits of the Company calculated in accordance with the provisions of the Act and rules framed thereunder for a period of five (5) years effective April 1, 2018, in such a manner as the Board of Directors in its absolute discretion may decide from time to time.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the above resolution."

5) Appointment of Mr. Subrata Kumar Nag ("Subrata Nag") (DIN: 02234000) as the Executive Director & Chief Executive Officer of the Company

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

"RESOLVED THAT pursuant to the provisions Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act") read with Schedule V to the Act and pursuant to the Articles of Association of the Company, and subject to such other approvals or sanctions, consent be and is hereby accorded for the appointment of Mr. Subrata Nag (DIN: 02234000) as the Executive Director & Chief

Executive Officer of the Company for a period of five years with effect from January 24, 2018 up to January 23, 2023, on such terms and conditions as mentioned in the Employment Agreement and remuneration, as set out in the explanatory statement relating to this resolution, with a liberty to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee constituted by the Board of Directors) to alter or vary the said terms and conditions as the Board may deem fit and is acceptable to Mr. Subrata Nag.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Subrata Nag the remuneration by way of salary, perquisites, commission or any other allowances as specified in the explanatory statement in accordance with the limits specified under the Act or such other limits as may be prescribed or approved by the Central Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, things and matters as may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate to give effect to the aforesaid resolution."

6) Re-appointment of Mr. Ajit Abraham Isaac ("Ajit Isaac") (DIN: 00087168) as the Chairman & Managing Director of the Company

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

RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act"), read with Schedule V to the Act and pursuant to the Articles of Association of the Company, and subject to such other approvals or sanctions, if any, the consent be and is hereby accorded for the re-appointment of Mr. Ajit Isaac (DIN 00087168) as the Chairman & Managing Director of the Company for a period of five years with effect from January 24, 2018 up to January 23, 2023, on such terms and conditions as mentioned in the Employment Agreement and remuneration, as set out in the explanatory statement relating to this resolution, with a liberty to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee constituted by the Board of Directors) to alter or vary the said terms and conditions as the Board may deem fit and is acceptable to Mr. Ajit Isaac.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Ajit Isaac the remuneration by way of salary, perquisites, commission or any other allowances as specified in the explanatory statement in accordance with the limits specified under the Act or such other limits as may be prescribed or approved by the Central Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be

and is hereby authorized to do all such acts, deeds, things and matters as the Board of Directors may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate to give effect to the aforesaid resolution."

7) Fixation of fees under Section 20 of the Companies Act, 2013

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as "the Act") and relevant rules prescribed thereunder, if any, whereby, a document may be served on any Member by the Company by sending it to him / her by post or by registered post or by speed post or by courier or by delivery to his office address or by such electronic or other mode as may be prescribed, the consent of the Members be and is hereby accorded to charge from the Member such fees in advance equivalent to estimated actual expenses of delivery of the documents delivered through registered post or speed post or by courier service or such other mode of delivery of documents, pursuant to any request by such Member for delivery of documents, through a particular mode of service mentioned above provided, such request along with requisite fees has been duly received by the Company at least 10 days in advance of dispatch of documents by the Company to the Member.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all such acts, deeds and things as may be necessary, proper or desirable or expedient to give effect to the aforesaid resolution."

By order of the Board of
Ques Corp Limited

Sd/-

Place: Bengaluru
Date: May 17, 2018

Sudershan Pallap
Vice President & Company Secretary

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013("the Act"), relating to Special Business to be transacted at the Eleventh Annual General Meeting (AGM) is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/ HERSELF, AND

THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF A MAXIMUM OF 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH A PERSON SHALL ACT AS PROXY, PROVIDED THAT THE PERSON DOES NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AGM. A PROXY FORM FOR THE AGM IS ENCLOSED.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the AGM, a member would be entitled to inspect the proxies lodged during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. Corporate members intending to send their authorized representatives to attend the AGM are requested to send to the Company a certified copy of the Board resolution / appropriate authorization document upload it on the electronic voting ("e-voting") portal, authorizing their representative to attend and vote on their behalf at the AGM.
5. Only bonafide members of the Company, whose names appear on the Register of members / Proxy holders and who are in possession of valid attendance slips duly filled in and signed, will be permitted to attend the AGM. The Company reserves the right to take all steps as may be deemed necessary to restrict non-members from attending the AGM.
6. Members/ Proxies / authorized representatives are requested to bring duly filled in Attendance Slip enclosed herewith to attend the meeting, along with the Annual Report of the Company as no copies of Annual Reports will be issued at the venue of AGM.
7. In case of joint holders attending the AGM, only such a joint holder who is higher in the order of names will be entitled to vote.
8. A certificate from the Statutory Auditors of the Company certifying that the Company's stock option plan has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 is available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. except on Saturdays, Sundays and all Public Holidays upto the date of AGM and will also be available for inspection during the AGM.
9. In accordance with Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. BSR & Associates LLP, Chartered Accountants shall retire at the conclusion of the 11th Annual General Meeting of the Company. Pursuant to the said provisions, the Board of Directors has on recommendation of the

Audit Committee, recommended for the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. 117366W/W100018) as Statutory Auditors of the Company for a term of five (5) years i.e. from the conclusion of this meeting until the conclusion of the Sixteenth Annual General Meeting of the Company at such remuneration as may be fixed by the Board of Directors on recommendation of the Audit Committee.

10. The Register of members and Share Transfer Books will remain closed from July 23, 2018 to July 26, 2018 (both days inclusive).
11. The Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contracts or Arrangements in which Directors are interested, being maintained under the Act, will be available for inspection at the AGM.
12. Members are requested to address all correspondence to the Registrar and Share Transfer Agents, Link Intime India Private Limited, 247 Park , C 101 1st Floor , LBS Marg, Vikhroli (W), Mumbai – 400 083, Maharashtra, India, Tel: +91 22 4918600 , Fax: +91 22 49186060; email id: rtn.helpdesk@linkintime.co.in.
13. Pursuant to the provisions of the Act and rules made hereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015"), a copy of the Annual Report and the Notice for 11th AGM, inter alia, indicating the process and manner of remote e-voting along with attendance slip and proxy form are being sent by email to those members whose email addresses have been made available to the Company/ Depository Participants, unless a member has requested for a printed copy of the same. For Members who have not registered their email addresses, printed copies are being sent by the permitted mode.
14. Members who have not updated their email IDs, are requested to update the same with their respective Depository Participant(s) or Link Intime India Private Limited, Registrar and Transfer Agent (RTA) of the Company.
15. Members holding shares in physical mode are also requested to update their email addresses by writing to the RTA of the Company quoting their folio number(s).
16. Members may also note that the Notice of the 11th AGM and the Annual Report for 2017-18 will be available on the Company's website, www.quesse.com.
17. Additional information, pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015, in respect of the Director seeking appointment/ re-appointment at AGM, forms part of the Notice.
18. Additional information, as required under Secretarial Standards-2 on General Meeting (SS-2) issued by Institute of Company Secretaries of India, in respect of appointment / re-appointment of Directors including Independent Director of the Company at the Annual General Meeting, is set out in the explanatory statement.

19. All documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection by members at the Registered Office of the Company on all working days except on Saturdays, Sundays and all Public Holidays between 11.00 a.m. and 1.00 p.m. up to the date of AGM.
20. Members desiring any information relating to the financial statements of the Company are requested to write to the Company at least 10 (ten) days before the AGM, to enable the Company to keep the information ready at the AGM.
21. Pursuant to the provisions of Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) service facilitated by the National Securities Depository Limited (NSDL).
22. The facility for voting through ballot paper will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice. The Board has appointed Mr. S. N. Mishra, SNM & Associates, Company Secretaries, as the Scrutinizer to scrutinize the e-voting / ballot process in a fair and transparent manner.
23. The remote e-voting period commences on July 22, 2018 at 9.00 a.m. (IST) and ends on July 25, 2018 at 5.00 p.m. (IST). During this period, members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being July 19, 2018, may cast their vote by electronically through e-voting.
24. The voting rights of members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date, which is July 19, 2018.
25. Results of the voting on the above Resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date, subject to receipt of the requisite number of votes in favour of the Resolutions.
26. The route map showing directions to reach the venue of the AGM is enclosed to this notice.
27. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 11th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
 - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - IV. The remote e-voting period commences on July 22, 2018 (9:00 am) and ends on July 25, 2018 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 19, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - V. The process and manner for remote e-voting are as under:
 - A. **In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]**
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
NOTE: *Shareholders already registered with NSDL for e-voting will not receive the PDF file "remote e-voting.pdf".*
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put your user ID and password (the initial password mentioned in the e-mail sent by NSDL to shareholders whose email addresses are registered with the company/ depository participant(s) or mentioned in the postal ballot form) and verification code as displayed. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "QUESS CORP LIMITED".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.

- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to Mishra@snmassociates.in with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM) [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM) :
- EVEN (Remote e-voting Event Number)USER ID
PASSWORD/PIN**
- (iii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

TNOTE: Shareholders who forgot the User Details/ Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of July 19, 2018.

- X. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. July 20, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or rtn.helpdesk@linkintime.co.in.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "[Forgot User Details/ Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. S N Mishra, Practising Company Secretary (Membership No. FCS 6143) of M/s. SNM & Associates, Company Secretaries has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM) but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM), a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or the Company Secretary or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company, www.quesscorp.com and on the website of NSDL immediately after the declaration of result . The results shall also be available on the BSE Limited and NSE Limited websites.

Explanatory Statement

pursuant to Section 102 (1) of the Act

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 2 – Appointment of Mr. Subrata Kumar Nag as a director liable to retire by rotation

Although not strictly necessary, the Explanatory Statement is being given in respect of Item No. 2 of the Notice.

In terms of Section 152(6)(a) of the Companies Act 2013, not less than two-thirds of the 'total number of directors' of a public company are liable to retire by rotation, unless the articles of association of such company provide for retirement of all directors at every annual general meeting. The explanation to Section 152(6)(a) of the Companies Act, 2013, states that the term 'total number of directors' shall not include independent directors of a company. Further, Section 149(13) of the Companies Act, 2013, provides that, Sections 152(6) and 152(7) dealing with retirement of directors by rotation shall not be applicable to independent directors.

Till May 17, 2018, the Board of the Company comprised of eight directors of which four are independent directors, two Directors are non-executive and non-independent and two executive directors.

In accordance with Section 152(6)(c) of the Companies Act, 2013, one-third of the total number of directors are liable to retire by rotation, or if their number is neither three nor a multiple of three, then the number nearest to one-third, shall retire at the AGM of a company every year.

In order to ensure compliance of Section 152 of the Companies Act, 2013, Mr. Subrata Nag agreed to retire at this annual general meeting and, being eligible, is seeking re-appointment. This retirement and re-appointment is only to comply with the provisions of the Companies Act, 2013 and as such shall not be treated as break in the employment of Mr. Subrata Nag as the Executive Director & CEO if he is re-appointed at the AGM.

In view of the above, the Board recommend the reappointment of Mr. Subrata Nag as Director and his continuation as the Executive Director & CEO of the Company on the terms and conditions to be approved by the Members.

A brief profile of Mr. Subrata Nag is given in the Annexure to this Notice, as required under SEBI LODR Regulations.

Mr. Subrata Nag is not related to any other Director and Key Managerial Personnel of the Company.

Except Mr. Subrata Nag, no Director and/or key managerial person is in any way concerned or interested in the Resolution at Item No.2 of the Notice.

Item No. 3 – Appointment of Statutory Auditors

Although not strictly necessary, the Explanatory Statement is being given in respect of Item No. 3 of the Notice.

The existing Statutory Auditors, BSR & Associates LLP, Chartered Accountants, were appointed until the conclusion of the Eleventh Annual General Meeting.

In view of the mandatory requirement for rotation of auditors upon completion of 10 years of association with a company, in terms of Section 139 of the Companies Act, 2013, BSR & Associates LLP will retire as the Company's Auditors at the conclusion of the ensuing Eleventh Annual General Meeting. It is proposed to appoint Deloitte Haskins & Sells LLP, Chartered Accountants, as the new Statutory Auditors of the Company. The Board of Directors (the "Board"), based on the recommendation of the Audit Committee, had recommended appointment of Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for a period of five continuous years i.e. from the conclusion of Eleventh Annual General Meeting till the conclusion of Sixteenth Annual General Meeting of the Company.

Deloitte Haskins & Sells LLP have informed the Company that their appointment, if made, would be within the limits prescribed under Section 141 of the Companies Act, 2013. Deloitte Haskins & Sells LLP have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold valid certificates issued by the Peer Review Board of the ICAI. Deloitte Haskins & Sells LLP have also furnished a declaration in terms of Section 141 that they are eligible to be appointed as auditors and that they have not incurred any disqualification under the Companies Act 2013.

The Board recommends appointment of Deloitte Haskins & Sells LLP as Statutory Auditors of the Company from the conclusion of Eleventh Annual General Meeting up to the conclusion of Sixteenth Annual General Meeting of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested in the Ordinary Resolution as set out in Item No. 3 of the Notice

Item No. 4 – Revision in the commission payable to the Independent Directors of the Company

As per the applicable provisions of the Companies Act, 2013, with the approval of the Members of the Company by way of a Special Resolution, a company may make payments by way of commission to its Non-Executive Directors, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, and such remuneration by way of commission cannot exceed 1% of the net profits of the Company.

The Members, at the Extra-ordinary Annual General Meeting of the Company held on December 22, 2015, have approved the payment of a commission not exceeding Rs. 5 lakh (Rupees five lakh only) per Independent Director in a financial year or collectively up to 1% (one percent) of the net profit of the Company calculated in accordance with the provisions of the Companies Act, 2013 (the "Act") for each financial year, whichever is lower, for a period of five years effective from financial year 2016.

Considering the contribution and the crucial role played by the Independent Directors in the growth of the Company with their independent functioning in the Board and the external perspective to the decision-making and the strategic guidance they offer while maintaining objective judgments, the Board recommended

increase in commission payable to each of the Independent Director from Rs. 5.00 lakhs (Rupees Five Lakhs Only) to Rs. 7.50 lakhs (Rupees Seven Lakhs Fifty Thousand Only), which shall not however exceed one per cent (1%) of the net profit of the Company calculated in accordance with the applicable provisions of the Companies Act, 2013 for each financial year, for a period of five years effective from April 01, 2018, in such a manner as the Board of Directors in its absolute discretion may decide from time to time.

As required under the Act, approval of the Members is sought for payment of commission to the Independent Directors by way of a Special Resolution as set out at Item No. 4 to the Notice.

Save and except the Independent Directors, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the Resolution as set out at Item No. 4 of the Notice.

Item No. 5: To appoint Mr. Subrata Nag (DIN: 02234000) as the Chief Executive Officer & Executive Director of the Company

The Members at the 6th Annual General Meeting of the Company held on September 4, 2013 approved the appointment of Mr. Subrata Kumar Nag as the Whole-time Director of the Company for a period of five years with effect from July 29, 2013.

The Board of Directors, on recommendation of the Nomination & Remuneration Committee, has re-appointed Mr. Subrata Nag, subject to approval of Members, on January 24, 2018 as Executive Director & Chief Executive Officer of the Company for a period of five years w.e.f. January 24, 2018 on the remuneration approved by the Nomination and remuneration Committee vide circular resolution dated on June 9, 2017, which is reproduced hereunder:

| | |
|---------------------------------|--|
| Fixed annual remuneration | : Rs.83.66 Lakhs p.a. |
| Annual Performance Linked Bonus | : 50% of the revised fixed annual remuneration subject to maximum payable in a financial year in which adequate profits are earned |

In addition to the above, Mr. Subrata Nag will also be entitled to Company maintained car and eligible to other benefits as per the policies of the Company.

In the event of inadequacy of profits or no profits, the Company will pay the above remuneration as minimum remuneration to Mr. Subrata Nag, subject to limits laid down under Section 197, Schedule V and all other applicable provisions of the Act, as amended from time to time.

All other terms and conditions of appointment as specified in the employment agreement executed by the Company with Mr. Subrata Nag as the Executive Director & Chief Executive Officer of the Company will remain unchanged.

Pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions of the Act, the approval of the Members in General Meeting is required to be obtained for the aforesaid re-appointment of Mr. Subrata Nag as set out herein above.

Save and except Mr. Subrata Nag, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution as set out in Item no.5 of the Notice.

The Board recommends the Ordinary Resolution as set forth in Item No. 5 of the Notice for approval of the Members.

Item No. 6: To appoint Mr. Ajit Isaac (DIN 00087168) as the Chairman & Managing Director of the Company

The Members at the Extra-ordinary General Meeting of the Company held on May 14, 2013 approved the appointment of Mr. Ajit Isaac as the Chairman & Managing Director of the Company for a period of five years with effect from May 14, 2013 up to May 13, 2018.

The Board of Directors, as recommended by the Nomination & Remuneration Committee, has re-appointed Mr. Ajit Isaac, subject to ratification of Members, on January 24, 2018 as the Chairman and Managing Director of the Company for a period of five years w.e.f. January 24, 2018 on the remuneration approved by the Nomination and remuneration Committee vide circular resolution dated on June 9, 2017, which is reproduced hereunder:

| | |
|---------------------------------|--|
| Fixed annual remuneration | : Rs.130.48 Lakhs p.a. |
| Annual Performance Linked Bonus | : 50% of the revised fixed annual remuneration subject to maximum payable in a financial year in which adequate profits are earned |

In addition to the above, Mr. Ajit Isaac will also be entitled to Company maintained car and eligible to other benefits as per the policies of the Company.

In the event of inadequacy of profits or no profits, the Company will pay the above remuneration as minimum remuneration to Mr. Ajit Isaac, subject to limits laid down under Section 197, Schedule V and all other applicable provisions of the Act, as amended from time to time.

All other terms and conditions of appointment as specified in the employment agreement executed by the Company with Mr. Ajit Isaac as the Chairman and Managing Director of the Company will remain unchanged.

Pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions of the Act, the approval of the Members in General Meeting is required to be obtained for the ratification of the aforesaid appointment of Mr. Ajit Isaac as set out herein above.

Save and except Mr. Ajit Isaac, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution as set out in Item no.6 of the Notice.

The Board recommends the Ordinary Resolution as set forth in Item No. 6 of the Notice for approval of the Members.

Item No. 7 – Fixation of fees under Section 20 of the Companies

Act, 2013

As per the applicable provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by registered post, by speed post, by electronic mode, or any other modes as may be prescribed. Further a member may request the delivery of document through any other mode by paying such fees as may be determined by the members in the Annual General Meeting.

Accordingly, the Board recommends the passing of the Special Resolution at Item No. 7 of the accompanying Notice for Members' approval.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

By order of the Board of Directors

For Quess Corp Limited

Sd/-

Place: Bengaluru

(Sudershan Pallap)

Date: May 17, 2018

Vice President & Company Secretary

Additional Information of Directors to be re-appointed/ appointed at the 11th Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions of Companies Act, 2013 read with Secretarial Standard-2 are as:

| Name | Mr. Subrata Kumar Nag | Mr. Ajit Issac |
|--|---|--|
| Brief resume | Mr. Subrata Kumar Nag is the Group CEO & Executive Director of our Company. He has been a director of the Company since July 2013. He has been a part of Qess since 2008. Prior to joining us, he was the Vice President - Finance and Company Secretary of Ilahtus Technologies Private Limited. | Mr. 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 thousands of workers across India. He invested into IKYA (now Qess Corp) in 2009 and took on the role of CEO & MD. He partnered with Fairfax in 2013 when Fairfax invested in Qess which went public in July 2016 with a record-breaking IPO oversubscription of 144x. This success achieved by Qess can be attributed to a combination of strong organic growth and a series of deep value acquisitions. He is a first generation entrepreneur and under his leadership Qess is now a 260,000+ strong family with over USD 1.0 Bn in revenues. 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). |
| Age | 55 years | 50 years |
| Qualifications | MBA, ICWA, CS, CPA(USA) | Gold medalist in PG programme in HR and a British Chevening Scholar from Leeds University. |
| Experience | 29 years | 27 years |
| Remuneration last drawn | Fixed Annual Remuneration- Rs. 83.66 Lakhs p.a. on a total cost to company basis Annual Performance Linked Bonus- 50% of the revised fixed annual remuneration subject to maximum payable in a financial year in which adequate profits are earned | Fixed Annual Remuneration- Rs.130.48 Lakhs p.a. on a total cost to company basis Annual Performance Linked Bonus- 50% of the revised fixed annual remuneration subject to maximum payable in a financial year in which adequate profits are earned |
| Nationality | Indian | Indian |
| Expertise in specific functional area | Mr. Subrata Nag is a seasoned finance professional with over three decades of experience. He is responsible for implementing the Company's overall long and short term strategies. | Mr. Ajit Isaac has worked for 10 years in Leadership roles in the Private Sector before founding PeopleOne in the year 2000 which was later acquired by Adecco. Mr. Ajit Isaac'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. |
| Date of first appointment on the Board of the Company | July 29, 2013 | April 6, 2009 |

| | | |
|--|---|--|
| Name(s) of the other Companies in which Directorship held excluding foreign and Section 8 company | 1) Centreq Business Services Private Limited 2) Coachieve Solutions Private Limited 3) Conneqt Business Solutions Limited 4) Dependo Logistics Solutions Private Limited 5) Excelus Learning Solutions Private Limited 6) MFX Infotech Private Limited 7) Monster.Com (India) Private Limited 8) Net Resources Investments Private Limited 9) Hofincons Infotech & Industrial Services Private Limited 10) Aravon Services Private Limited | 1) Iris Capital Ventures Private Limited 2) Net Resources Investments Private Limited 3) Isaac Enterprises Private Limited |
| Membership/ Chairmanship of Committees in the Company | Nil | Nil |
| Membership/ Chairmanship of Committees in other Companies | Nil | Nil |
| No. of Equity Shares held in the Company | 55,128 Equity shares | 17,585,960 Equity shares |
| No. of Board meetings attended during the year | Please refer to section of Corporate Governance Report | Please refer to section of Corporate Governance Report |
| Relationship with other directors, Manager, key managerial personnel of the Company inter-se | Nil | Nil |
| Terms and conditions of appointment (if any) | All other terms and conditions as specified in employment Agreement executed by the Company with Mr. Subrata Kumar Nag as the Executive Director & CEO of the Company | All other terms and conditions of appointment as specified in employment Agreement executed by the Company with Mr. Ajit Isaac as the Chairman and Managing Director of the Company. |

Notes:

1. The proposal for appointment / re-appointments of Directors has been approved by the Board pursuant to the recommendation of the Nomination and Remuneration Committee considering their skills, experience, knowledge and positive outcome of the performance evaluation.
2. Information pertaining to remuneration paid to the Directors who are being appointed/ re-appointed, and the number of Board Meetings attended by them during the year 2017-18 are provided in the Corporate Governance Report.



Quess Corp Limited

CIN: L74140KA2007PLC043909

Regd Office: 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru, 560103.

Tel:080-6105 6000; Fax:080-6105 640W6

website: www.uesscorp.com; E-mail: investor@uesscorp.com

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)
Eleventh Annual General Meeting – July 26, 2018 at 11:30 a.m.

PROXY FORM

| | | | | | | | | | | | | | |
|------------------------|--|---------------------------|--|--|--|--|--|--|--|--|--|--|--|
| Name of the Member(s): | | Email Id: | | | | | | | | | | | |
| Registered address: | | Folio No./ *Client Id: | | | | | | | | | | | |
| | | *DP Id: | | | | | | | | | | | |
| | | No. of shares held | | | | | | | | | | | |

* Applicable for Members holding shares in electronic mode.

I/ We, being the Members of _____ Shares of Quess Corp Limited (the Company) hereby appoint

| | | |
|----|-----------------------------------|----------------------------------|
| 1) | Name: _____ _____ _____ | Address: _____ _____ _____ |
| | Email id: _____ _____ _____ | Signature: _____ or failing him |
| 2) | Name: _____ _____ _____ | Address: _____ _____ _____ |
| | Email id: _____ _____ _____ | Signature: _____ or failing him |
| 3) | Name: _____ _____ _____ | Address: _____ _____ _____ |
| | Email id: _____ _____ _____ | Signature: _____ or failing him |

- as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Eleventh Annual General Meeting (AGM) of the Company, to be held on Thursday, July 26, 2017 at 11.30 a.m. at Spring Hall, Hotel Royal Orchid, #. 1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Bengaluru, Karnataka 560008 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Description |
|----------------|--|
| 1 | Adoption of financial statements (including consolidated financial statements) of the Company for financial year ending March 31, 2018 and the reports of the Board and Auditors thereon |
| 2 | Appointment of Mr. Subrata Kumar Nag (DIN: 02234000), as a director liable to retire by rotation. |
| 3 | Appointment of Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company |
| 4 | Revision in Commission payable to Independent Directors |
| 5 | Appointment of Mr. Subrata Kumar Nag (DIN: 02234000) as the Executive Director & Chief Executive Officer of the Company |
| 6 | Re-appointment of Mr. Ajit Abraham Isaac ("Ajit Isaac") (DIN: 00087168) as the Chairman & Managing Director of the Company |
| 7 | Fixation of fees under Section 20 of the Companies Act, 2013 |

Signed this day of 2018.

Signature of Shareholder:

Signature of Proxy holder(s) :

Revenue
Stamp

Notes:

1. This form of Proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the Eleventh Annual General Meeting.
2. A person can act as Proxy on behalf of Members up to and not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company. Further, a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such a person shall not act as proxy for any other person or Member.
3. It is optional for a Member to indicate his/her preference against the Resolutions. If a Member leaves the 'For' or 'Against' column blank against any or all Resolutions, his/her proxy will be entitled to vote in the manner as he/ she may deem appropriate.

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[illegible]

Notes

[illegible]

Notes

[illegible]

Delivering Growth

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