INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TC VISA SERVICES (INDIA) LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying Ind AS financial statements of **TC Visa Services (India) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 Ind AS financial statements.

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

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 12, 2016 and May 28, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid 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 as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

   i. The Company does not have any pending litigations as at March 31, 2017 which would impact its financial position;

   ii. The Company has long-term contracts as at March 31, 2017, for which there were no material foreseeable losses. The Company does not have any derivative contract as at March 31, 2017;

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 23.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 11, 2017

ITC VISA SERVICES (INDIA) LIMITED
Balance Sheet as at March 31, 2017

Particulars	Notes	As at March 31, 2017 in Rs. Lakhs	As at March 31, 2016 in Rs. Lakhs	As at April 1, 2015 in Rs. Lakhs
ASSETS				
Non current assets				
Deferred tax assets (net)	4	19.44	12.14	18.62
Non current tax assets	5	-	-	3.06
Total Non current assets		**19.44**	**12.14**	**21.68**
Current assets				
Financial assets				
- Trade receivables	6a	314.24	298.47	591.03
- Cash and cash equivalents	6b	466.23	328.16	87.65
- Other financial assets	6c	0.15	0.06	-
Other current assets	7	165.52	131.96	6.83
Total current assets		**946.14**	**758.65**	**685.51**
TOTAL ASSETS		**965.58**	**770.79**	**707.19**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	8a	5.00	5.00	5.00
Other equity				
Reserves and surplus	8b	390.01	192.51	84.23
Total Equity		**395.01**	**197.51**	**89.23**
LIABILITIES				
Non-current liabilities				
Employee Benefit Obligations	9	9.20	4.58	5.04
Total non-current liabilities		**9.20**	**4.58**	**5.04**
Current liabilities				
Financial liabilities				
- Trade payables	10	450.38	417.17	489.67
Employee Benefit Obligations	9	21.38	19.38	55.93
Current Tax Liabilities	5	29.99	22.42	-
Other current liabilities	11	59.62	109.73	67.32
Total current liabilities		**561.37**	**568.70**	**612.92**
TOTAL LIABILITIES		**570.57**	**573.28**	**617.96**
TOTAL EQUITY AND LIABILITIES		**965.58**	**770.79**	**707.19**

The above Balance Sheet should be read in conjunction with the accompanying notes.

In terms of our report of even date

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership No. 112433

Date: May 11, 2017
Place: Mumbai

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Rajeev Kale
Director
DIN No :6775970

Date: May 11, 2017
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED

Statement of Profit And Loss for the year ended March 31, 2017

Particulars	Notes	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Income			
Revenue from operations	12	961.90	865.80
Other income	13	14.21	11.55
Total income		**976.11**	**877.35**
Expenses			
Employee benefits expenses	14	388.47	415.50
Other expenses	15	292.57	291.38
Finance Cost	16	11.33	4.13
Total expenses		**692.37**	**711.01**
Profit before tax		**283.74**	**166.34**
Less : Tax expense			
- Current tax		97.24	54.16
- Deferred tax (asset)/ liability	17	(7.30)	6.72
Total tax expenses		**89.94**	**60.88**
Profit for the year		**193.80**	**105.46**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		0.02	(0.73)
Income tax relating to items that will not be reclassified to profit or loss		-	0.24
Total other comprehensive income for the period, net of taxes (B)		**0.02**	**(0.49)**
Total comprehensive income for the year (A+B)		**193.82**	**104.97**
Earnings per equity share (Face value of Rs. 10 each)	22		
-Basic earnings per share		387.60	210.92
- Diluted earnings per share		387.60	210.92

The above statement of profit and loss should be read in conjunction with the accompanying notes.

In terms of our report of even date

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership No. 112433

Date: May 11, 2017
Place: Mumbai

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Rajeev Kale
Director
DIN No :6775970

Date: May 11, 2017
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED
Statement of Cash Flows for the year ended March 31, 2017

	Particulars	Notes	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
A.	**Cash flows from Operating activities:**			
	Profit before tax		283.74	166.34
	Adjustments for:			
	Provision for Doubtful Debts and Advances (Net)	15	12.47	13.65
	Dividend Income	13	(10.76)	(9.58)
	Employee share-based payment expense	14	3.68	3.31
	Interest income on bank deposit	13	(1.02)	(0.06)
	Interest on Income tax refund	13	(1.20)	-
	Operating profit before changes in operating assets and liabilities		**286.91**	**173.66**
	Adjustments for change in operating assets and liabilities:			
	(Increase)/Decrease in trade receivables		(28.24)	280.59
	(Increase)/Decrease in other financial assets		(0.09)	(0.06)
	(Increase)/Decrease in other current assets		(33.56)	(126.81)
	Increase/(Decrease) in non current employee benefit obligations		4.65	(1.39)
	Increase/(Decrease) in trade payables		33.21	(72.29)
	Increase/(Decrease) in current employee benefit obligations		2.00	(36.55)
	Increase/(Decrease) in other current liabilities		(50.12)	42.41
	Cash generated from Operations		**214.76**	**259.56**
	Taxes Paid (net of refunds)	5	(89.67)	(28.68)
	Interest on Income tax refund	13	1.20	-
	Net cash generated from Operating activities		**126.29**	**230.88**
B.	**Cash flows from / (used in) Investing activities:**			
	Purchase of Mutual funds		(16,720.00)	(9,929.58)
	Sale of Mutual funds		16,730.76	9,939.15
	Interest on bank deposits	13	1.02	0.06
	Net cash generated from Investing activities		**11.78**	**9.63**
C.	**Cash flows from / (used in) Financing activities:**		-	-
	Net cash from / (used) in Financing activities		-	-
	Net increase in Cash and Cash Equivalents		**138.07**	**240.51**
	Cash and cash equivalents at the beginning of the year		**328.16**	**87.65**
	Cash and cash equivalents at the end of the year		**466.23**	**328.16**

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Statement of Cash Flows for the year ended March 31, 2017

Notes :

1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS-7) on Statement of Cash Flow as notified under Companies (Acounts) Rules, 2015.

2 The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note. (Refer Note 27)

The above Statement of Cash flows should be read in conjunction with the accompanying notes

This is the Cash Flow Statement referred to in our report of even date.

As per our report of even date

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership No. 112433

Date: May 11, 2017
Place: Mumbai

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Rajeev Kale
Director
DIN No :6775970

Date: May 11, 2017
Place: Mumbai

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended March 31, 2017

Statement of changes in Equity

In Rs. Lakhs

Particulars	Amount
Balance as at April 1, 2015	**5.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2016	**5.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**5.00**

Other Equity

Particulars	Reserves and Surplus (in Rs. Lakhs)		
	Capital Contribution (Refer Note 8(b)	Retained Earnings	Total Reserves and Surplus
Balance as at April 1, 2015	**2.79**	**81.44**	**84.23**
Profit for the year	-	105.46	105.46
Capital Contribution	3.31	-	3.31
Other Comprehensive Income (net of tax)	-	(0.49)	(0.49)
Balance as at March 31, 2016	**6.10**	**186.41**	**192.51**
Profit for the year	-	193.80	193.80
Capital Contribution	3.68	-	3.68
Other Comprehensive Income (net of tax)	-	0.02	0.02
Balance as at March 31, 2017	**9.78**	**380.23**	**390.01**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

For and on behalf of the Board of Directors

Arunkumar Ramdas
Partner
Membership No. 112433

Date: May 11, 2017
Place: Mumbai

Abraham Alapatt
Director
DIN No. 6809421

Date: May 11, 2017
Place: Mumbai

Rajeev Kale
Director
DIN No :6775970

1 General Information

TC Visa Services (India) Limited (the "Company") was incorporated on August 30, 2011 with main object to render consultancy and / or advisory services in connection with obtaining / arranging visas. The Company is a 100% subsidiary of Travel Corporation (India) Limited. The Company commenced operations from February 1, 2013.

2 Basis of preparation of financial statements

(a) Statement of compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 that are notified and effective as at March 31, 2017.

These financial statements for the year ended March 31, 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the generally accepted accounting principles (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended March 31, 2016 and the opening Balance Sheet as at April 1, 2015 have been restated in accordance with Ind AS for comparative information. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation of the total Comprehensive Income for the year ended March 31, 2016 as provided in note 18

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and defined benefit plans - plan assets measured at fair value.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving critical estimates and judgements are:
(i) Estimation of defined benefit obligation
(ii) Certain financial assets and liabilities that is measured at fair value

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS balance sheet at April 1, 2015 for the purposes of the transition to Ind AS, unless otherwise stated.

a Revenue Recognition

Revenue comprises of consultancy and / or advisory services in connection with obtaining / arranging visas. The revenue arising from providing consultancy and/or advisory services in connection with obtaining Visa clearance services is included on the basis of margins earned, since inclusion on the basis of their gross value would not be meaningful and potentially misleading as an indicator of the level of the Company's business.

Revenue is recognised when services towards obtaining /arranging Visa clearance(s) are rendered i.e. submission of relevant documents to the Consulate.

Other Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
Dividend income from mutual fund is recognised when the right to receive dividend is established.

b Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax for the period comprises of current tax and deferred tax. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in 'Other comprehensive income or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustments to tax payable in respect of previous years. Interest income/expenses and penalties, if any related to income tax are included in current tax expense.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised using the liability method on taxable temporary differences between the tax base and the accounting base of items included in the Balance Sheet of the Company. Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the related deferred income tax is realized or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Certain temporary differences arising on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not recognised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

TC VISA SERVICES (INDIA) LIMITED

c Employee Benefits

(i) Long-term Employee Benefits
(a) Defined Contribution Plans
The Company has Defined Contribution Plan for post employment benefits in the form of Provident Fund which is Government administered provident fund. Under such Defined Contribution Plan, the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plan is charged to the Statement of Profit and Loss as incurred.

(b) Defined Benefit Plans
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Contribution to Gratuity is based on the premium contribution called for by the Life Insurance Corporation of India (LIC) with whom the Company has entered into an arrangement. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited in the statement of profit and loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the statement of profit and loss.

(ii) Short-term Employee Benefit
As per the leave Policy of the Company, employees are entitled to avail 30 days of annual leave during the calender year. Any carry forward or encashment of the same is not allowed and all unutilised leaves necessarily lapse at the end of the calender year. Provision on actual basis is created for proportionate unutlised leaves as at year end

d Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under leases are charged or credited to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

e Impairment of Assets
Financial Assets
A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not otherwise consider, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. The entity considers evidence of impairment for receivables for each specific asset. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in statement of profit and loss and are reflected as an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of profit and loss.

Impairment losses on investment carried at fair value through other comprehensive income are recognized by transferring the cumulative loss that has been recognized in other comprehensive income and presented in the fair value reserve in equity, to statement of profit and loss.

The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in statement of profit and loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

f. Provisions and contingent liabilities
Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Provisions are not recognised for future operating losses. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure require to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

g. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash on hand, term deposits with banks and other short-term highly liquid investments. To be classified as cash and cash equivalents, the financial asset must:
• be readily convertible into cash;
• have an insignificant risk of changes in value; and
• have a maturity period of three months or less at acquisition.

In the cash flow statement, Cash and Cash Equivalents includes Cash on Hand, Cheques/Drafts on Hand, Remittances in Transit, Balances with Bank held in Current Account and Demand Deposits with maturities of three months or less.

h Employee Share-based Payments

Share-based compensation benefits are provided to employees via the following plans:
a) Thomas Cook Employees Stock Option Plan -2007
b) Thomas Cook Employees Stock Option Plan -2013

The fair value of options granted under each plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:
• including any market performance conditions
• excluding the impact of any service and non-market performance vesting conditions, and
• including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

Share options that are granted to the employees are issued by the parent entity, and the amount equal to the expense for the grant date fair value of the award is recognized as personnel expense as a with a credit to equity.

Lodha & Co.
Chartered Accountants
FRN 301056E
Mumbai

TC VISA SERVICES (INDIA) LIMITED

i. **Financial Instruments**
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A **Financial assets**

i **Initial recognition and measurement**
Financial assets are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value. Transaction costs are expensed in the Statement of Profit and Loss, expect for financial instruments carried at amortised cost, where transaction costs are adjusted in the amortised cost of the asset.

ii **Subsequent Measurement**
Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') on the basis of:
(i) the entity's business model for managing the financial assets and
(ii) the contractual cash flow characteristics of the financial asset.

(a) **Measured at amortised cost** : Financial assets which have contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model with the objective of holding the assets to collect contractual cash flows, are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, gain or loss, if any, is recognised in the Statement of Profit and Loss.

(b)**Measured at fair value through other comprehensive income** : Financial assets which have contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, is measured at fair value through other comprehensive income. It is subsequently measured at fair value with unrealised gains or losses recognised in the other comprehensive income ('OCI'), except for interest income which is recognised as 'other income' in the Statement of Profit and Loss using the EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

('c) **Measured at fair value through profit or loss:** A financial asset not measured at either amortised cost or FVOCI, is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL. For all other equity instruments, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument shall be recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss when the company's right to receive payments is establishes.

iii **Derecognition**
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset. On transfer of the financial asset, the Company evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

B **Financial liabilities**
(i) Initial recognition and measurement:
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

(ii) Subsequent measurement:
Financial liabilities are subsequently measured at amortised cost using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(iii) Derecognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, 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 recognized in the statement of profit or loss.

j. **Earnings per share**
Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

k. **Segment Information**
The Company is primarily engaged in a single segment business to provide Visa related services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions.All assets of the Company are domiciled in India and the Company earns entire revenue from its operations in India.

l. **Rounding of amounts**
All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

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Note 4: Deferred Tax Assets

The balance comprises of temporary differences attributable to:

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Deferred Tax Liabilities	-	-	-
Deferred Tax Assets			
On Provisions Allowable for tax purposes when paid	8.59	5.18	16.22
On Provision for Doubtful Debts and Advances	10.85	6.96	2.40
Net Deferred Tax Assets	**19.44**	**12.14**	**18.62**

Movement in Deferred Tax Assets

Particulars	On provisions allowable for tax purpose when paid	Provision for Doubtful Debts and Advances	Total
As at April 1, 2015	16.22	2.40	18.62
charged/(credited)			
-to profit or loss	(11.04)	4.32	(6.72)
-to other comprehensive income		0.24	0.24
As at March 31, 2016	**5.18**	**6.96**	**12.14**
charged/(credited)			
-to profit or loss	3.41	3.89	7.30
As at March 31, 2017	**8.59**	**10.85**	**19.44**

Note 5: Non-Current Tax Assets/ Current Tax (Liabilities)

Particulars	As at March 31, 2017 in Rs Lakhs	March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Opening Balance	(22.42)	3.06	3.06
Add :Current Tax payable for the year	97.24	54.16	-
Less: Taxes Paid	89.67	28.68	-
Closing Balances	**(29.99)**	**(22.42)**	**3.06**

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Note 6: Financial Assets

6(a) Trade receivables

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Trade receivables	346.32	317.82	598.41
Less : Allowance for doubtful debts	(32.08)	(19.35)	(7.38)
Total recievables	**314.24**	**298.47**	**591.03**
Break up of Trade Receivables			
Unsecured, considered good	314.24	298.47	591.03
Unsecured, considered doubtful	32.08	19.35	7.38
Total	**346.32**	**317.82**	**598.41**
Less : Allowance for doubtful debts	(32.08)	(19.35)	(7.38)
Total Trade Recievables	**314.24**	**298.47**	**591.03**

6(b) Cash and cash equivalents

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Balances with banks :			
In current accounts	58.10	117.07	6.16
Fixed Deposits with original maturity of less than three months	330.00	150.00	-
Cheques on hand	52.18	39.93	38.95
Cash on hand (including foreign currencies- Notes and paid documents)	25.95	21.16	42.54
Total Cash and cash equivalents	**466.23**	**328.16**	**87.65**

6(c) Other financial Assets

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Accrued Revenue	-	0.06	-
Advance to Related Parties	0.15	-	-
Total Other Financial Assets	**0.15**	**0.06**	**-**

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Note 7: Other Current Assets

Particulars	**As at March 31, 2017 in Rs Lakhs**	**As at March 31, 2016 in Rs Lakhs**	**As at April 1, 2015 in Rs Lakhs**
Advance to Suppliers			
Considered good	145.56	46.80	0.40
Considered Doubtful	-	-	-
Advance to Employees			
Considered good	14.38	82.21	-
Considered Doubtful	1.42	1.68	-
	15.80	**83.89**	-
Less: Allowance for doubtful advances	(1.42)	(1.68)	
	14.38	**82.21**	
Prepaid expenses	5.12	-	-
Balances with service tax authorities	0.46	2.95	6.43
Total Other Current Assets	**165.52**	**131.96**	**6.83**

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Note 8(a) Share Capital and Other Equity

Equity Share capital

Particulars	No. of shares	in Rs Lakhs
AUTHORISED		
As at April 1, 2015	500,000	50.00
Increase during the year	-	-
As at March 31, 2016	500,000	50.00
Increase during the year	-	-
As at March 31, 2017	**500,000**	**50.00**

(i) Movement in Equity Share Capital during the Year

Particulars	No. of shares	in Rs Lakhs
As at April 1, 2015	50,000	5.00
changes in equity share capital during the year	-	-
As at March 31, 2016	**50,000**	**5.00**
changes in equity share capital during the year	-	-
As at March 31, 2017	**50,000**	**5.00**

(ii) Terms and rights attached Equity Shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution to all secured creditors, if any, of all preferential amounts, in proportion to their dues.

(iii) Shares of the company held by the holding company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of Shares	in Rs Lakhs	No of Shares	Amount	No of Shares	Amount
Equity Shares						
Travel Corporation (India) Limited and its nominees	50,000	5.00	50,000	5.00	50,000	5.00

(iv) Shareholding Pattern (Shareholders holding 5% or more shares in the Company)

Category of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of shares	% of Holding	No of shares	% of Holding	No of shares	% of Holding
Equity Shares						
Travel Corporation (India) Limited and its nominees	50,000	100%	50,000	100%	50,000	100%

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8(b) Reserves and surplus

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Capital Contribution	9.78	6.10	2.79
Retained Earnings	380.23	186.41	81.44
Total reserves and surplus	**390.01**	**192.51**	**84.23**

(i)Retained Earnings

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs
Opening Balance	186.41	81.44
Net Profit For the period	193.80	105.46
Other Comprehensive Income	0.02	(0.49)
Closing Balance	**380.23**	**186.41**

Nature and Purpose of Reserves-

Capital Contribution
The company has created capital contribution reserve in relation to push-down ESOP's from its parent company- Thomas Cook (India) Limited due to Ind AS requirements.

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Note 9: Employee Benefit Obligations

Particulars	As at March 31, 2017 in Rs. Lakhs			As at March 31, 2016 in Rs. Lakhs			As at April 1, 2015 in Rs. Lakhs		
	Non-Current	Current	Total	Non-Current	Current	Total	Non-Current	Current	Total
Leave Entitlement	-	3.64	3.64	-	5.56	5.56	-	-	-
Gratuity	9.20	-	9.20	4.58	-	4.58	5.04	-	5.04
Bonus Payable	-	12.55	12.55	-	10.13	10.13	-	44.93	44.93
Others	-	5.19	5.19	-	3.69	3.69	-	11.00	11.00
Total	**9.20**	**21.38**	**30.58**	**4.58**	**19.38**	**23.95**	**5.04**	**55.93**	**60.97**

(i)Leave Obligations - Leave Entitlement

The leave obligations cover the Company's liability for earned leave.

The amount of the provision as on March 31, 2017 of Rs. 3.64 lakhs (March 31, 2016 - Rs 5.56 Lakhs, April 1, 2015- NIL) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. The following amounts reflect leave that is expected to be taken or paid within the next 12 months

Particulrs	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Current leave obligations expected to be settled within next 12 months	3.64	5.56	-

(ii) Post Employement Obligations

(a) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

(iii) Defined contribution Plans

The company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs 17.32 Lakhs (March 31, 2016 - Rs 19.52 Lakhs).

Balance Sheet Amounts - Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Rs in Lakhs		
	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2015	21.19	16.15	5.04
Current service cost	4.39	-	4.39
Interest expense/(income)	1.46	1.25	0.20
Total amount recognised in profit and loss	**5.84**	**1.25**	**4.59**
Remeasurements	-	-	
Return on plan assets, excluding amount included in interest expense/(income)	-	0.32	-0.32
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.24	-	0.24
Experience (gains)/losses	0.81	-	0.81
Total amount recognised in other comprehensive income	**1.05**	**0.32**	0.73
Employer contributions	-	5.78	5.78
Benefit payments	2.15	2.15	-
March 31, 2016	**25.93**	**21.35**	**4.58**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
March 31, 2016	25.93	21.35	4.58
Current service cost	4.64	-	4.64
Interest expense/(income)	1.78	1.62	0.16
Total amount recognised in profit and loss	**6.42**	**1.62**	**4.80**
Remeasurements	-	-	
Return on plan assets, excluding amount included in interest expense/(income)	-	0.51	0.51
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	1.94	-	1.94
Experience (gains)/losses	(2.47)	-	-2.47
Total amount recognised in other comprehensive income	**(0.53)**	**0.51**	**-0.02**
Employer contributions	-	0.16	0.16
Benefit payments	6.71	(6.71)	-
March 31, 2017	**25.11**	**15.91**	**9.20**

The net liability disclosed above relates to funded and unfunded plan is as follows:

Particulars	(Rs in Lakhs)		
	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligations	25.11	25.93	21.19
Fair value of plan assets	15.91	21.35	16.15
Deficit of funded plan	**9.20**	**4.58**	**5.04**
Unfunded plans	-	-	-
Deficit of gratuity plan	**9.20**	**4.58**	**5.04**

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.15%	7.85%	7.95%
Salary growth rate	6.00%	6.00%	6.00%

(iv) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount rate	50 basis point	50 basis point	-5.61%	-4.43%	6.12%	4.83%
Salary escalation rate	50 basis point	50 basis point	6.16%	4.89%	-5.70%	-4.52%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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(v) The major categories of plans assets are as follows:

Particulars	As at March 31, 2017 In Rs Lakhs			As at March 31, 2016 In Rs Lakhs			As at April 1, 2015 In Rs Lakhs		
	Unquoted	Total	In %	Unquoted	Total	In %	Unquoted	Total	In %
Insurer (LIC) Managed Funds	15.92	15.92	100.00%	21.36	21.36	100	16.15	16.15	100

(vi) Risk Exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below :

a) Asset volatility- The plan liabilities are calculated using a discount rate set with reference to bond yields, if the plan assets underperform this yield, this will create a deficit. Further any decrease in the bond yields will increase the plan liabilities. The plan assets investments are in unquoted securities which are subject to interest rate risks and the fund manages the interest rate risks to an acceptable low level.

b) Salary growth & Demographic assumptions- The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lumpsum in nature the plan is not subject to any longevity risks.

(vii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 11.71 years (2016 - 19.24 years, 2015 - 9.56 years). The expected maturity analysis of undiscounted gratuity is as follows:

Projected Plan Cash Flow (in Rs Lakhs)

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2017					
Post Employement Obligations	1.65	1.49	4.55	61.46	69.16
March 31,2016					
Post Employement Obligations	6.40	1.57	4.30	57.36	69.63
April 1, 2015					
Post Employement Obligations	5.78	1.27	3.86	48.79	59.70

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Note 10: Trade Payables

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
-Dues of micro enterprises and small enterprises	-	-	-
-Dues of creditors other than micro enterprises and small enterprises			
(i) Acceptances	-	-	-
(ii) Other	414.92	383.44	480.10
Liabilities against expense	35.46	33.73	9.57
Total Trade Payables	**450.38**	**417.17**	**489.67**

Note 11: Other Current Liabilities

Particulars	As at March 31, 2017 in Rs Lakhs	As at March 31, 2016 in Rs Lakhs	As at April 1, 2015 in Rs Lakhs
Advance receipts from Customers for which value is still to be given	50.07	95.38	55.75
Statutory Dues	9.55	14.35	11.57
Total	**59.62**	**109.73**	**67.32**

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Note 12: Revenue from Operations

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Sale of Services	828.41	778.30
Other Operating Revenue		
-Other visa revenue	116.45	87.50
-Liabilities no longer required written back	17.04	-
Total	**961.90**	**865.80**

Note 13: Other Income

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Interest Income		
-On Bank Deposits	1.02	0.06
-On Income Tax Refund	1.20	-
Dividend Income		
-From Mutual Fund Investments	10.76	9.58
Miscellaneous Income	1.23	1.91
Total	**14.21**	**11.55**

Note 14: Employee Benefits Expenses

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Salaries Wages and Bonus	356.96	374.34
Contribution to Provident and Other Funds	17.32	19.52
Gratuity	4.80	4.59
Employees Stock Option Scheme	3.68	3.31
Staff Welfare Expenses	5.71	13.74
Total	**388.47**	**415.50**

Note 15: Other Expenses

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Rent	6.29	6.00
Electricity	7.77	7.70
Repairs and maintenance	6.89	8.60
Rates and Taxes	0.13	0.27
Security Services	1.40	1.40
Travelling Expenses	29.19	28.97
Vehicle Running and Maintenance Expenses	4.82	5.09
Legal and Professional Charges #	198.33	185.94
Printing and Stationery	23.93	31.21
Provision for doubtful debts and advances (net)	12.47	13.65
Miscellaneous Expenses	1.35	2.55
Total	**292.57**	**291.38**

 # Legal and Professional charges include payment to Auditors

(a): Details of payments to auditors

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
As auditor:		
-Statutory Audit	2.75	2.75
-Tax Audit	2.50	2.50
-Re-imbursement of expenses	-	0.13
Total payments to auditors	**5.25**	**5.38**

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Note 16: Finance Costs

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Bank and credit card charges	11.33	4.13
Total	**11.33**	**4.13**

Note 17: Income Tax Expense

(a) Income tax expense

Particulars	**For the year ended March 31, 2017 in Rs Lakhs**	**For the year ended March 31, 2016 in Rs Lakhs**
Current tax		
Current tax on profits for the year	97.24	54.16
Adjustments for current tax of prior periods	-	-
Total current tax expense	**97.24**	**54.16**
Deferred tax		
Decrease (increase) in deferred tax assets	(7.30)	6.72
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(7.30)	6.72
Income tax expense	**89.94**	**60.88**

(b) The reconciliation of tax expense and the accounting profit multiplied by India's tax rate :

Particulars	**For the year ended March 31, 2017 in Rs Lakhs**	**For the year ended March 31, 2016 in Rs Lakhs**
Profit from continuing operations before income tax expense	283.74	166.34
Tax at the Indian tax rate of 33.063 %	93.81	55.00
Tax effect of amounts which are not deductible(taxable) in calculating taxable income:		
Dividend	(3.56)	(3.17)
Preliminary expenses	-	(0.02)
Additional tax provision	-	8.32
Other items	(0.32)	0.75
Income tax expense	**89.94**	**60.88**

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Notes to financial statements for the year ended March 31, 2017

Note 18: First-time adoption of Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Previous GAAP). An explanation of how the transition from Previous GAAP to Ind AS has affected the company's financial position, financial performance is set out in the following tables and notes.On transition, we did not revise estimates previously made under previous GAAP except where required by Ind AS.

A. Exemptions and exceptions availed
Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

A 1. Ind AS optional exemptions
Share-based payment transaction
The Company has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

A2. Ind AS mandatory exceptions

(a) Estimates
An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP.

There is no change in the closing equity and presented Balance Sheet on account of transition to Ind AS as compared to previous GAAP.

There is no impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016 from operating, financing and investing activities

Reconciliation of total comprehensive income for the year ended March 31, 2016 (in Rs Lakhs)

Particulars		Notes to first time adoption	Previous IGAAP*	Ind AS adjustments	Ind AS
Income					
Revenue from operations			865.80	-	865.80
Other income			11.55	-	11.55
Total income			**877.35**	-	**877.35**
Expenses					
Employee benefits expense		1	412.92	2.58	415.50
Finance Cost			4.13	-	4.13
Other expenses			291.38	-	291.38
Total expenses			**708.42**	**2.58**	**711.01**
Profit before tax			**168.92**	**(2.58)**	**166.34**
Less : Tax expense					
Current tax			54.16	-	54.16
Deferred tax		3	6.48	0.24	6.72
Total tax expenses			**60.65**	**0.24**	**60.88**
Profit for the Year			**108.28**	**(2.82)**	**105.46**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations		2 and 3	**0.00**	(0.73)	**(0.73)**
Income tax relating to items that will not be reclassified to profit or loss		2 and 3		0.24	**0.24**
Total other comprehensive income for the period, net of taxes (B)			**0.00**	**(0.49)**	**(0.49)**
Total comprehensive income for the year (A+B)			**108.28**	**(3.31)**	**104.97**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Notes to first time adoption	March 31, 2016 Rs in Lakhs
Profit after tax as per previous GAAP		108.28
Adjustments:		
Remeasurements of post-employment benefit obligations	2	(0.73)
Tax adjustments		0.24
Capital Contribution - ESOP (Refer note 14 and 8b)	1	3.31
Total adjustments		**2.82**
Profit after tax as per Ind AS		105.46
Remeasurements of post-employment benefit obligations	2	(0.73)
Tax adjustments		0.24
Total comprehensive income as per Ind AS		**104.97**

Note 1: Share based payments
Under the previous GAAP, ESOP expense on account of issue of Options and RSUs by the parent entity to the employees of its subsidiaries was recorded by the Parent entity in its financial statements. Under Ind AS, cost of these Options and RSUs issued to the employees of the subsidiary is to be recognised by the subsidiary by recognizing the same as an expense with a corresponding credit to the Equity (Capital Contribution from Parent). On account of this adjustment, there is no impact on the total equity as at March 31, 2016, but the profit for the year ended March 31, 2016 has reduced by Rs 3.31 lakhs which is partially offset by re-measurement of post-employment benefit obligations amounting to Rs. 0.73 lakhs (Refer note 2 below)

Note 2: Remeasurements of post-employment benefit obligations
Under Ind AS, remeasurements i.e. actuarial gains and losses are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs 0.73 Lakhs with corresponding decrease in other comprehensive income by Rs 0.73 Lakhs. Overall there is no impact on the total equity as at March 31, 2016.

Note 3: Deferred tax
Under Ind AS, deferred tax has been recognised on the adjustments made on transition to Ind AS.

Chartered Accountants
FRN 301056E
Mumbai

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended March 31, 2017

Note 19(a): Fair value measurements

Financial instruments by category

Particulars	March 31, 2017 FVPL	March 31, 2017 FVOCI	March 31, 2017 Amortised cost	March 31, 2016 FVPL	March 31, 2016 FVOCI	March 31, 2016 Amortised cost	April 1, 2015. FVPL	April 1, 2015. FVOCI	April 1, 2015. Amortised cost
Financial assets									
Trade receivable	-	-	314.24	-	-	298.47	-	-	591.03
Cash and cash equivalents	-		466.23	-	-	328.16	-	-	87.65
Others		-	0.15	-	-	0.06	-	-	-
Total financial assets	-	-	780.62	-	-	626.69	-	-	678.69
Financial liabilities									
Trade payables	-	-	450.38	-	-	417.17	-	-	489.67
Total financial liabilities	-	-	450.38	-	-	417.17	-	-	489.67

The carrying amounts of trade receivable, cash and cash equivalents, other financial assets, trade payables, other financial liabilities are considered to be the same as their fair values due to their short-term nature.

Note 19(b): Financial risk management

The Company's activities expose it to liquidity risk and credit risk.
The company's risk management is carried out by a corporate treasury department under policies approved by the board of directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, analysis of historical bad debts and ageing of accounts receivable as of reporting period.

Agewise breakup of receivables before provision for doubtful debts given below

in Rs Lakhs

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Less than one year	314.24	298.47	591.03
More than one year	32.08	19.35	7.38

(iv) Reconciliation of loss allowance provision – Trade receivables

in Rs Lakhs

	Amount
Loss allowance on April 1, 2015	7.38
Changes in loss allowance	11.97
Loss allowance on March 31, 2016	19.35
Changes in loss allowance	12.73
Loss allowance on March 31, 2017	32.08

Expected credit loss assessment for customers as at April 1, 2015, March 31, 2016 and March 31, 2017

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. As company's customer is mainly its group company and few corporate customers (for whom based on information available in the public domain about their credibility/financial performance no impairment indicator exist) hence impairment of trade receivables do not reflect any significant credit losses.

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks and financial institutions of Rs 466.23 Lakhs, Rs 328.16 Lakhs and Rs 87.65 as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

(B) Market risk

(a) Foreign currency risk

The Company does not deal in foreign currency and hence there is no foreign currency risk exposure.

(b) Cash flow and interest rate risk

The entity does not have any borrowings with fluctuating interest rates and hence it is not exposed to interest rate risk.

(c) Price risk

The entity does not have investsment which are exposed to market fluctuations and hence it is not exposed to price risk.

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining sufficient cash and bank balances available to meet the working capital requirements. Management monitors rolling forecasts of the company's liquidity position (comprising the unused cash and bank balances along with temporary investments in mutuual funds) on the basis of expected cash flows. This is generally carried out at Company level in accordance with practice and limits set by the company. These limits vary to take into account the liquidity of the market in which the Company operates.

Maturities of financial liabilities

Financial liabilities comprising of Trade Payables which are contractually required to be settled on demand. Refer Note 10 of the Financial Statements.

Note :Capital management

(a) Risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(b) Loan Covenants

There are no Borrowings in the entity and hence no Loan Covenants exist.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended March 31, 2017

Note 20: Related Party Transactions
(a) Parent Entities
The Company is controlled by the following entity

Name	Type	Place of Incorporation	Ownership Interest (%) March 31, 2017	Ownership Interest (%) March 31, 2016	Ownership Interest (%) April 1, 2015.
Travel Corporation (India) Limited ("TCI") and its nominees, India holds 100% of Equity Shares of the Company.Thomas Cook (India) Limited, India ("TCIL") holds 72.81% and Sterling Holiday Resorts Limited holds 27.19% of Equity Shares of TCI.	Holding Company/	India	100	100	100
Fairbridge Capital (Mauritius) Limited, Mauritius ("FCML") holds 67.66% of Equity Shares of TCIL. FCML is wholly owned and controlled by Fairfax Financial Holding Limited, Canada the ultimate Holding Company.	Ultimate Holding Company				

(b) Other Related Parties with whom the Company had transactions during the year

Name of Entity	Place of Business/country of incorporation	Relationship
Quess Corp Limited (Formerly Known as 'IKYA Human Capital Solutions Limited') (Quess)	India	Fellow subsidiary
Avon Facility Management Services Limited	India	Fellow subsidiary

('c) Key Managerial Personnel

Madhavan Menon (Upto November 2, 2015)
R.R. Kenkare
Rajeev Kale
Abraham Alapatt (w.e.f.November 2, 2015)

(d) Transactions with related parties
The following transactions occurred with related parties:

Nature of transaction	March 31, 2017 in Rs Lakhs	March 31, 2016 in Rs Lakhs	April 1, 2015. in Rs Lakhs
Reimbursement of Expenses (Net)			
Thomas Cook (India) Limited	6.98	131.85	498.55
Travel Corporation (India) Limited	-	0.21	10.74
Sale of services	-		
Thomas Cook (India) Limited	716.51	435.35	545.80
Travel Corporation (India) Limited	-	4.09	5.38
Facilities and Support Services Availed			
Thomas Cook (India) Limited	14.68	22.98	15.90
Travel Corporation (India) Limited	8.82	7.62	2.10
Employee share-based payments push down charge			
Thomas Cook (India) Limited	3.68	3.31	2.79
Facilities and Support Services Provided			
Thomas Cook (India) Limited	15.18	16.96	15.68
Other professional charges (Outsourced staff)			
Quess Corp Limited	182.07	167.84	139.74
Avon Facility Management Services Limited	-	-	0.98
Repairs and Maintenance			
Quess Corp Limited	0.42	0.55	-
Avon Facility Management Services Limited	-	1.37	-
Balances as at the year end			
Outstanding Receivable			
Thomas Cook (India) Limited	143.63	37.88	-
Outstanding payables			
Thomas Cook (India) Limited	-	-	108.35
Travel Corporation (India) Limited	0.83	12.79	1.22
Quess Corp Ltd	0.19	-	-

Lovelock & Lewes
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TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED

Notes forming part of the Financial Statements as at and for the year ended March 31, 2017

Note 21 : Rental expense relating to operating leases

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Disclosures in respect of cancellable agreements for office premises taken on lease		
Lease payments recognised in the Statement of Profit and Loss	6.29	6.00

Significant leasing arrangements

-The lease agreements are for a period of eleven months to nine years.
-The lease agreements are cancellable at the option of either party by giving one month to six months' notice.
-Certain agreements provide for increase in rent.
-Some of the agreements contain a provision for their renewal.

Note 22: Earnings Per Share

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Basic earnings per share (in Rs)		
From continuing operations attributable to the equity holder of the company	387.60	210.92
(b) Diluted earnings per share (in Rs)		
From continuing operations attributable to the equity holders of the company	387.60	210.92

(c) Reconciliation of earnings used in calculating earnings per share

Particulars	For the year ended March 31, 2017 in Rs Lakhs	For the year ended March 31, 2016 in Rs Lakhs
Basic and Diluted earnings per share		
Profits attributable to the equity holders of the company used in calculating basic and diluted earnings per share	193.80	105.46

(d) Weighted average number of shares used as the denominator

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average number of equity shares used as the denominator in calculating basic and diluted earning per share	50,000	50,000

Lovelock & Lewes
Chartered Accountants
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Mumbai

TC VISA SERVICES (INDIA) LIMITED

TC VISA SERVICES (INDIA) LIMITED
Notes forming part of the Financial Statements as at and for the year ended March 31, 2017

Note 23: Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Rs in Lakhs

Particulars	Specified Bank Notes*	Other notes	Total
Closing cash in hand as on November 8, 2016	78.18	0.09	78.27
Add : Receipts for permitted transactions	-	169.46	169.46
Less : Paid for permitted transactions	-	155.24	155.24
Less : Deposited in bank accounts	78.18	-	78.18
Closing cash in hand as on December 30, 2016	-	14.30	14.30

* For the purposes of this note, 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 November 8, 2016.

Note 24: Segment Information
The Company has only one reportable segment which is 'Visa related services'. Accordingly, the figures appearing in these financial statements relate to 'Visa related services' segment.

Note 25: Micro, Small and Medium Enterprises
There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 26: Recent accounting pronouncements
Standards issued but not yet effective:
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the company from April 1, 2017.

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

The company is evaluating the requirements of the amendment and the effect on the financial statements is not likely to be significant.

Note 27: Previous year / period figures have been regrouped / reclassified wherever necessary to conform to this years classification

In terms of our report of even date

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership No. 112433

Date: May 11, 2017
Place: Mumbai

For and on behalf of the Board of Directors

Abraham Alapatt
Director
DIN No. 6809421

Rajeev Kale
Director
DIN No :6775970

Date: May 11, 2017
Place: Mumbai

Aravon Services Private Limited

Financial statements
together with
the Independent Auditors' Report
for the year ended 31 March 2017

Aravon Services Private Limited

Financial statements together with the Auditors' Report
for the year ended 31 March 2017

Contents

B S R & Associates LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Aravon Services Private Limited (Formerly known as ARAMARK India Private Limited) ('the Company') which comprise the Balance sheet as at 31 March 2017, the Statement of profit and loss (including Other comprehensive income), the Statement of changes in equity and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the 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 and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 Ind AS financial statements are free from material misstatement.

Independent Auditor's Report *(Continued)*

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Auditor's responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance sheet, the Statement of profit and loss (including other comprehensive income), the Statement of changes in equity and the Cash flow statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.;

   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

Independent Auditor's Report *(Continued)*

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Report on Other Legal and Regulatory Requirements ***(Continued)***

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 30.1 to the 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 which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. the Company has provided requisite disclosure in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016, on the basis of information available with the Company. Based on audit procedures and relying on management representation, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. However, as stated in Note 30.9 to the Ind AS financial statements, amounts aggregating to Rs. 132,000 as represented to us by the Management have been received by the Company from transactions which are not permitted – Refer Note 30.9 to the Ind AS financial statements.

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

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
28 April 2017

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure – A to the Independent Auditor's Report – 31 March 2017

(Referred to in our report of even date)

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held by the Company. Thus, clause (c) of paragraph 3(i) of the Order is not applicable to the Company.

(ii) The inventory 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 and these have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clauses (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees or security. Accordingly, paragraph 3(iv) of the Order is not 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.

(vi) As informed to us by the management, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act, for any of the goods sold and services rendered/ activities undertaken 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, Employees' State Insurance, Income-tax, Service tax, Sales-tax/value added tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. According to information and explanations given to us, the Company did not have any dues on account of duty of customs, duty of excise and cess.

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure A to the Independent Auditor's Report – 31 March 2017 *(Continued)*

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax and Sales-tax/value added tax and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable, except for the dues stated below:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates
Professional Tax Act, 1975	Professional tax	80,404	2007-08
	Professional tax	102,315	2008-09
	Professional tax	8,170	2010-11
	Professional tax	14,573	2011-12

(b) According to the information and explanations given to us, there are no dues of Income-tax, Service tax and Sales-tax/value added tax which have not been deposited with the appropriate authorities on account of any dispute except as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-tax	6,288,410	2008-09	Income Tax Appellate Tribunal
Income-tax Act, 1961	Penalty	5,570,336	2008-09	Commissioner of Income tax (Appeals)
Maharashtra Value Added Tax, 2002	Penalty	498,879	2008-09	Deputy Commissioner of Sales Tax
Finance Act,1994	Cenvat Credit	1,289,182	2009-14	Commissioner of Service Tax (Appeals)

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank. The Company does not have any loans or borrowings from any financial institutions, government or debenture-holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure A to the Independent Auditor's Report – 31 March 2017 *(Continued)*

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided for managerial remuneration during the year in respect of which the provisions of Section 197 of the Act are applicable and hence paragraph 3(xi) of the Order is not commented upon.

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

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(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. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
28 April 2017

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure – B to the Independent Auditor's Report – 31 March 2017

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Aravon Services Private Limited (Formerly known as ARAMARK India Private Limited) ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 over financial reporting.

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure – B to the Independent Auditor's Report – 31 March 2017 *(Continued)*

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
28 April 2017

Aravon Services Private Limited

(formerly known as ARAMARK India Private Limited)

Balance Sheet

as at 31 March 2017

(Amount in Rs.)

Particulars	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	5,832,028	13,961,439	20,783,309
Intangible assets	5	909,505	2,194,819	1,943,020
Financial assets				
-Other financial assets	6	4,257,607	5,347,024	2,218,248
Deferred tax assets	7	20,513,424	-	-
Income tax assets	7	49,900,923	37,182,427	28,889,811
Other non-current assets	8	122,928	442,470	-
Total non-current assets		**81,536,415**	**59,128,179**	**53,834,388**
Current assets				
Inventories	9	5,071,903	5,054,785	2,911,056
Financial assets				
-Trade and other receivables	10	110,109,206	108,873,658	80,116,113
-Cash and cash equivalents	11	36,734,423	37,046,096	19,448,899
-Bank balances other than above	12	1,028,777	130,129	-
-Other financial assets	13	31,212,147	15,059,116	19,710,076
Other current assets	14	4,359,038	3,678,660	4,966,204
Total current assets		**188,515,494**	**169,842,444**	**127,152,348**
Total assets		**270,051,909**	**228,970,623**	**180,986,736**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	394,115,570	394,115,570	394,115,570
Other equity	16	(283,032,455)	(350,110,793)	(304,615,714)
		111,083,115	**44,004,777**	**89,499,856**
Liabilities				
Non-current liabilities				
Provisions	17	58,294,374	53,286,678	-
Total non-current liabilities		**58,294,374**	**53,286,678**	**-**
Current liabilities				
Financial liabilities				
-Borrowings	18	-	43,598,281	-
-Trade payables	19	21,119,653	15,920,364	10,590,512
-Other financial liabilities	20	65,477,104	56,721,437	65,045,825
Other current liabilities	21	9,742,850	10,326,689	8,630,975
Provisions	22	4,334,813	5,112,397	7,219,568
Total current liabilities		**100,674,420**	**131,679,168**	**91,486,880**
Total liabilities		**158,968,794**	**184,965,846**	**91,486,880**
Total equity and liabilities		**270,051,909**	**228,970,623**	**180,986,736**

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

As per our report of even date attached.

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

Shabbir Readymadewala
Partner
Membership No: 100060

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Statement of Profit and Loss
for the year ended 31 March 2017

(Amount in Rs.)

Particulars	*Note*	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from operations	*23*	659,997,376	542,140,253
Other income	*24*	1,436,227	4,403,463
Total Income		**661,433,603**	**546,543,716**
Expenses			
Cost of material and stores and spare parts consumed	*25*	92,310,805	64,268,535
Employee benefits expense	*26*	450,852,215	387,138,468
Finance costs	*27*	2,342,486	2,777,506
Depreciation and amortization expense	*28*	9,962,917	15,733,915
Other expenses	*29*	57,120,481	120,897,975
Total expenses		**612,588,904**	**590,816,399**
Profit/(loss) before tax		48,844,699	(44,272,683)
Tax credit/(expense)	*7*		
Current tax		-	-
Deferred tax (refer note 30.11)		20,513,424	-
Income tax expense		**20,513,424**	-
Profit/(loss) for the year		**69,358,123**	**(44,272,683)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		(2,629,785)	(1,572,396)
Income tax relating to items that will not be reclassified to profit and loss (refer note 30.11)		-	-
Other comprehensive income for the year (net of tax)		**(2,629,785)**	**(1,572,396)**
Total comprehensive income for the year (net of tax)		**66,728,338**	**(45,845,079)**
Earnings per equity share (face value of Rs. 10 each)	*30.8*		
Basic (Rs.)		1.76	(1.13)
Diluted (Rs.)		1.76	(1.13)

The notes referred to above form an integral part of the financial statements
As per our report of even date attached.

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

Shabbir Readymadewala
Partner
Membership No: 100060

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Nupur Singh

Aravon Services Private Limited

(formerly known as ARAMARK India Private Limited)

Statement of Changes in Equity

for the year ended 31 March 2017

(Amount in Rs)

Particulars	Share Capital	Other Equity				Total Equity attributable to Equity holders of the Company
		Reserves and Surplus			Other Comprehensive Income	
		Securities Premium	Retained Earnings	Other reserves	Items of Other comprehensive Income	
Balance as of 1 April 2015	**394,115,570**	**331,791,080**	**(636,406,794)**	-	-	**89,499,856**
Add: Increase in Share Capital	-	-	-	-	-	-
Add: Loss for the year	-	-	(44,272,683)	-		(44,272,683)
Add: Other comprehensive income for the year						
Remeasurement loss on defined benefit plan	-	-	(1,572,396)	-	-	(1,572,396)
Add: Fair value of financial guarantee received	-	-	-	350,000	-	350,000
Balance as of 31 March 2016	**394,115,570**	**331,791,080**	**(682,251,873)**	**350,000**	-	**44,004,777**
Balance as of 1 April 2016	**394,115,570**	**331,791,080**	**(682,251,873)**	**350,000**	-	**44,004,777**
Add: Increase in Share Capital	-	-	-	-	-	-
Add: Profit for the year	-	-	69,358,123	-	-	69,358,123
Add: Other comprehensive income for the year						
Remeasurement loss on defined benefit plan (net of tax)	-	-	(2,629,785)	-	-	(2,629,785)
Add: Fair value of financial guarantee received	-	-	-	350,000	-	350,000
Balance as at 31 March 2017	**394,115,570**	**331,791,080**	**(615,523,535)**	**700,000**	-	**111,083,115**

As per our report of even date attached.

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

Shabbir Readymadewala
Partner
Membership No: 100060

Place: Mumbai
Date: 28 APR 2017

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Nupur Singh
Secretary
Membership No.: A36306

Place: Mumbai
Date: 28 APR 2017

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Statement of Cash Flow
for the year ended 31 March 2017

(Amount in Rs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash flow from operating activities		
Profit/(loss) before tax	48,844,699	(44,272,683)
Adjustments for:		
Depreciation and amortization expense	9,962,917	15,733,915
Loss/(Profit) on sale of fixed assets, net	1,516,429	(41,878)
Liabilities no longer required written back	(169,252)	(2,551,626)
Allowance for credit loss	1,277,265	8,021,157
Provision for disputed claims	-	53,214,555
Allowance for bad and doubtful deposits	129,000	163,495
Interest income on term deposits	(211,410)	(416,522)
Finance costs	2,342,486	2,777,506
Operating cash flows before working capital changes	**63,692,134**	**32,627,919**
Increase in inventories	(17,118)	(2,143,729)
Increase in trade and other receivable	(2,512,813)	(36,778,699)
(Increase)/Decrease in other financial assets	(16,251,252)	1,014,908
(Increase)/Decrease in other assets	(243,850)	962,060
Increase in trade payables	5,199,289	5,329,852
Increase/(Decrease) in other financial liabilities	8,187,020	(8,315,362)
(Decrease)/Increase in other liabilities	(583,839)	4,247,340
Increase/(Decrease) in provisions	1,600,327	(3,607,444)
Cash generated from /(used in) operations	**59,069,898**	**(6,663,155)**
Income taxes paid, net of refund	(12,718,496)	(8,292,615)
Net cash generated from/ (used in) operating activities (A)	**46,351,402**	**(14,955,770)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets, net of sale proceeds	(1,106,709)	(9,130,988)
Bank deposits (having original maturity of more than three months)	(63,931)	211,047
Interest income on term deposits	215,318	419,119
Net cash used in investing activities (B)	**(955,322)**	**(8,500,822)**
Cash flows from financing activities		
(Repayment of)/proceeds from borrowings	(43,598,281)	43,598,281
Finance cost paid	(2,109,472)	(2,544,492)
Net cash (used in) / generated from financing activities (C)	**(45,707,753)**	**41,053,789**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(311,673)	17,597,197
Cash and cash equivalents at the beginning of the year	37,046,096	19,448,899
Cash and cash equivalents at the end of the year (refer note 11)	**36,734,423**	**37,046,096**

As per our report of even date attached.

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

Shabbir Readymadewala
Partner
Membership No: 100060

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Kunir Singh

Mumbai

Place: Mumbai

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

1. Company overview

Aravon Services Private Limited (formerly known ARAMARK India Private Limited) ('Aravon' or 'the Company') domiciled in India was incorporated on 19 July 2007 under the provisions of Companies Act 1956, applicable in India. The Company became wholly owned subsidiary of Quess Corp Limited ("Holding Company") w.e.f. 1 April 2015 pursuant to a share purchase agreement dated 12 February 2015 entered into between the Company, its erstwhile shareholders (Aramark Senior Notes Co. and Aramark India Holdings LLC.) and Quess Corp Limited. The Company is engaged in rendering integrated food and facility management services to corporate customers in India, predominantly in the areas of housekeeping services and guest house management services. The registered office of the Company is situated at Office No. 3, 1st floor, Trade Globe Building, J B Nagar, Andheri Kurla road, Andheri (East), Mumbai- 400059.

1.1 Going Concern

As at 31 March 2017, the accumulated losses have substantially eroded the net worth of the Company. However the Company has no intention of discontinuing its core business of facility management nor does the Company have any plans that may materially affect the carrying value or classification of assets and liabilities. The Management of the Company believes that the Company will be able to continue to operate as a going concern and meet all its liabilities as they fall due for payment based on its cash flow projections and unconditional financial support from Quess Corp Limited, the holding company as on date. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets or to amounts and classification of liabilities that may be necessary, if the Company is unable to continue as a going concern.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS with effect from financial year beginning on or after 1 April 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS and the provisions of the Companies Act, 2013 ('Act'). These are Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

Up to the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and the other relevant provisions of the Act as applicable.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the previous GAAP. Previous period numbers in the financial statements have been restated to Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Note 3.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments) and net defined benefit (asset)/ liability carried at fair value of plan assets less present value of defined benefit obligations.

2.1.3 Use of estimates and judgment

The preparation of the 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 recognized 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 recognized in the financial statements is included in the following notes:

2.1 Significant accounting policies *(Continued)*

2.1.3 Use of estimates and judgment *(Continued)*

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

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

iii) *Deferred tax:* Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognized that can result in a charge or credit in the period in which the change occurs

iv) *Employee benefits*: Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for benefits are determined as follows:

a) Discount and inflation rates reflect the rates at which benefits could be effectively settled, taking into account the duration of the obligation. Indications used in selecting the discount rate include rates of annuity contracts and rates of return on high quality fixed-income investments (such as government bonds). The inflation rates reflect market conditions observed country by country;

b) The future salary levels of the individual employees are determined including an estimate of future changes attributed to general price levels (consistent with inflation rate assumptions), productivity, seniority and promotion; and

c) Demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for the individual employees involved, based principally on available actuarial data.

v) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. Details information about estimates used in property, plant and equipment and intangible assets are included in the accounting policies.

2.1.4 Current - non current classification

All assets and liabilities are classified into current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

2.1 Significant accounting policies *(Continued)*

2.1.4 Current - non current classification *(Continued)*

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.1.5 Foreign currency transactions and balances

The financial statements are presented in Indian Rupees ('Rs.'), which is also the Company's functional currency.

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are recognized in the statement of profit and 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.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Transaction in foreign currencies including revenue, expense and cash-flow items are translated into the relevant functional currency using the exchange rate in effect on the date of the transaction.

2.1.6 Financial instruments

2.1.6.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.1.6.2 Subsequent measurement

Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income 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 achieved by both collecting contractual cash flows and selling financial assets: and
- the contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

ARAVON SERVICES PRIVATE

2.1 Significant accounting policies (Continued)

2.1.6 Financial instruments *(Continued)*

2.1.6.2 Subsequent measurement *(Continued)*

Non- derivative financial instruments *(Continued)*

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividend are recognized in other comprehensive income which is not subsequently reclassified to statement of profit and loss.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(vi) Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of availing the financial guarantee from holding company is recognized initially as an asset giving corresponding effect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the guarantee period and shown as a part of ' Finance costs' in the financial statements.

2.1.6.3 Derecognition of financial assets and liabilities

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

A financial liability is derecognized 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 recognized in the statement of profit or loss.

2.1.6.4 Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables is measured based on the lifetime expected credit losses using the practical expedient as permitted under Ind AS 109. The expected credit loss allowance is computed based on the provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivable are due and the rates calculated in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss

2.1.6.5 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 liablity simultanesously.

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2.1 Significant accounting policies (Continued)

2.1.7 Property, plant and equipment

a Tangible assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on the straight line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. During the previous year, the Company revised the estimated useful life of certain fixed assets, since the management believed that these revised useful lives more appropriately reflect the period of economic benefit to be derived from the use of such assets and hence would result in a more appropriate preparation and presentation of the financial statements. Based on the techincal evaluation and consequent advice, the management beleives that its estimates of useful lives as given below best represent the period over which management expects to use these assets. The useful lives are as below: -

Category	Management estimate of useful life	Useful life as Schedule II
Plant and machinery	3 years	8-20 years
Computer equipment	3 years	3 -6 years
Furniture and fixtures	5 years	10 years
Office equipment	5 years	5 years
Vehicles	3 years	6-10 years
Leasehold improvements	As per lease term	Not defined

Leasehold improvements are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. Depreciation is generally recognised in the statement of profit and loss.

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

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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

b Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of intangible assets. (see Note 3)

2.1 Significant accounting policies (Continued)

c Impairment of property, plant and equipment and intangible 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 recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI) For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased If such indication exists, the Company estimates the asset's or CGU's recoverable amount A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase

2.1.7 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating lease is generally recognized as an expense/income in the statement of profit and loss on a straight line basis over the term of the relevant lease
Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue

2.1.8 Employee benefit

(a) Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of scheme assets Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme

Further, the profit or loss does not include an expected return on plan assets Instead net interest recognized in statement of profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income Net interest expense and other expenses related to the defined benefit plan are recognised in the statement of profit and loss.

Remeasurements 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 profit or loss in subsequent periods.

(b) Defined contribution plans

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 recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences are measured using the projected unit credit method with actuarial valuation being carried out at each balance sheet date.

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

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

2.1 Significant accounting policies (Continued)

(d) Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus, compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

2.1.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.1.10 Revenue

Revenue is recognized upon rendering of services as per customer contracts to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.1.11 Other income

Other income is comprised primarily of interest income and rental income. Interest income is recognized using the effective interest method. Rental income is recognized on a straight line basis over the term of the relevant lease.

2.1.12 Inventories

Inventories which comprise of food, operating supplies and cleaning consumables are valued at the lower of cost and net realizable value. Cost is determined on the basis of first in first out (FIFO) method and includes all costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

2.1.13 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.
The costs of the Company are broadly categorized in employee benefit expenses, depreciation and amortization and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include sub-contractor charges, rent, recruitment and training expenses, travelling and conveyance, legal and professional fees and communication expenses.

2.1.14 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.1.15 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the 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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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.

2.1 Significant accounting policies (Continued)

2.1.16 Equity

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are recognized at the proceeds received net off direct issue cost.

2.1.17 Cash flow statement

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

2.1.18 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(Amount in Rs)

3. First-time adoption of Ind-AS

These financial statements, for the year ended 31 March 2017, have been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Act / Companies (Accounting Standards) Rules, 2006, as applicable and other relevant provisions of the Act ('Previous GAAP').
The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016 and the opening Ind AS balance sheet as on the date of transition i.e. 1 April 2015 as per the accounting policies set out in Note No 2.1. In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements and how the transition from previous GAAP to Ind AS has affected the financial position, financial performance and cash flows including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

3.1 Exemptions and exceptions availed on first time adoption of Ind-AS

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions and exceptions:

I. Ind AS optional exemptions availed

Property, plant and equipment and Intangible assets
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date.

II. Ind AS mandatory exemptions

a) Estimates

AS per Ind AS 101 , an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

(i)Impairment of financial assets based on expected credit loss model.
(ii)Fair value of financial assets (financial guarantee contracts).

b) Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through other comprehensive income criteria based on the facts and circumstances that existed as of the transition date.

c) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations

The following reconciliations provide the effect of transition to Ind AS from Previous GAAP:

1. Reconciliation of Balance Sheet as at 1 April 2015 and 31 March 2016.
2. Reconciliation of Equity as at 1 April 2015 and 31 March 2016.
3. Reconciliation of total comprehensive income for the year ended 31 March 2016.

Reconciliation of Balance Sheet as previously reported under Previous GAAP to Ind AS *(Amount in Rs)*

Particulars	Note	*As at 31 March 2016*			*As at 1 April 2015*		
		Previous GAAP *	Adjustment on transition to Ind-AS	Ind AS	Previous GAAP *	Adjustment on transition to Ind-AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		13,961,439	-	13,961,439	20,783,309	-	20,783,309
Intangible assets		2,194,819	-	2,194,819	1,943,020	-	1,943,020
Financial assets							
-Other financial assets	(a)	6,159,172	(812,148)	5,347,024	2,218,248	-	2,218,248
Income tax assets (net)		37,182,427	-	37,182,427	28,889,811	-	28,889,811
Other non-current assets	(a)	-	442,470	442,470	-	-	-
		59,497,857	**(369,678)**	**59,128,179**	**53,834,388**	**-**	**53,834,388**
Current Assets							
Inventories		5,054,785	-	5,054,785	2,911,056	-	2,911,056
Financial assets							
-Trade and other receivables	(e)	113,546,017	(4,672,359)	108,873,658	87,120,246	(7,004,133)	80,116,113
-Cash and cash equivalents		37,046,096	-	37,046,096	19,448,899	-	19,448,899
-Bank balance other than above		130,129	-	130,129	-	-	-
-Other financial assets		15,059,116	-	15,059,116	19,710,076	-	19,710,076
Other current assets	(a), (c)	3,223,454	455,206	3,678,660	4,966,204	-	4,966,204
		174,059,597	**(4,217,153)**	**169,842,444**	**134,156,481**	**(7,004,133)**	**127,152,348**
Total Assets		**233,557,454**	**(4,586,831)**	**228,970,623**	**187,990,869**	**(7,004,133)**	**180,986,736**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		394,115,570	-	394,115,570	394,115,570	-	394,115,570
Other equity	(a), (b), (c), (e), (f)	(346,095,570)	(4,015,223)	(350,110,793)	(297,611,581)	(7,004,133)	(304,615,714)
		48,020,000	**(4,015,223)**	**44,004,777**	**96,503,989**	**(7,004,133)**	**89,499,856**
Liabilities							
Non-current liabilities							
Provisions		53,286,678	-	53,286,678	-	-	-
Other long term liabilities	(f)	571,608	(571,608)	-			
		53,858,286	**(571,608)**	**53,286,678**	**-**	**-**	**-**
Current liabilities							
Financial liabilities							
-Borrowings		43,598,281	-	43,598,281	-	-	-
-Trade payables		15,920,364		15,920,364	10,590,512	-	10,590,512
-Other financial liabilities		56,721,437	-	56,721,437	65,045,825	-	65,045,825
Other current liabilities		10,326,689	-	10,326,689	8,630,975	-	8,630,975
Provisions		5,112,397	-	5,112,397	7,219,568	-	7,219,568
		131,679,168	**-**	**131,679,168**	**91,486,880**	**-**	**91,486,880**
Total Equity and Liabilities		**233,557,454**	**(4,586,831)**	**228,970,623**	**187,990,869**	**(7,004,133)**	**180,986,736**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations *(Continued)*

Reconciliation of Equity as previously reported under Previous GAAP to Ind AS

Particulars	Note	As at 31 March 2016	As at 1 April 2015
Total equity under Previous GAAP		(346,095,570)	(297,611,581)
Impairment of trade receivable as per expected credit loss model under Ind AS 109	(e)	(4,672,359)	(7,004,133)
Operating lease not accounted for on a straight line basis as per Ind AS 17	(f)	571,608	-
Measurement of financial guarantee contracts	(c)	116,984	-
Measurement of financial assets at fair value	(a)	(31,456)	-
Total adjustment to equity		**(4,015,223)**	**(7,004,133)**
Total equity under Ind AS		**(350,110,793)**	**(304,615,714)**

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations *(Continued)*

Reconciliation of total comprehensive income as previously reported under Previous GAAP to Ind AS

(Amount in Rs)

Particulars	Note	*Year ended 31 March 2016*		
		Previous GAAP *	**Adjustment on transition to Ind-AS**	**Ind AS**
Income				
Revenue from operations		542,140,253	-	542,140,253
Other income	(a)	4,128,055	275,408	4,403,463
Total Income		**546,268,308**	**275,408**	**546,543,716**
Expenses				
Cost of material and stores and spare parts consumed		64,268,535	-	64,268,535
Employee benefits expense	(d)	388,710,864	(1,572,396)	387,138,468
Finance costs	(a),(c)	2,544,492	233,014	2,777,506
Depreciation and amortization expense		15,733,915	-	15,733,915
Other expenses	(a),(e),(f)	123,494,490	(2,596,515)	120,897,975
Total expenses		**594,752,296**	**(3,935,897)**	**590,816,399**
Loss before tax		**(48,483,988)**	**4,211,305**	**(44,272,683)**
Tax expense				
Current tax		-	-	-
Deferred tax	(b)	-	-	-
Loss for the year		**(48,483,988)**	**4,211,305**	**(44,272,683)**
Other comprehensive income				
Re-measurement gains / (losses) on defined benefit plans	(d),(g)	-	(1,572,396)	(1,572,396)
Other comprehensive income for the year		-	-	-
Income tax				
Other comprehensive income for the year		-	(1,572,396)	(1,572,396)
Total comprehensive income for the year		**(48,483,988)**	**2,638,909**	**(45,845,079)**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanations for Reconciliation of Balance Sheet, Equity and Total comprehensive income as previously reported under Previous GAAP to Ind AS:

(a) Fair value of financial assets

Under Ind AS, financial instruments other than those designated at FVTPL (fair value through profit and loss) and FVTOCI (fair value through other comprehensive income) are measured at amortized cost. Under Previous GAAP, they were recognized at cost. Security deposits are carried at amortized cost using effective interest method. This has resulted in decrease in deposits by Rs. 1,087,554 and increase in prepaid rent by Rs. 1,087,554. Correspondingly, interest has been recognized on security deposits and prepaid rent has been amortized for the year ended March 31, 2016.

(b) Deferred taxes

Under Ind AS, deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance sheet and tax base. Previous GAAP requires deferred tax accounting using the income statement approach. This results in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. On the date of transition, the impact on retained earnings is Rs. Nil (31 March 2016: Rs. Nil) on account of non-recognition of deferred tax assets upto the year ended 31 March 2016 due to absence of reasonable certainty of set off of unabsorbed losses against taxable profits in the foreseeable future.

(c) Financial guarantee

Under Ind AS, financial guarantee contract provided by the parent company against the liability of a subsidiary, even if no consideration is

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations *(Continued)*

Explanations for Reconciliation of Balance Sheet, Equity and Total comprehensive income as previously reported under Previous GAAP to Ind AS: (Continued)

(d) Defined benefit plan

Both under Previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, is charged to Statement of profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognized immediately in the Balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income. Therefore the employee benefit cost is reduced by Rs. 1,572,396 and remeasurement losses on defined benefit plans has been recognized in Other comprehensive income.

(e) Trade receivables

Under Previous GAAP, the provision for impairment of receivables was made in respect of specific amounts/customers for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its trade receivable by Rs.7,004,133 on 1 April 2015 which has been eliminated against retained earnings. The gain of Rs. 2,331,771 for year ended 31 March 2016 has been recognized in the Statement of profit and loss.

(f) Leases

Under Previous GAAP lease payments are recognized in the Statement of profit and loss on a straight line basis. However under Ind AS, lease payments are not recognized on a straight line basis if payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. This has resulted in increase in profit for the year ended 31 March 2016 by Rs. 571,608 with a corresponding decrease in the lease straight lining liability.

(g) Other comprehensive income

Under Previous GAAP, the Company has not presented Other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP loss to loss as per Ind AS. Further, Previous GAAP loss is reconciled to total comprehensive income as per Ind AS.

(h) Statement of Cash flows

The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

(Amount in Rs.)

4 Property, plant and equipment

Particulars	Leasehold	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Computer equipment	Total
Cost / Deemed cost (gross carrying value)							
As at 1 April 2015	833,647	400,512	1,662,243	1,318,529	13,687,095	2,881,283	20,783,309
Additions	1,960,670	37,500	880,108	502,367	3,795,482	1,333,655	8,509,782
Disposals	833,647	194,024	1,215,818	125,865	-	12,105	2,381,459
As at 31 March 2016	**1,960,670**	**243,988**	**1,326,533**	**1,695,031**	**17,482,577**	**4,202,833**	**26,911,632**
Additions	-	3,400	-	31,322	1,888,112	158,757	2,081,591
Disposals	1,960,670	5,951	-	179,113	4,105	6,665	2,156,504
As at 31 March 2017	**-**	**241,437**	**1,326,533**	**1,547,240**	**19,366,584**	**4,354,925**	**26,836,719**
Accumulated depreciation							
Charge for the year	1,084,992	253,923	965,623	533,984	9,849,992	1,957,337	14,645,851
Disposals	833,647	194,024	531,919	125,865	-	10,203	1,695,658
As at 31 March 2016	**251,345**	**59,899**	**433,704**	**408,119**	**9,849,992**	**1,947,134**	**12,950,193**
Charge for the year	241,973	67,162	391,242	430,407	6,128,804	1,418,015	8,677,603
Disposals	493,318	3,142	-	121,329	4,104	1,212	623,105
As at 31 March 2017	**-**	**123,919**	**824,946**	**717,197**	**15,974,692**	**3,363,937**	**21,004,691**
Net Block							
As at 31 March 2017	**-**	**117,518**	**501,587**	**830,043**	**3,391,892**	**990,988**	**5,832,028**
As at 31 March 2016	**1,709,325**	**184,089**	**892,829**	**1,286,912**	**7,632,585**	**2,255,699**	**13,961,439**

Note:
All fixed assets except leasehold improvements are subject to first charge to secure the cash credit facility availed from bank. Also refer Note no. 18.2.

B S R & Associates LLP * Chartered Accountants * Mumbai 400 011 India

ARAVON SERVICES PRIVATE LIMITED *

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
as at 31 March 2017

(Amount in Rs.)

5 Intangible assets

Particulars	Computer software	Total
Cost / Deemed cost (gross carrying value)		
As at 1 April 2015	1,943,020	1,943,020
Additions	1,339,863	1,339,863
Disposals	-	-
As at 31 March 2016	**3,282,883**	**3,282,883**
Additions	-	-
Disposals	-	-
As at 31 March 2017	**3,282,883**	**3,282,883**
Accumulated depreciation		
Charge for the year	1,088,064	1,088,064
Disposals	-	-
As at 31 March 2016	**1,088,064**	**1,088,064**
Charge for the year	1,285,314	1,285,314
Disposals	-	-
As at 31 March 2017	**2,373,378**	**2,373,378**
Net Block		
As at 31 March 2017	**909,505**	**909,505**
As at 31 March 2016	**2,194,819**	**2,194,819**

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
as at 31 March 2017

(Amount in Rs.)

6 Other non-current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good, unless otherwise stated)			
Security deposits			
Considered good	3,866,484	4,100,547	630,595
Doubtful	129,000	-	-
Less: Allowance for bad and doubtful deposits	(129,000)	-	-
Bank deposits (maturing after 12 months from the reporting date) #	389,973	1,224,690	1,587,350
Interest accrued but not due	1,150	21,787	303
	4,257,607	**5,347,024**	**2,218,248**

Fixed deposit under lien for the guarantees issued by the bank to government authorities.

Mumbai - 400 011
India
Chartered Accountants

ARAVON SERVICES PRIVATE LIMITED

(Amount in Rs.)

7 Income tax

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit and loss account		
Current income tax	-	-
Deferred tax credit (refer note 30 11)	20,513,424	-
Tax credit/(expense) reported in the profit and loss	**20,513,424**	-
Other comprehensive income		
Deferred tax related to items recognized in Other comprehensive income during the year (refer note 30.11)	-	-
Total	**20,513,424**	-

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	48,844,699	- #
Enacted income tax rate in India	33.06%	30.90%
Computed expected tax expense	16,148,057	-
Effect of:		
Previously unrecognized tax losses now recouped to reduce current tax expense	(16,148,057)	-
Deferred tax credit (refer note 30 11)	20,513,424	-
Total tax credit/(expense)	**20,513,424**	-

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 and March 31, 2016 is 33.06% and 30.90% respectively.

No tax recognized in lieu of loss for the year. (Also refer note 30 11)

Deferred tax

Deferred tax relates to the following:

	Balance sheet			Statement of profit and loss	
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	For the period ended 31 March 2017	For the period ended 31 March 2016
Property, plant and equipment	18,510,931	18,327,836	19,535,177	18,510,931	18,327,836
Provision for doubtful receivables/deposits	12,084,089	10,858,898	8,449,560	12,084,089	10,858,898
Provision for compensated absences	1,500,462	1,250,671	1,289,236	1,500,462	1,250,671
Provision for gratuity	1,612,297	351,345	984,928	1,612,297	351,345
Provision for bonus	8,692,465	6,488,694	5,658,233	8,692,465	6,488,694
Provision for disputed tax claims	17,594,328	16,443,297	-	17,594,328	16,443,297
Losses available for offsetting against future taxable income	38,936,234	56,058,545	65,970,850	38,936,234	56,058,545
Others	3,695,087	1,849,962	2,827,171	3,695,087	1,849,962
Deferred tax assets	**102,625,893**	**111,629,248**	**104,715,155**	**102,625,893**	**111,629,248**
Net deferred tax assets recognized (Refer Note 30.11)	**20,513,424**	-*	-*	**20,513,424**	-*

* The company has not recognized deferred tax asset as at 31 March 2016 and 01 April 2015, due to absence of reasonable certainty of set off of unabsorbed losses against taxable profits in the foreseeable future.

(Amount in Rs.)

7 Income tax *(Continued)*

Unrecognized deductible temporary differences, unused tax losses and unused tax credits:

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Property, plant and equipment	18,510,931	18,327,836	19,535,177
Provision for doubtful receivables/deposits	12,084,089	10,858,898	8,449,560
Provision for compensated absences	67,243	1,250,671	1,289,236
Provision for gratuity	1,389,360	351,345	984,928
Provision for bonus	5,318,425	6,488,694	5,658,233
Provision for disputed tax claims	17,594,328	16,443,297	-
Losses available for offsetting against future taxable income	27,079,629	56,058,545	65,970,850
Others	68,464	1,849,962	2,827,171
	82,112,469	**111,629,248**	**104,715,155**

The following table provides the details of deferred tax assets recognized as of 31 March 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax assets	20,513,424	-	-
Deferred tax liabilities	-	-	-
Net deferred tax assets at the end of the year	**20,513,424**	**-**	**-**

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

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income tax assets	49,900,923	37,182,427	28,889,811
Income tax liabilities	-	-	-
Net income tax assets at the end of the year	**49,900,923**	**37,182,427**	**28,889,811**

(Amount in Rs.)

8 Other non-current assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Prepaid expenses	122,928	442,470	-
	122,928	**442,470**	**-**

9 Inventories

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Valued at lower of cost and net realizable value)			
Consumables (Refer Note 18.2)	5,071,903	5,054,785	2,911,056
	5,071,903	**5,054,785**	**2,911,056**

10 Trade receivables

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good*	110,109,206	108,873,658	80,116,113
Doubtful*	32,722,055	31,444,790	23,423,633
Less: Allowance for credit loss (refer note 30.15)	(32,722,055)	(31,444,790)	(23,423,633)
	110,109,206	**108,873,658**	**80,116,113**

* Refer Note 18.2

11 Cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks*			
In current accounts	36,018,170	6,459,949	7,654,269
In deposit accounts (original maturity of 3 months or less) #	-	30,000,000	11,167,000
Cash in hand*	716,253	586,147	627,630
	36,734,423	**37,046,096**	**19,448,899**

*Refer Note 18.2

Fixed deposit under lien for the guarantees issued by the bank to government authorities and customers.

12 Other bank balances

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
In deposit accounts (maturing after 3 months from the reporting date) * #	1,028,777	130,129	-
	1,028,777	**130,129**	**-**

*Refer Note 18.2

Fixed deposit under lien for the guarantees issued by the bank to government authorities and customers.

(Amount in Rs.)

13 Other financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good, unless otherwise stated)			
Security deposits*			
Considered good	1,330,385	2,773,198	8,140,670
Doubtful	3,697,274	3,697,274	3,533,780
Less: Allowance for bad and doubtful deposits	(3,697,274)	(3,697,274)	(3,533,780)
Interest accrued but not due*	20,617	3,888	27,969
Unbilled revenue*	28,788,629	10,897,951	11,410,502
Others*	1,072,516	1,384,079	130,935
	31,212,147	**15,059,116**	**19,710,076**

*Refer Note 18.2

14 Other current assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Advances other than capital advances			
Advances to suppliers*	69,057	29,216	-
Advances to employees*	193.778	201,667	224,960
Prepaid expenses	1,907,037	1,447,209	1,366,143
Cenvat credit receivable	2,189,166	2,000,568	3,375,101
	4,359,038	**3,678,660**	**4,966,204**

*Refer Note 18.2

15 Share capital

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorized			
45,000,000 (As at 31 March 2016: 45,000,000 ; As at 1 April 2015: 45,000,000) equity shares of Rs. 10 each	450,000,000	450,000,000	450,000,000
	450,000,000	**450,000,000**	**450,000,000**
Issued, subscribed and fully paid-up			
39,411,557 (As at 31 March 2016: 39,411,557; As at 1 April 2015: 39,411,557) equity shares of Rs. 10 each	394,115,570	394,115,570	394,115,570
	394,115,570	**394,115,570**	**394,115,570**

Refer note 15.1 to 15.4 below

15.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Equity shares				
At the beginning of the year	39,411,557	394,115.570	39,411,557	394,115,570
Issued during the year	-	-	-	-
Outstanding at the end of the year	**39,411,557**	**394,115,570**	**39,411,557**	**394,115,570**

(Amount in Rs.)

15 Share capital *(Continued)*

15.2 Shares held by the holding company

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Equity shares of Rs. 10 each fully paid up						
Quess Corp Limited, the holding company	39,411,547	394,115,470	39,411,547	394,115,470	39,411,547	394,115,470
	39,411,547	**394,115,470**	**39,411,547**	**394,115,470**	**39,411,547**	**394,115,470**

15.3 Details of shareholder holding more than 5% share of aggregate shares in the Company

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	% holding in class	Number of shares	% holding in class	Number of shares	% holding in class
Equity shares of Rs 10 each fully paid up						
Quess Corp Limited	**39,411,547**	**99.99%**	39,411,547	99.99%	39,411,547	99.99%

15.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each equity holder is entitled to one vote per share.
On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of preferential amounts if any, in proportion to the number of equity shares held.

16 Other equity

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Retained earnings	(615,523,535)	(682,251,873)	(636,406,794)
Other reserves			
Securities premium reserve	331,791,080	331,791,080	331,791,080
Other reserves	700,000	350,000	-
	(283,032,455)	**(350,110,793)**	**(304,615,714)**
Securities premium account			
At the beginning of the year	331,791,080	331,791,080	
Add: Premium received on issue of equity shares	-	-	
At the end of the year	**331,791,080**	**331,791,080**	
Retained earnings			
At the beginning of the year	(682,251,873)	(636,406,794)	
Profit / (Loss) for the year	69,358,123	(44,272,683)	
Other comprehensive income for the year arising from remeasurement of defined benefit obligation	(2,629,785)	(1,572,396)	
At the end of the year	**(615,523,535)**	**(682,251,873)**	
Other reserves			
At the beginning of the year	350,000	-	
Add: Financial guarantee issued by the holding company	350,000	350,000	
At the end of the year	**700,000**	**350,000**	
	(283,032,455)	**(350,110,793)**	

(Amount in Rs.)

16 Other equity *(Continued)*

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

Other reserves

Reserve represents financial guarantee contract provided by the parent company over borrowings of the Company measured at fair value with a corresponding increase in the other equity.

17 Non-current provisions

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for compensated absences (refer note 30 2)	203,379	72.123	-
Provision for gratuity (refer note 30 2)	4,876,440	-	
	5,079,819	**72,123**	-
Others			
Provision for disputed claims (refer note 30 1 and 30.7)*	53,214,555	53,214,555	-
	53,214,555	**53,214,555**	-
	58,294,374	**53,286,678**	-

* The provision for disputed claims has not been discounted to the present value as it is not practicable for the Company to estimate the timings of cash outflow.

18 Borrowings

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loans from bank repayable on demand			
Secured			
Cash credit (refer notes below)*	-	43,598,281	-
	-	**43,598,281**	-

18.1 * Cash credit from banks carry interest @ 1.65% over the Marginal Cost of Funds Based Lending Rate (MCLR) (31 March 2016 : 0.65% over the prime lending rate) computed on a monthly basis on actual amount utilized, and is repayable on demand. This is secured by way of pari passu first charge on the entire current assets of the Company both present and future and additionally by way of pari passu first charge on the entire movable fixed assets of the Company.

18.2 The carrying amounts of assets pledged as security for current borrowings are:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non current			
Non financial assets			
Furniture and fixtures	117,518	184,089	-
Vehicles	501,587	892,829	-
Office equipment	830,043	1,286,912	-
Plant and machinery	3,391.892	7.632.585	-
Computer equipment	990.988	2.255.699	-
	5,832,028	**12,252,11[illegible]**	

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
as at 31 March 2017

(Amount in Rs.)

18 Borrowings *(Continued)*

18.2 The carrying amounts of assets pledged as security for current borrowings are: *(Continued)*

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current assets			
Financial assets			
Trade and other receivables	110,109,206	108,873,658	80,116,113
Cash and cash equivalents	36,734,423	37,046,096	19,448,899
Bank balance other than above	1,028,777	130,129	-
Other financial assets	31,212,147	15,059,116	19,710,076
	179,084,553	**161,108,999**	**119,275,088**
Non financial assets			
Inventories	5,071,903	5,054,785	2,911,056
Other current assets	262,835	230,883	224,960
	5,334,738	**5,285,668**	**3,136,016**
Grand total	**190,251,319**	**178,646,781**	**122,411,104**

19 Trade payables

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Payable to related parties (refer note 30.10)#	6,440	71,381	-
Total outstanding dues of micro enterprises and small enterprises (refer note 30.3)	-	42,209	101,745
Total outstanding dues of creditors other than micro enterprises and small enterprises	21,113,213	15,806,774	10,488,767
	21,119,653	**15,920,364**	**10,590,512**

Represents amount payable to Co Achieve Solutions Private Limited, a company, in which directors are interested.

20 Other current financial liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital creditors	1,029,083	71,171	80,197
Other Payables			
Accrued salaries and benefits	64,423,521	56,306,306	64,557,739
Uniform deposits	24,500	343,960	407,889
	65,477,104	**56,721,437**	**65,045,825**

(Amount in Rs.)

21 Other current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory dues*	9,742,850	10,326,689	8,630,975
	9,742,850	**10,326,689**	**8,630,975**
* Statutory dues include			
Service tax	681,518	115,002	2,642,731
TDS payable	435,913	885,074	482,930
Provident fund	5,152,291	4,682,748	3,704,365
Employee's state insurance	1,126,110	948,725	873,066
Professional tax	538,679	461,866	405,762
Sales tax	1,801,148	3,215,304	499,129
Labour welfare fund	7,191	17,970	22,992
	9,742,850	**10,326,689**	**8,630,975**

22 Current provisions

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity (refer note 30.2)	-	1,137,041	3,126,755
Provision for compensated absences (refer note 30.2)	4,334,813	3,975,356	4,092,813
	4,334,813	**5,112,397**	**7,219,568**

Chartered Accountants

ARAVON PRIVATE LIMITED

(Amount in Rs.)

23 Sale of services

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Food Services	109,643,994	70,375,166
Housekeeping and manpower services	542,391,909	463,583,053
Rebillables and others	7,961,473	8,182,034
	659,997,376	**542,140,253**

24 Other income

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Interest received on financial assets- carried at amortized cost		
- Interest on bank deposits	211,410	416,522
- Others	313,580	275,408
Rental Income (refer note 30.5 and 30 10)	730,747	1,096,120
Profit on sale of fixed assets	-	41,878
Liabilities no longer required written back	169,252	2,551,626
Miscellaneous income	11,238	21,909
	1,436,227	**4,403,463**

25 Cost of material and stores and spare parts consumed

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Inventory at the beginning of the year	5,054,785	2,911,056
Add: Purchases during the year	92,327,923	66,412,264
Less: Inventory at the end of the year	5,071,903	5,054,785
Cost of materials and stores and spare parts consumed	**92,310,805**	**64,268,535**
Break-up of cost of materials consumed		
Food services	70,472,849	43,603,838
Housekeeping and manpower services	16,241,987	15,053,307
Rebillables and others	5,595,969	5,611,390
	92,310,805	**64,268,535**
Details of inventory		
Consumables		
Food Services	2,431,062	2,201,704
Housekeeping and manpower services	2,640,841	2,853,081
	5,071,903	**5,054,785**

26 Employee benefits expense

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Salaries and wages	388,095,288	327,859,119
Contribution to provident and other funds (Refer note 30 2)	43,821,944	38,211,093
Compensated absences (Refer note 30 2)	10,730,440	10,448,026
Staff welfare expenses	8,204,543	10,620,230
	450,852,215	**387,138,468**

(Amount in Rs.)

27 Finance costs

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Interest expense (Refer note 30.10)	2,342,486	2,179,006
Finance charges	-	598,500
	2,342,486	2,777,506

28 Depreciation and amortization expense

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Depreciation and amortization (refer note 4 and 5)	9,962,917	15,733,915
	9,962,917	15,733,915

29 Other expenses

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Power and fuel	7,185,434	4,470,628
Service charges	1,424,516	513,842
Transportation charges	5,700,854	4,266,936
Laundry expenses	232,857	374,576
Travelling and conveyance	3,746,659	7,299,133
Rent (Refer note 30.4)	16,159,196	15,490,404
Auditors' remuneration (Refer note below)	2,584,469	2,549,805
Communication expenses	2,143,491	2,547,692
Printing and stationery	1,064,539	1,394,011
Legal and professional fees	1,871,250	3,043,456
Vehicle expenses	52,281	5,746
Repairs and maintenance		
-Others	4,172,843	3,266,208
Customer equipment maintenance charges	-	1,954,793
Water and electricity charges	1,544,507	1,338,509
Brokerage expenses	66,150	811,600
Office expenses	550,046	528,755
Rates and taxes	1,790,297	55,987,527
Insurance	2,801,885	4,446,452
Allowance for credit loss (refer note 30.15)	1,277,265	8,021,157
Allowance for bad and doubtful deposits	129,000	163,495
Recruitment cost	221,250	531,250
Loss on fixed assets discarded (net)	1,516,429	-
Miscellaneous expenses	885,263	1,892,000
	57,120,481	120,897,975
Payment to auditors (net of service tax)		
As auditor		
Statutory audit	1,950,000	1,850,000
Tax audit	450,000	500,000
Reimbursement of expenses	184,469	199,805
	2,584,469	2,549,805

(Amount in Rs)

30 Notes to accounts

30.1 Contingent liabilities

(a) Contingent liabilities

Particulars	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**
Notice of demand received under Section 156 of the Income-tax Act, 1961 pursuant to order passed under Section 144 of the Act for assessment year 2009-10, Income tax appellate tribunal upheld the best judgment assessment. The Company has filed a miscellaneous application for the rectification of order issued by the Income Tax Appellate Tribunal	6,288,410	6,288,410	6,288,410
(The Company is contesting the demand and the Management, including its Tax Advisor, believes that the demand is likely to be cancelled by the Income Tax Appellate Tribunal on the basis of miscellaneous application and accordingly no provision has been made.)			
Notice of demand received under Section 271 of the Income-tax Act, 1961 in respect of assessment year 2009-10, matter is pending with Commissioner of Income Tax (Appeals)	5,570,336	5,570,336	5,570,336
(The Company is contesting the demand and the Management, including its Tax Advisor, believes that the demand is likely to be cancelled and accordingly no provision has been			
Disputed Service Tax demand pending with the Commissioner of Service Tax.			
- From October 2007 till March 2012 *	97,234,488	97,234,488	142,026,621
- From April 2012 till September 2013 *	-	-	5,709,552
* Of the aggregate amount of Rs.147,736,173 disclosed as contingent liability as at 1 April 2015, the Company has made a provision of Rs. 50,406,030 during the previous year, out of abundant caution and further based on the consideration that the grounds of appeal for the said period are subject to interpretation of law. A sum of Rs 95,655 demanded by the Service Tax Department for the services rendered to EOU's during the period October 2007 till March 2012 was paid by the Company subsequent to receiving the demand in October 2012 and the same was charged to the statement of profit and loss during the year ended 31 March 2013. The balance amount of Rs.97,234,488 has been disclosed as contingent liability as at 31 March 2016. The same represents the payment of Rs. 97,234,488 made during the period October 2007 till March 2012 towards service tax collected from customers duly paid by the Company to the service tax authorities, which has inadvertently			

(b) The provision for disputed claims of Rs. 53,214,555 made during the year ended 31 March 2016 comprises of:

	(Amount in Rs)
(i) Provision for disputed service tax demands made out of abundant caution for the period:	
- October 2007 till March 2012 (refer Note 30.1(a) above)	44,696,478
- April 2012 till September 2013 (refer Note 30.1(a) above)	5,709,552
- October 2013 to March 2014	1,519,343
(ii) interest and penalty demanded on inadmissible availment of input credit reversed subsequently for the period October 2009 to March 2014	1,289,182
	53,214,555

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits

(i) Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employees' State Insurance, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident fund for the year is Rs. 30,280,999 (31 March 2016: Rs. 25,714,002).

(ii) Defined benefit plan

Gratuity Plan

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's defined portion of last salary and the years of employment with the Company. The Company contributes each year to a gratuity fund administered by Life Insurance Corporation of India. The amount recognized as a expense in the statement of profit and loss including other comprehensive income towards gratuity is Rs. 7,075,467 (31 March 2016: Rs. 4,322,735).

(iii) Long term employment benefits

Compensated Absences

Eligible employees can carry forward their leave balances as per the terms of employment and encash leave on superannuation, death or permanent disablement during employment and resignation. The amount recognized as an expense in the statement of profit and loss for the year towards compensated absences is Rs. 10,730,440 (31 March 2016: Rs. 10,448,026).

Assumptions

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount rate	**6.56%**	7.34%
Salary growth	**12% for associates and 10% for core employees**	12% for associates and 10% for core employees
Attrition rate	**42% for associates and 25% for core employees**	42% for associates and 31% for core employees
Retirement age	**60 years**	60 years

The following table sets out the funded status of the gratuity plan and the amounts recognized in the financial statements as at 31 March 2017 and 31 March 2016:

(Amount in Rs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Change in defined benefit obligation		
Obligation at the beginning of the year	12,878,099	11,592,105
Current service cost	4,362,282	2,500,511
Interest cost	944,582	926,209
Benefit paid	(3,064,401)	(3,036,741)
Re-measurement (gain) / loss	2,455,546	896,015
Obligation at end of the year	**17,576,108**	**12,878,099**
Change in plan assets		
Plan assets at beginning of the year, at fair value	11,741,058	8,465,350
Interest income on plan assets	861,182	676.381
Re-measurement (gain) / loss	(174,239)	(676,381)
Employer's contributions	3.336.069	6.312.449
Benefit paid	(3,064,402)	(3,036,741)

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits (Continued)

(iv) Defined benefit plan (Continued)

Amount included in the balance sheet in respect of its defined benefit plan:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Present value of the defined benefit obligations at the end of the year	17,576,108	12,878,099	11,592,105
Fair value of plan assets at the end of the year	(12,699,668)	(11,741,058)	(8,465,350)
Net liability recognized in the balance sheet (deficit)	**4,876,440**	**1,137,041**	**3,126,755**
Current	-	**1,137,041**	**3,126,755**
Non-current	**4,876,440**	-	-

Amount recognized in the statement of profit and loss in respect of defined benefit plan: *(Amount in Rs)*

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	4,362,282	2,500,511
Net interest expense	83,400	249,828
Components of defined benefit plan recognized in the profit or loss	**4,445,682**	**2,750,339**
Re-measurement (gain) / loss arising from:		
-change in demographic assumptions	97,856	-
- change in financial assumptions	405,962	184,439
- experience variance (actual experience vs assumptions)	1,951,728	711,576
Return on plan assets, excluding amount recognized in net interest expense	174,239	676,381
Components of defined benefit plan recognized in other comprehensive income	**2,629,785**	**1,572,396**
Total	**7,075,467**	**4,322,735**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined liability is included in other comprehensive income.

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

	As at 31 March 2017		As at 31 March 2016	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	17,035,101	18,149,961	12,508,474	13,268,436
Attrition Rate(50% movement)	14,100,957	25,333,396	10,585,330	17,874,639
Mortality Rate(10% movement)	17,576,949	17,575,267	12,878,910	12,877,287
Salary growth(1% movement)	18,118,349	17,054,340	13,131,911	12,632,406

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
There is no change in the method of valuation for the prior period.

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits (Continued)

(iv) Defined benefit plan (Continued)

Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Funds managed by insurer	100%	100%	100%

Assumptions

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest rate	7.30%	8.00%
Discount rate	6 56%	7.34%
Estimated rate of return on plan assets	6 56%	7.34%
Salary growth	12% for associates and 10% for core employees	12% for associates and 10% for core employees
Attrition rate	42% for associates and 25% for core employees	42% for associates and 31% for core employees
Retirement age	60 years	60 years

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

(v) Effect of Plan on Entity's Future Cash Flows

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising an a result of such valuation is funded by the Company.

Expected Contribution during the next annual reporting period

Particulars	31 March 2017	31 March 2016
The Company's best estimate of contribution during the next year	9,608,023	4,033,943

Maturity profile of defined benefit obligation

Particulars	31 March 2017	31 March 2016
Weighted average duration (based on discounted cash flows)	3 years	3 years

Expected cash flow over the next (valued on undiscounted basis)

Particulars	31 March 2017	31 March 2016
Within 1 year	4,645,832	3,949,949
2-5 years	12,790,831	9,620,555
6-10 years	3,826,384	2,698,352
More than 10 years	833,676	425,679

(vi) Description of Risk Exposures

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits (Continued)

(vi) Description of Risk Exposures (Continued)

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 10,00,000).

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

30.3 Due to micro and small suppliers

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to dues to Micro and Small Enterprises. On the basis of the information and records available with the management, the following are details related to Micro and Small Enterprises. This has been relied upon by the auditors.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
- Principal	-	42,209	101,745
- Interest	-	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006')	-	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest specified under MSMED Act, 2006.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-	-

30.4 Operating lease obligations

The Company is obligated under non-cancellable leases primarily for office premises which are renewable thereafter as per the term of the respective agreements. Rental payments under operating leases during the year aggregating Rs. 16,159,196 (31 March 2016: Rs. 15,490,404) has been charged to the statement of profit and loss.

Future minimum lease commitments in respect of non cancellable operating leases:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year	7,952,621	8,808,925	-
Later than one year and not later than five years	665,359	13,419,442	-
Total	8,617,980	22,228,367	-

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.5 Operating lease: Company as a sub-lessor

The Company has subleased one of its office premises taken on lease. The future minimum sublease payment expected to be received under non-cancellable sub-lease as at 31 March 2017 Rs. Nil (31 March 2016: Rs. Nil).

Sub-lease income has been included under 'Rental income' in the statement of profit and loss. Rs. 730,747 (31 March 2016: Rs. 1,096,120).

30.6 CIF Value of import

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
CIF Value of materials	-	926,311
Total	**-**	**926,311**

30.7 Movement in provision

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening Provision	53,214,555	-
Addition during the year	-	53,214,555
Balance at the end of the year	**53,214,555**	**53,214,555**

It is not practicable for the Company to estimate the timings of cash outflow, if any, in respect of above provision. (Also refer note 30.1.b)

30.8 Computation of Earnings per share (EPS)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit/ (loss) attributable to equity shareholders	69,358,123	(44,272,683)
Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	39,411,557	39,411,557
Equity shares issued during the year	-	-
Number of equity shares at the end of the year	39,411,557	39,411,557
Weighted average number of equity shares outstanding during the year	39,411,557	39,294,954
Basic and diluted earnings per share (Rs.)	1.76	(1.13)

30.9 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other denomination	Total
Closing cash in hand as on 8 November 2016	608,500	106,867	**715,367**
(+) Withdrawal from Bank Accounts	-	1,498,062	**1,498,062**
(+) Receipts for permitted transactions	-	2,532,206	**2,532,206**
(+) Receipts for non - permitted transactions	132,000	-	**132,000**
(-) Paid for permitted Transactions	-	1,794,370	**1,794,370**

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
for the year ended 31 March 2017

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.10 Related party disclosures

I. Related party relationships

A. Parties where control exists

Holding Company
Quess Corp Limited (from 1 April 2015)

Ultimate Holding Company
Fairfax Financial Holdings Limited

Fellow subsidiary with whom the Company has transactions
Co Achieve Solutions Private Limited

Key Managerial Personnel
Mr. Doreswamy P, Manager and COO (w.e.f. 13 July 2015 and until 12 February 2016)
Mr. Ranjit Nair, Director and Chief Financial Officer
Mr. Subrata Nag, Director

II. Related party with whom transactions have taken place during the year

Particulars	31 March 2017	31 March 2016	1 April 2015
Holding Company			
Rental income			
- Quess Corp Limited	730,747	1,096,120	-
Interest expenses			
- Quess Corp Limited	-	629,836	-
Recovery of expenses from			
- Quess Corp Limited	270,785	-	-
Reimbursement of expenses to			
- Quess Corp Limited	289,560	-	-
Fair value of financial guarantee			
- Quess Corp Limited	350,000	350,000	-
Finance cost on corporate guarantee			
- Quess Corp Limited	261,780	233,014	-
Background verification expenses			
- Co Achieve Solutions Private Limited	117,173	253,342	-
Short term advance taken			
- Quess Corp Limited	-	40,000,000	-
Short term advance repaid (including interest net of TDS)			
- Quess Corp Limited		(40,566,852)	-
Financial guarantee issued by Quess Corp Limited in favour of the Company to Yes Bank Ltd. for a sanctioned credit limit of Rs. 70,000,000 (31 March 2016: Rs 70,000,000).			
Key management personnel			
Remuneration*			
- Doreswamy P	-	3,855,804	-
Closing balance			
Holding Company			
Quess Corp Limited (unbilled revenue)	-	1,255,057	-
Fair value of financial guarantee			
- Quess Corp Limited	700,000	350,000	-
Fellow subsidiary with whom the Company has transactions			
- Co Achieve Solutions Private Limited	6,440	71,381	-
Key management personnel #			
Remuneration payable			
- Doreswamy P	-	1,012,684	-

* Remuneration does not include charge for gratuity and leave encashment as employee-wise break up is not available.
# The Company has not paid / provided for managerial remuneration during the year ended 31 March 2017 to its key management personnel.

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.10 Related party disclosures (Continued)

II. Related party with whom transactions have taken place during the year (Continued)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

30.11 Basis of recognition of Deferred tax asset for current financial year

The Company did not recognize deferred tax asset until the year ended 31 March 2016 due to absence of certainty of set off unabsorbed losses against taxable profits in the foreseeable future.

Company has turned profitable during the current year and estimates that the it will have taxable profits to set off unabsorbed losses in future. During the current year, the Company has recognized deferred tax assets on unabsorbed losses to the extent that it is probable that taxable profit will be available against which unabsorbed losses can be utilized. Further, the Company has recognized deferred tax on deductible temporary differences to the extent it believes economic benefits in the form of reductions in tax payments will flow to the Company from taxable profits against which the deductions can be offset.

30.12 Segment reporting

The Board of directors of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The Company is in the business of rendering integrated facility management services predominantly in the areas of housekeeping services, food services and guest house management services which are covered under similar arrangements and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards.

Other segment information

a) Revenue from major services

	For the year ended 31 March 2017	For the year ended 31 March 2016
Food Services	109,643,994	70,375,166
Housekeeping and manpower services	542,391,909	463,583,053
Rebillables and others	7,961,473	8,182,034
	659,997,376	**542,140,253**

b) Geographical information

All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable geographical information.

c) Information about major customers

No customers contributed 10% or more to the Company's revenue for the year ended 31 March 2017 and for the year ended 31 March 2016.

(Amount in Rs.)

30 Notes to accounts *(Continued)*

30.13 Categories of financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 are as follows:

As at 31 March 2017

Particulars		**Carrying value**			**Fair value**	
Financial assets	**31 March 2017**	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Amortized cost						
Trade receivables	110,109,206	108,873,658	80,116,113	110,109,206	108,873,658	80,116,113
Cash and cash equivalents	36,734,423	37,046,096	19,448.899	36,734,423	37,046,096	19,448,899
-Bank balances other than above	1,028,777	130,129	-	1,028,777	130,129	-
Other assets	35,469,754	20,406,140	21,928,324	35,469,754	20,406,140	21,928,324
Total assets	**183,342,160**	**166,456,023**	**121,493.336**	**183,342,160**	**166,456,023**	**121,493,336**
Financial liabilities						
Amortized cost						
Loans and borrowings	-	43,598,281	-	-	43,598,281	-
Trade payables	21,119,653	15,920,364	10.590.512	21,119,653	15,920,364	10,590,512
Other liabilities	65,477,104	56,721,437	65,045.825	65,477,104	56,721,437	65,045,825
Total liabilities	**86,596,757**	**116,240,082**	**75,636,337**	**86,596,757**	**116,240,082**	**75,636,337**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current financial assets, trade payables, and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

ARAVON SERVICES PRIVATE LIMITED

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.14 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

There are no financial liabilities or assets measured at fair value at the end of each reporting period.

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Chartered Accountants

ARAVON SERVICES PRIVATE LIMITED

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.15 Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations The Company's principal financial assets include trade and other receivables, cash and short-term deposits that are derived directly from its operations.

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers

Credit risk

Credit risk refers to the risk that a counterparty will not be able to settle their obligations as agreed resulting in financial loss to the Company To manage this risk, the Company has a robust Credit Management process in place. The Company has adopted a policy of dealing only with creditworthy counterparties Credit terms are assigned to customers based on the evaluation of their credit worthiness for which a combination of factors such as a financial strength of the party, market reputation, period for which the party is in business, previous payment history etc are considered The Company's exposure and credit rating of the counterparties are continuously monitored and necessary changes to the credit terms are made. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables consist of large number of customers, spread across diverse industries Based on the 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. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due Where such recoveries are made, these are recognized in statement of profit and loss.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The matrix takes into account historical credit loss experience and adjusted for forward looking information. There is no change in the basis of expected credit loss assessment The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

Expected credit loss for trade receivable:

As at 31 March 2017

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360	Total
Gross carrying amount	83,713,809	26,128,197	5,301,642	2,272,002	1,275,690	24,139,921	142,831,261
Expected loss rate	1 84%	8 77%	34 96%	71 32%	100 00%	100 00%	
Expected credit losses (Loss allowance provision)	1,542,010	2,290,791	1,853,297	1,620,346	1,275,690	24,139,921	32,722,055
Carrying amount of trade receivables (net of impairment)	82,171,799	23,837,406	3,448,345	651,656	-	-	110,109,206

As at 31 March 2016

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360	Total
Gross carrying amount	79,468,897	30,545,140	1,681,487	6,651,555	1,856,328	20,115,041	140,318,448
Expected loss rate	1 84%	8 77%	34 96%	71 32%	100 00%	100 00%	
Expected credit losses (Loss allowance provision)	1,463,819	2,678,048	587,799	4,743,755	1,856,328	20,115,041	31,444,790
Carrying amount of trade receivables (net of impairment)	78,005,078	27,867,092	1,093,688	1,907,800	-	-	108,873,658

As at 1 April 2015

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360	Total
Gross carrying amount	56,362,347	16,472,479	11,530,549	7,893,093	4,410,616	6,870,662	103,539,746
Expected loss rate	1 84%	8 77%	34 96%	71 32%	100 00%	100 00%	
Expected credit losses (Loss allowance provision)	1,038,196	1,444,227	4,030,739	5,629,193	4,410,616	6,870,662	23,423,633
Carrying amount of trade receivables (net of impairment)	55,324,151	15,028,252	7,499,810	2,263,900	-	-	80,116,113

ARAVON SERVICES

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.15 Financial risk management *(Continued)*

Movement in the expected credit loss allowance:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance at the beginning of the year	31,444,790	23,423,633
Movement in the expected credit loss allowance on trade receivable calculated at lifetime expected credit losses	1,277,265	8,021,157
Balance at the end of the year	32,722,055	31,444,790

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. The Company expects to meet its obligation from cash flows and proceeds of maturing financial assets.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017		
	Less than 1 year	1-2 years	2 years and above
Borrowings	-	-	-
Trade payables	21,119,653	-	-
Other financial liabilities	65,477,104	-	-

Particulars	As at 31 March 2016		
	Less than 1 year	1-2 years	2 years and above
Borrowings	43,598,281	-	-
Trade payables	15,920,364	-	-
Other financial liabilities	56,721,437	-	-

Particulars	As at 1 April 2015		
	Less than 1 year	1-2 years	2 years and above
Borrowings	-	-	-
Trade payables	10,590,512	-	-
Other financial liabilities	65,045,825	-	-

Market risk

Market risk is the risk that changes in market 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 payables and long term debt. The Company is not exposed to significant market risk as the Company does not have long term debt or foreign currency transactions.

Currency risk

The Company is not exposed to significant currency risk as the revenue and expenses are primarily denominated in Rs.

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 borrowings majorly consists of cash credit facility which do not expose it to significant interest rate risk.

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Chartered Acc

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(Amount in Rs)

30 Notes to accounts *(Continued)*

30.16 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 capital structure of the Company consists of short term borrowings and equity of the Company. 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 is not subject to any externally imposed capital requirements.

The capital structure is as

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total equity attributable to the equity share holders of the Company	111,083,115	44,004,777	89,499,856
As percentage of total capital	100%	50%	100%
Current loans and borrowings	-	43,598,281	-
Total loans and borrowings	-	43,598,281	-
As a percentage of total capital	0%	50%	0%
Total capital (loans and borrowings and equity)	111,083,115	87,603,058	89,499,856

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.17 Approval of financial statements

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors on April 28, 2017. The management and authorities have the power to amend the financial statements in accordance with Section 130 and 131 of the Companies Act, 2013.

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

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
Date: 28 APR 2017

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN: 02234000

Nupur Singh
Secretary
Membership No: A36306

Mumbai
Date: 28 APR 2017

Vasan&Sampath
chartered accountants

Independent Auditor's Report

To,
The Members
CentreQ Business Services Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **CentreQ Business Services Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

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

Auditor's 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 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.

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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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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 does not have any pending litigations and accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 9 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 11.4 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH * CHARTERED ACCOUNTANTS * BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2 May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1) The Company does not have any fixed assets as at the period ended 31st March'17. Thus, paragraph 3(i) of the Order is not applicable to the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)
   a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

   b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

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

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with 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.

14) According to the information and explanations give 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.

15) 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. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2 May 2017

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of CentreQ Business Services Private Limited ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

VARAM & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2 May 2017

CentreQ Business Services Private Limited

(Amount in INR)

Balance Sheet	**Note**	**As at 31 March 2017**
ASSETS		
Current Assets		
Financial assets		
Trade and other receivables	3	103,500
Cash and cash equivalents	4	100,000
		203,500
Total Assets		**203,500**
EQUITY AND LIABILITIES		
Equity		
Share Capital	5	100,000
Other equity	6	6,910
		106,910
Current liabilities		
Other current liabilities	7	93,500
Provisions	8	3,090
		96,590
Total Equity and Liabilities		**203,500**

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

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

CentreQ Business Services Private Limited

(Amount in INR)

Statement of Profit and Loss	**Note**	**For the period from 9 November 2016 to 31 March 2017**
Income		
Revenue from operations	9	90,000
Total Income		**90,000**
Expenses		
Other expenses	10	80,000
Total expenses		**80,000**
Profit before tax		**10,000**
Tax expense		
Current tax		(3,090)
Profit for the period		**6,910**
Other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**6,910**
Earnings per equity share (face value of Rs 10 each)		
Basic	11.3	0.69
Diluted		0.69

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

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 9 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

CentreQ Business Services Private Limited
Statement of Changes in Equity for the period ended 31 March 2017

(Amount in INR)

Particulars	Share Capital	OTHER EQUITY			Total Equity attributable to Equity holders of the Company
		Reserves and Surplus		Other Comprehensive Income	
		Retained Earnings	General Reserve	Other Items of Other comprehensive Income	
Opening Balance	-	-	-	-	-
Add: Increase in Share Capital	100,000	-	-	-	100,000
Add: Profit for the Period	-	6,910	-	-	6,910
Balance as of 31 March 2017	**100,000**	**6,910**	-	-	**106,910**

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

REQ BUSINESS SERVICES PVT.

CentreQ Business Services Private Limited

Statement of Cash Flows	(Amount in INR) For the period from 9 November 2016 to 31 March 2017
Cash flow from operating activities	
Profit before tax	10,000
Adjustments for:	
Depreciation and amortisation	-
Finance costs	-
Operating cash flows before working capital changes	**10,000**
Changes in trade and other receivables	(103,500)
Changes in trade payables and other financial liabilities	93,500
Cash generated from operations	-
Direct taxes paid, net of refund	-
Net cash (used in) / provided by operating activities (A)	-
Cash flows from investing activities	
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	-
Proceeds from sale of fixed assets	-
Net cash (used in) / provided by investing activities (B)	-
Cash flows from financing activities	
Proceeds from issue of equity shares, net of issue expenses	100,000
Interest paid	-
Net cash (used in) / provided by financing activities (C)	**100,000**
Net increase in cash and cash equivalents (A+B+C)	100,000
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer note 4)	**100,000**

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

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

CentreQ Business Services Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview
CentreQ Business Services Private Limited ('CentreQ' or 'the Company') was incorporated on 9 November 2016 under the Companies Act, 2013. The Company is a wholly owned subsidiary of Quess Corp Limited ("Holding Company"). The company is engaged in providing business process outsourcing services.

The Company has still not commenced its operations and is still in a pre - operative stage.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

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;

2.1.3 Use of estimates and judgment
The preparation of the 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 recognized 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 recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

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

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification
All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies A

Assets
An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

CENTREQ BUSINESS SERVICES PVT. LTD.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and 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.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

VASAN & SAMPATH * BANGALORE INDIA * CHARTERED ACCOUNTANTS

CENTREQ BUSINESS SERVICES PVT. LTD.

CentreQ Business Services Private Limited
Notes to the Financial Statements for the year ended 31 March 2017
(b) Share Capital
Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments
The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments
In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.
Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.
Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

2.2.7 Impairment
a. Financial assets
The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

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b. Non-financial assets

Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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

Remeasurements 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 profit or loss in subsequent periods.

(b) Defined contribution plans

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 recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.2.10 Revenue

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

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

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

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2.2.11 Other income

Other income is comprised primarily of interest income and exchange gain/loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the 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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 Cash flow statement

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

2.2.16 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements

2.3.1 Standards issued but not yet effective

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

Amendment to Ind AS 7:

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

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

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3 Trade receivables

(Amount in INR)

Particulars	As at 31 March 2017
Unsecured	
Considered good	103,500
	103,500

4 Cash and cash equivalents

(Amount in INR)

Particulars	As at 31 March 2017
Cash and cash equivalents	
Cash in hand	-
Balances with banks	
In current accounts	100,000
	100,000

5 Share capital

(Amount in INR)

Particulars	As at 31 March 2017
Authorised	
10,000 (10,000) equity shares of par value of Rs 10 each	100,000
	100,000
Issued, subscribed and paid-up	
100,000 (10,000) equity shares of par value of Rs 10 each, fully paid up	100,000
	100,000

5.1 Reconciliation of number of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2017
Equity shares	
At the commencement of the year	-
Shares issued	10,000
At the end of the year	10,000

5.2 Shares held by Holding Company

Equity shares	As at 31 March 2017
Equity shares	
Equity shares of par value Rs 10 each	
Quess Corp Limited	9,999

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

Equity shares	% of Holding	As at 31 March 2017
Equity shares of par value Rs 10 each		
Quess Corp Limited	99.99%	9,999

CentreQ Business Services Private Limited
Notes to the standalone financial statements for the period ended 31 March 2017

6 Other Equity

(Amount in INR)

Particulars	As at 31 March 2017
Balance in statement of profit and loss at the end of the period*	6,910
	6,910

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

7 Other current liabilities

(Amount in INR)

Particulars	As at 31 March 2017
Accrued Liability	75,500
Balances payable to government authorities	18,000
	93,500

8 Provisions

(Amount in INR)

Particulars	As at 31 March 2017
Provision for tax	3,090
	3,090

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CENTREQ BUSINESS SERVICES PVT. LTD.

CentreQ Business Services Private Limited
Notes to the standalone financial statements for the period ended 31 March 2017

9 Sale of services

(Amount in INR)

Particulars	For the period from 9 November 2016 to 31 March 2017
Staffing and recruitment services	90,000
	90,000

10 Other expenses

(Amount in INR)

Particulars	For the period from 9 November 2016 to 31 March 2017
Legal and professional fees*	80,000
	80,000

***Auditor's Remuneration**	
As auditor	
Statutory audit	45,000
	45,000

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

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11 **Notes to the standalone financial statements for the period ended 31 March 2017**

11.1 *Contingent liabilities and Commitments* *(Amount in INR)*

Particulars	As at 31 March 2017
Contingent liabilities	
Claims against company not acknowledged as Debts	-
Commitments	
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	-

11.2 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Subsidiaries	Coachieve Solutions Private Limited MFX Infotech Private Limited Brainhunter Systems Limited, Canada Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC (USA) Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange Inc, USA MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited) Dependo Logistics Solutions Private Limited Inticore VJP Advanced Solutions Private Limited Comtel Solutions pte Ltd Excelus Learning Solutions Private Limited
- Associates	Terrier Security Services (India) Private Limited Simpliance Technologies Pvt Ltd Himmer Industrial Services (M) Sdn Bhd

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

REQ BUSINESS SERVICES PVT.

CentreQ Business Services Private Limited

11 Notes to the standalone financial statements for the period ended 31 March 2017

11.2 Related party disclosures (Contd.)

Key executive management personnel

Subrata Kumar Nag	Director
Ranjit Nair	Director

11.3 *Computation of Earnings per share (EPS)*

Particulars	31 March 2017
Net profit/ (loss) attributable to equity shareholders	6,910
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	10,000
Equity shares issued during the period	-
Number of equity shares at the end of the year	10,000
Weighted average number of equity shares	10,000
Basic and diluted earnings per share (Rs)	0.69

11.4 *Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016*

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

11.5 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March

As at 31 March 2017

Particulars	Carrying value 31 March 2017	Fair value 31 March 2017
Financial assets		
Amortised cost		
Trade receivable	103,500	103,500
Cash and cash equivalents	100,000	100,000
Total assets	**203,500**	**203,500**
Financial liabilities		
Amortised cost		
Trade payables	-	-
Other liabilities	-	-
Total liabilities	-	-

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, borrowings, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

BUSINESS SERVICES PVT.

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CentreQ Business Services Private Limited

11 Notes to the standalone financial statements for the period ended 31 March 2017

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.

11.6 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, there are no financial liabilities or assets revalued at fair value.

11.7 The financials have been prepared for the period 9th November 2016 to 31st March 2017 and hence comparatives figues not stated.

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for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

Independent Auditor's Report

To,
The Members
CoAchieve Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **CoAchieve Solutions Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 and presentation of these standaloneInd AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

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

Auditor's 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 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.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 29.5 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12th May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

According to the information and explanations given to us, the company had undisputed amount payable in respect of profession tax amounting to Rs. 37,439 which was in arrears as at 31 March 2017 for the period April'16 to August'16, and was subsequently paid on 12th May 2017.

b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

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

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with 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.

14) According to the information and explanations give 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.

15) 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. Accordingly, paragraph 3(xv) of the Order is not applicable.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

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

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12th May 2017

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **CoAchieve Solutions Private Limited** ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 over financial reporting.

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

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

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12th May 2017

Coachieve Solutions Private Limited
Balance Sheet

(Amount in Rs)

	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	345,975	429,424	115,557
Intangible assets	5	166,186	-	-
Income tax assets (net)	6	8,060,365	1,806,191	2,367,036
Other non-current assets	7	276,250	45,000	-
		8,848,776	**2,280,615**	**2,482,593**
Current Assets				
Financial assets				
Trade and other receivables	8	9,630,020	2,835,028	2,868,093
Cash and cash equivalents	9	1,249,696	1,719,774	10,059
Other current assets	10	4,921,361	3,118,324	2,319,536
		15,801,077	**7,673,126**	**5,197,688**
Total Assets		**24,649,853**	**9,953,741**	**7,680,281**
EQUITY AND LIABILITIES				
Equity				
Share Capital	11	31,100,000	31,100,000	31,100,000
Other equity	12	(74,619,739)	(71,136,422)	(34,101,717)
		(43,519,739)	**(40,036,422)**	**(3,001,717)**
Liabilities				
Non-current liabilities				
Provisions	13	3,424,689	2,130,448	579,025
		3,424,689	**2,130,448**	**579,025**
Current liabilities				
Financial liabilities				
Borrowings	14	48,265,050	44,216,145	-
Trade payables	15	2,329,211	713,923	1,901,269
Other financial liabilities	16	8,207,612	2,041,939	2,097,883
Other current liabilities	17	5,383,143	531,330	6,045,169
Current Provisions	18	559,887	356,378	58,652
		64,744,903	**47,859,715**	**10,102,973**
Total Equity and Liabilites		**24,649,853**	**9,953,741**	**7,680,281**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 12th May 2017

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th May 2017

Coachieve Solutions Private Limited
Statement of profit and loss

(Amount in Rs)

	Note	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Income			
Revenue from operations	19	82,141,456	11,629,436
Other income	20	346,427	31,472
Total Income		**82,487,883**	**11,660,908**
Expenses			
Employee benefits expense	21	57,186,288	33,763,308
Finance costs	22	4,839,546	1,127,763
Depreciation and amortisation expense	23	149,181	114,322
Other expenses	24	23,724,842	13,357,405
Total expenses		**85,899,857**	**48,362,798**
Profit/(loss) before tax		**(3,411,974)**	**(36,701,890)**
Tax expense	6		
Current tax		-	-
Deferred tax		-	-
Profit/(loss) for the year		**(3,411,974)**	**(36,701,890)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(71,343)	(332,815)
Deferred tax		-	-
Other comprehensive income for the year		**(71,343)**	**(332,815)**
Total comprehensive income for the year		**(3,483,317)**	**(37,034,705)**
Earnings per equity share (face value of Rs 10 each)	29.4		
Basic		(1.12)	(11.82)
Diluted		(1.12)	(11.82)

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No.: 205703

Place: Bengaluru
Date: 12th May 2017

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th May 2017

Coachieve Solutions Private Limited
Statement of Changes in Equity

(Amount in Rs)

Particulars	Share Capital	OTHER EQUITY			Total Equity attributable to Equity holders of the Company
		Reserves and Surplus			
		Securities Premium	Retained Earnings	Other Reserves	
Balance as at April 1, 2015	**31,100,000**	-	**(34,101,717)**	-	**(3,001,717)**
Add: Loss for the Period	-	-	(36,701,890)	-	(36,701,890)
Remeasurement gain/ (loss) on defined benefit plan	-	-	(332,815)	-	(332,815)
Balance as of 31 March 2016	**31,100,000**	-	**(71,136,422)**	-	**(40,036,422)**
Balance as at April 1, 2016	**31,100,000**	-	**(71,136,422)**	-	**(40,036,422)**
Add: Loss for the Period	-	-	(3,411,974)	-	(3,411,974)
Add: Other comprehensive income for the year					
Remeasurement gain/ (loss) on defined benefit plan	-	-	(71,343)	-	(71,343)
Balance as at March 31, 2017	**31,100,000**	-	**(74,619,739)**	-	**(43,519,739)**

As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 12th May 2017

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th May 2017

Coachieve Solutions Private Limited
Statement of Cash Flows

(Amount in INR)

	For the year ended	
	31 March 2017	**31 March 2016**
Cash flow from operating activities		
Profit/(loss) for the year	(3,483,317)	(37,034,705)
Adjustments for:		
Depreciation and amortisation of fixed assets	149,181	114,322
Bad debts written off	326,880	190,559
Allowance for credit loss	2,127,357	757,077
Finance costs	4,839,546	1,127,763
Operating cash flows before working capital changes	**3,959,647**	**(34,844,984)**
(Increase)/Decrease in Trade and other receivable	(9,249,229)	(914,571)
(Increase)/Decrease in other assets	(1,803,037)	(798,788)
Increase/(Decrease) in trade payables	1,615,288	(1,187,346)
Increase/(Decrease) in other financial liabilities	6,165,673	(55,944)
Increase/(Decrease) in other liabilities	4,851,813	(5,513,839)
Increase/(Decrease) in provisions	1,497,750	1,849,149
Cash generated from operations	**7,037,905**	**(41,466,323)**
Income taxes paid, net of refund	(6,254,174)	560,845
Net cash (used in) / provided by operating activities (A)	**783,731**	**(40,905,478)**
Cash flows from investing activities		
Expenditure on property,plant and equipment and intangible net of sale proceeds	(463,168)	(473,189)
Net cash (used in) / provided by investing activities (B)	**(463,168)**	**(473,189)**
Cash flows from financing activities		
Proceeds from borrowings	4,048,905	44,216,145
Finance cost paid	(4,839,546)	(1,127,763)
Net cash (used in) / provided by financing activities (C)	**(790,641)**	**43,088,382**
Net increase in cash and cash equivalents (A+B+C)	(470,078)	1,709,715
Cash and cash equivalents at the beginning of the period	1,719,774	10,059
Cash and cash equivalents at the end of the period (refer note 11)	**1,249,696**	**1,719,774**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th may 2017

Place: Bengaluru
Date: 12th may 2017

1. Company overview
COACHIEVE SOLUTIONS PRIVATE LIMITED ('CoAchieve' or 'the Company') was incorporated on 8 August 2007 under the provisions of Companies Act, 1956, with its registered office in New Delhi, India. The Company is engaged in the business of Compliance Management and Background Verification Services.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

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;

2.1.3 Use of estimates and judgment
The preparation of the 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 recognized 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 recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

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

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification
All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

BANGALORE INDIA CHARTERED ACCOUNTANTS

CoAchieve Solutions Pvt. Ltd.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and 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.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

SANGALORE INDIA

Coachieve Solutions Pvt. Ltd.

(b) Share Capital
Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments
The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments
In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.
Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.
Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

2.2.7 Impairment
a. Financial assets
The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Coachieve Solutions Pvt. Ltd

b. Non-financial assets

Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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

Remeasurements 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 profit or loss in subsequent periods.

(b) Defined contribution plans

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 recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.2.10 Revenue

Revenue is recognized 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 recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

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

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2.2.11 Other income

Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the 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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 Cash flow statement

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

2.2.16 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.
The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements

2.3.1 Standards issued but not yet effective

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

Amendment to Ind AS 7:

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

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

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3 First-time adoption of Ind-AS

These financial statements of CoAchieve Solutions Private Limited for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

The transition to Ind AS has resulted in changes in the presentation of the Standalone financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet, Statement of profit and loss, is set out in note 3.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 3.1.

3.1 Exemptions and exceptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemptions and exceptions:

I. Ind AS optional exemptions availed

Property, plants and equipments and Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Previous GAAP financial as deemed cost at the transition date.

II. Ind AS mandatory exemptions

a) Estimates

AS per Ind AS 101 , an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i)Impairment of financial assets based on expected credit loss model.
(ii)Fair value of financial assets (Financial Guarantee contracts).

b) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

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3.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Reconcilation of Equity as at 1 April 2015 and 31 March 2016.
2. Reconcilation of total comprehensive income for the year ended 31 March 2016.

Reconcilation of Equity as as previously reported under Previous GAAP to Ind AS *(Amount in Rs)*

Particulars	Note	*Balance sheet as at March 31,2016*			*Opening Balance sheet as at April 1,2015*		
		Previous GAAP *	**Effects of transition to Ind-AS**	**Ind AS**	**Previous GAAP ***	**Effects of transition to Ind-AS**	**Ind AS**
ASSETS							
Non-current assets							
Property, plant and equipment		429,424	-	429,424	115,557	-	115,557
Financial assets							
Income tax assets (net)		1,806,191	-	1,806,191	2,367,036	-	2,367,036
Other non-current assets		45,000	-	45,000	-	-	-
		2,280,615	**-**	**2,280,615**	**2,482,593**	**-**	**2,482,593**
Financial assets							
Trade and other receivables	(b)	4,892,705	(2,057,677)	2,835,028	4,912,036	(2,043,943)	2,868,093
Cash and cash equivalents		1,719,774	-	1,719,774	10,059	-	10,059
Other current assets		3,118,324	-	3,118,324	2,319,536	-	2,319,536
		9,730,803	**(2,057,677)**	**7,673,126**	**7,241,631**	**(2,043,943)**	**5,197,688**
Total Assets		**12,011,418**	**(2,057,677.00)**	**9,953,741**	**9,724,224.00**	**(2,043,943)**	**7,680,281**
EQUITY AND LIABILITIES							
Equity							
Share Capital		31,100,000	-	31,100,000	31,100,000	-	31,100,000
Other equity	(b)	(69,078,745)	(2,057,677)	(71,136,422)	(32,057,774)	(2,043,943)	(34,101,717)
		(37,978,745)	**(2,057,677)**	**(40,036,422)**	**(957,774)**	**(2,043,943)**	**(3,001,717)**
Liabilities							
Non-current liabilities							
Provisions		2,130,448	-	2,130,448	579,025	-	579,025
		2,130,448	**-**	**2,130,448**	**579,025.00**	**-**	**579,025.00**
Current liabilities							
Financial liabilities							
Borrowings		44,216,145	-	44,216,145	-	-	-
Trade and other payables		713,923	-	713,923	1,901,269	-	1,901,269
Other Financial liabilities		2,041,939	-	2,041,939	2,097,883	-	2,097,883
Other current liabilities		531,330	-	531,330	6,045,169	-	6,045,169
Provisions		356,378	-	356,378	58,652	-	58,652
		47,859,715	**-**	**47,859,715**	**10,102,973**	**-**	**10,102,973**
Total Equity and Liabilites		**12,011,418**	**(2,057,677)**	**9,953,741**	**9,724,224**	**(2,043,943)**	**7,680,281**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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3.2 Reconciliation of total comprehensive income as previously reported under Previous GAAP to Ind AS

(Amount in Rs)

Particulars	Note	Year ended March 31, 2016		
		Previous GAAP *	Effects of transition to Ind-AS	Ind AS
Income				
Revenue from operations		11,629,436	-	11,629,436
Other income		31,472	-	31,472
Total Income		**11,660,908**	-	**11,660,908**
Expenses				
Employee benefits expense	(a)	34,096,123	(332,815)	33,763,308
Finance costs		1,127,763	-	1,127,763
Depreciation and amortisation expense		114,322	-	114,322
Other expenses	(b)	13,343,671	13,734	13,357,405
Total expenses		**48,681,879.00**	**(319,081)**	**48,362,798**
Loss before tax		**(37,020,971)**	**319,081**	**(36,701,890)**
Tax expense				
Current tax		-	-	-
Deferred tax		-	-	-
Loss for the period		**(37,020,971)**	**319,081**	**(36,701,890)**
Other comprehensive income				
Re-measurement gains / (losses) on defined benefit plans	(a)	-	-	(332,815)
Other comprehensive income for the period		-	-	-
Income tax				
Other comprehensive income for the year		-	-	(332,815)
Total comprehensive income for the period		**(37,020,971)**	**319,081**	**(37,034,705)**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanations for Reconciliation of Balance Sheet, Equity and Total comprehensive income as previously reported under Previous GAAP to Ind AS:

(a) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by INR 332,815 and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax

(b) Trade Receivable

Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Company impaired its trade receivable by INR 2,043,943 on 1 April 2015 which has been eliminated against retained earnings. The expense of INR 13,734 for year ended on 31 March 2016 has been recognized in the statement of profit and loss, as as result of adjustments the closing balance of allowance of credit loss as at 31 March 2016 is INR 2,801,021 after considering the existing provision of INR 743,343.

(c) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit and loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS

(d) Statement of Cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

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4 Property, plant and equipment (Amount in Rs)

Particulars	Office equipment	Computer equipment	Total
Gross block/Deemed Cost			
As at 1 April 2015	115,557		115,557
Additions	193,587	234,602	428,189
Disposals			-
As at 31 March 2016	**309,144**	**234,602**	**543,746**
Additions	61,055		61,055
Disposals			-
As at 31 March 2017	**370,199**	**234,602**	**604,801**
Accumulated Depreciation			
Charge for the year	63,377	50,945	114,322
Disposals			-
As at 31 March 2016	**63,377**	**50,945**	**114,322**
Charge for the year	66,375	78,129	144,504
Disposals			-
As at 31 March 2017	**129,752**	**129,074**	**258,826**
Net Block :			
As at 31 March 2017	**240,447**	**105,528**	**345,975**
As at 31 March 2016	**245,767**	**183,657**	**429,424**

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5 Intangible Assets

Particulars	Computer software	Total
Gross block		
As at 1 April 2015		-
Additions during the period		-
Disposals for the period	-	-
As at 31 March 2016	-	-
Additions	170,863	170,863
As at 31 March 2017	**170,863**	**170,863**
Accumulated Depreciation		
As at 1 April 2015		-
Charge for the period		-
As at 31 March 2016	-	-
Charge for the period	4,677	4,677
As at 31 March 2017	**4,677**	**4,677**
Net Block		
As at 31 March 2017	**166,186**	**166,186**
As at 31 March 2016	-	-

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6 **Income tax**

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

(Amount in Rs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Statement of profit and loss account		
Current income tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit and loss	-	-
Other comprehensive Income		
Deferred tax related to items recognised in OCI during the year	-	-
Total	-	-

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Amount in Rs)

	For the year ended	
	31 March 2017	31 March 2016
Profit before tax	- #	- #
Enacted income tax rate in India	30.90%	30.90%
Computed expected tax expense	-	-
Effect of:		
Previously unrecognised tax losses now recouped to reduce current tax expense	-	-
Deferred tax credit	-*	
Total income tax expense	-	-

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 and March 31, 2016 is 30.90%.

No tax recognition in the previous year since taxable loss incurred in the previous year.

Deferred tax

Deferred tax relates to the following:

(Amount in Rs)

	Balance sheet			Statement of profit and loss	
	As at	As at	As at	For the period ended	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Property, plant and equipment	-	-	-	-	-
Provision for doubtful receivables/deposits	-	-	-	-	-
Provision for compensated absence	-	-	-	-	-
Provision for gratuity	-	-	-	-	-
Losses available for offsetting against future	-	-	-	-	
Others	-	-	-	-	-
	-	-	-		
Net deferred tax assets/ (liabilities)	-*	-*	-*	-*	-*

* 'The company has not recognised deferred tax asset as at 31 March 2017, 31 March 2016 and 01 April 2015, due to absense of reasonable certainty of set off of unabsorbed losses against taxable profits in the forseeable future.

The Company has not created deferred tax assets on the following: *(Amount in Rs)*

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Property, plant and equipment	(23,893)	(34,500)	(2,196)
Provision for doubtful receivables/deposits	1,269,057	721,263	526,315
Provision for compensated absence	372,698	234,638	10,908
Provision for gratuity	653,330	405,720	153,294
Losses available for offsetting against future taxable income	13,512,098	13,819,570	11,074,232
Others	26,941	-	-
	15,810,231	15,146,691	11,762,553

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

Particulars	31 March 2017	31 March 2016	1 April 2015
Deferred Tax assets	-	-	-
Deferred Tax Liabilities	-	-	-
Net deferred tax assets/(liability) at the end of the year	-	-	-

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

Particulars	31 March 2017	31 March 2016	1 April 2015
Income tax assets	8,060,365	1,806,191	2,367,036
Income tax liabilities	-	-	-
Net income tax assets at the end of the year	**8,060,365**	**1,806,191**	**2,367,036**

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7 Other non-current assets

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Capital advances	276,250	45,000	-
	276,250	**45,000**	**-**

8 Trade receivables

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good (Refer note 33.7)	9,630,020	2,835,028	2,868,093
Doubtful	4,928,378	2,801,020	2,043,943
Less: allowances for credit losses	(4,928,378)	(2,801,020)	(2,043,943)
	9,630,020	**2,835,028**	**2,868,093**

9 Cash and cash equivalents

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
Balances with banks			
In current accounts	1,249,696	1,719,702	5,012
Cash in hand	-	72	5,047
	1,249,696	**1,719,774**	**10,059**

10 Other current assets

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Advances other than capital advances			
Advances to suppliers	4,437	5,382	-
Advances to employees	1,454,186	86,681	154,119
Security deposits	855,000	920,983	550,000
Others			
Prepaid expenses	62,996	31,508	5,500
Unbilled revenue	2,544,742	2,073,770	1,384,667
Balances receivable from government authorities	-	-	225,250
	4,921,361	**3,118,324**	**2,319,536**

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11 Share capital

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
3,300,000 equity shares of par value of Rs 10 each	33,000,000	33,000,000	33,000,000
	33,000,000	**33,000,000**	**33,000,000**
Issued, subscribed and paid-up			
3,110,000 equity shares of par value of Rs 10 each, fully paid up	31,100,000	31,100,000	31,100,000
	31,100,000	**31,100,000**	**31,100,000**

11.1 Reconciliation of number of shares outstanding at the beginning and at the end of the year

	As at 31 March 2017		As at 31 March 2016	
Particulars	**Number of shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
At the commencement of the year	3,110,000	31,100,000	3,110,000	31,100,000
At the end of the year	**3,110,000**	**31,100,000**	**3,110,000**	**31,100,000**

11.2 Shares held by Holding Company

	As at 31 March 2017		As at 31 March 2016	
Particulars	**Number of shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited, the holding company	3,109,999	31,099,990	3,109,999	31,099,990
	3,109,999	**31,099,990.00**	**3,109,999.00**	**31,099,990.00**

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

	As at 31 March 2016		As at 31 March 2016	
Particulars	**Number of shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	3,109,999	99.99%	3,109,999	99.99%
	3,109,999		**3,109,999**	

11.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each equity holder is entitled to one vote per share. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of preferential amounts if any, in proportion to the number of equity shares held.

12 Other equity

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Retained Earnings	(74,619,739)	(71,136,422)	(34,101,717)
	(74,619,739)	**(71,136,422)**	**(34,101,717)**

VARAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

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13 Non-current provisions

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefit			
Provision for gratuity	2,360,526	1,467,756	579,025
Provision for compensated absences	1,064,163	662,692	-
	3,424,689	**2,130,448**	**579,025**

14 Current borrowings

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loan from related parties, unsecured			
From Quess Corp Limited	48,265,050	44,216,145	-
	48,265,050	**44,216,145**	**-**

Loan from Quess Corp Limited carry interest of 10 year government bond rate on a monthly basis on actual amount utilised, and are repayable on demand.

15 Trade payables

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payables	2,329,211	713,923	1,901,269
	2,329,211	**713,923**	**1,901,269**

As on 31 March 2017 and 31 March 2016, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

16 Other current financial liabilities

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other Payables			
Accrued salaries and benefits	4,708,327	379,522	44,436
Accrued expenses	3,499,285	1,662,417	2,053,447
	8,207,612	**2,041,939**	**2,097,883**

17 Other current liabilities

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory dues	5,383,143	531,330	492,177
Book overdraft	-	-	5,552,992
	5,383,143	**531,330**	**6,045,169**

18 Current provisions

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity	176,679	107,856	16,292
Provision for compensated absences	383,208	248,522	42,360
	559,887	**356,378**	**58,652**

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19 Sale of services

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Compliance Management Fees (Refer Note 33.6)	69,678,442	6,048,187
Back ground verification fees (Refer Note 33.6)	12,463,014	3,888,710
Staffing Services	-	1,692,539
	82,141,456	**11,629,436**

20 Other income

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Interest received on financial assets- carried at amortised cost		
- Income tax refund	166,387	31,472
Miscellaneous income	180,040	-
	346,427	**31,472**

21 Employee benefits expense

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Salaries and wages	51,400,336	29,705,928
Contribution to provident and other funds	3,674,413	2,476,069
Gratuity	924,967	695,609
Compensated absences	536,157	868,854
Staff welfare expenses	650,415	16,848
	57,186,288	**33,763,308**

22 Finance costs

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Interest expense (refer note 33.6)	4,839,546	1,127,763
	4,839,546	**1,127,763**

VARAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Coachieve Solutions Pvt. Ltd. *

23 Depreciation and amortisation expense

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Depreciation and amortisation (refer note 4 and 5)	149,181	114,322
	149,181	**114,322**

24 Other expenses

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Verification/compliance management expenses	8,129,332	2,981,695
Travelling and conveyance	6,541,576	4,050,266
Legal and professional fees*	3,170,162	1,050,391
Allowance for credit loss	2,127,357	757,077
Rent (Refer note 33.6)	1,449,166	1,418,450
Power and Fuel	381,470	336,601
Bad debts written off	326,880	190,559
Business promotion	-	476,207
Communication expenses	349,155	211,359
Insurance	55,325	25,200
Printing and stationery	197,456	127,603
Rates and taxes	93,847	88,561
Repairs & Maintenance - buildings	384,834	718,352
Repairs & Maintenance - others	464,461	165,095
Miscellaneous expenses	53,821	759,989
	23,724,842	**13,357,405**

***Payment to auditors (net of service tax; included in legal and professional fees)**		
As auditor		
Statutory audit	200,000	182,000
Tax audit	-	-
Other Services	-	160,000
Reimbursment of expenses	-	
	200,000	342,000

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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25 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 is as follows:

As at 31 March 2017 *(Amount in Rs)*

Particulars	Carrying value			Fair value		
Financial assets	**31 March 2017**	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Amortised cost						
Trade receivable	9,630,020	2,835,028	2,868,093	9,630,020	2,835,028	2,868,093
Cash and cash equivalents	1,249,696	1,719,774	10,059	1,249,696	1,719,774	10,059
Total assets	**10,879,716**	**4,554,802**	**2,878,152**	**10,879,716**	**4,554,802**	**2,878,152**
Financial liabilities						
Amortised cost						
Loans and borrowings	48,265,050	44,216,145	-	48,265,050	44,216,145	-
Trade payables	2,329,211	713,923	1,901,269	2,329,211	713,923	1,901,269
Other financial liabilities	8,207,612	2,041,939	2,097,883	8,207,612	2,041,939	2,097,883
Total liabilities	**58,801,873**	**46,972,007**	**3,999,152**	**58,801,873**	**46,972,007**	**3,999,152**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, borrowings, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
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.

26 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financials assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence there are no financials assets or liabilities revalued at fair value.

VARSAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

CoAchieve Solutions Pvt. Ltd. *

27 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
• Credit risk ;
• Liquidity risk ; and
• Market risk

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.
The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. Since the top few customers of the company are its related companies, the credit risk is on the lower side.

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. 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 following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer: The demographics of the customer, including the default risk of the industry in which the customer operates, also has an influence on credit risk assessment.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables

Expected credit loss for trade receivable:

Year ended 31 March 2017

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360 days	Total
Gross carrying amount	10,395,678	1,102,617	767,064	936,828	233,905	1,122,306	14,558,398
Expected loss rate	16.01%	46.54%	73.53%	88.61%	100.00%	100.00%	
Expected credit losses (Loss allowance provision)	1,664,801	513,204	564,029	830,133	233,905	1,122,306	4,928,378
Carrying amount of trade receivables (net of impairment)	8,730,877	589,413	203,035	106,695	-	-	9,630,020

Year ended 31 March 2016

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360 days	Total
Gross carrying amount	2,836,873	625,818	311,062	312,495	361,517	1,188,283	5,636,048
Expected loss rate	16.01%	46.54%	73.53%	88.61%	100.00%	100.00%	
Expected credit losses (Loss allowance provision)	454,307	291,282	228,727	276,905	361,517	1,188,283	2,801,021
Carrying amount of trade receivables (net of impairment)	2,382,566	334,536	82,335	35,590	-	-	2,835,027

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Liquidity risk

The Companys principal source of liquidity are cash and cash equivalents and financial support from the holding company. 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.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017		
	Less than 1 year	1-2 years	2 years and above
Borrowings	48,265,050	-	-
Trade payables	2,329,211	-	-
Other financial liabilities	8,207,612	-	-

Particulars	As at 31 March 2016		
	Less than 1 year	1-2 years	2 years and above
Borrowings	44,216,145	-	-
Trade payables	713,923	-	-
Other financial liabilities	2,041,939	-	-

Particulars	As at 1 April 2015		
	Less than 1 year	1-2 years	2 years and above
Borrowings	-	-	-
Trade payables	1,901,269	-	-
Other financial liabilities	2,097,883	-	-

Market risk

Market risk is the risk that changes in market 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 payables and long term debt. Since the major customer of the Company is its holding company, Companys exposure to market risk is significantly lower.

Currency risk

The Company is not exposed to significant currency risk as the revenue and expenses are primarily denominated in INR.

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 borrowing as at 31 March 2017 comprises only loan from Holding Company, which do not expose it to significant interest rate risk.

28 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.

Consistent with others in the industry, the company monitors capital on the basis of following gearing ratio:

Net debt (total liabilities net of cash and cash equivalent) divided by Total equity (as shown in balance sheet date)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total External Liabilities	68,169,592	49,990,163	10,681,998
Less: Cash and cash equivalent	1,249,696	1,719,774	10,059
Adjusted net debt (borrowings net of cash and cash equivalent)	66,919,896	48,270,389	10,671,939
Total equity	(43,519,739)	(40,036,422)	(3,001,717)
Net debt (Total external liabilities) to equity ratio	(1.54)	(1.21)	(3.56)

29 Notes to accounts

29.1 Contingent liabilities and Commitments *(Amount in Rs)*

Particulars	31 March 2017	31 March 2016	1 April 2015
Contingent liabilities			
Claims against company not acknowledged as Debts	-	709,500	-
Capital Commitments			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	276,250	45,000	-

29.2 Gratuity plan

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2017 and 31 March 2016

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Change in defined benefit obligation		
Obligation at the beginning of the year	1,575,612	595,317
Current service cost	802,157	648,479
Interest cost	122,810	47,130
Benefit settled	(34,717)	(48,129)
Actuarial (gain) / loss- Experience	(88,556)	552,817
Actuarial (gain) / loss- demographic assumptions	-	(73,634)
Actuarial (gain) / loss- financial assumptions	159,899	(146,368)
Obligation at end of the year	**2,537,205**	**1,575,612**

Reconciliation of present value of the obligation and the fair value of the plan assets *(Amount in Rs)*

Particulars	31 March 2017	31 March 2016	1 April 2015
Present value of the defined benefit obligations at the end of the year	2,537,205	1,575,612	595,317
Liability recognised in the balance sheet	**2,537,205**	**1,575,612**	**595,317**
Current	176,679	107,856	16,292
Non-current	2,360,526	1,467,756	579,025

Gratuity cost for the year/period

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Service cost	802,157	648,479
Net interest on net defined benefit liability/(asset)	122,810	47,130
Re-measurement- acturial gain/(loss) recognised on OCI	71,343	332,815
Net gratuity cost	**996,310**	**1,028,424**

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant acturial assumptions, holding other assumptions constant, would

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	2,339,804	2,763,281	1,456,667	1,711,335	1,456,667	1,711,335
Future salary growth(1% movement	2,756,294	2,341,515	1,708,437	1,456,873	1,708,437	1,456,973

Assumptions

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Discount rate	7.00%	7.80%
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%

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

The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

Maturity profile of defined benefit obligation

Particulars	31 March 2017	31 March 2016
Within 1 year	176,679	107,856
2-5 years	992,683	660,743
6-10 years	1,358,129	908,541
More than 10 years	2,636,393	1,772,251

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29.3 Leave encashment

The Company has accounted the cost of leave encashment based on the acturial valuation report obtained on 31 March 2017 and has estimated a leave encashment liability of Rs 1,447,371 (Previous Year Rs 911,214) under projected unit credit method as per Ind AS 19. During the period, the Company accounted incremental liability as compared to liability accounted in previous period in statement of profit and loss for the period.

Key assumptions used in the valuation of leave encashment Liability are as given below:

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Discount rate	7.00%	7.80%
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Mortality rate	LIC (2006-08) published table of mortality rates	LIC (2006-08) published table of mortality rates

29.4 Computation of Earnings per share (EPS)

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Net profit/ (loss) attributable to equity shareholders	(3,476,876)	(36,770,391)
Calculation of weighted average number of equity shares for basic earning per share		
Number of equity shares at the beginning of the year	3,110,000	3,110,000
Equity shares issued during the year	-	-
Number of equity shares at the end of the year	3,110,000	3,110,000
Weighted average number of equity shares outstanding during the year for basic EPS	3,110,000	3,110,000
Basic and diluted earnings per share (Rs)	(1.12)	(11.82)

29.5 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

29.6 Related party disclosures

I. Related party relationships

- Ultimate Holding Company — Fairfax Financial Holdings Limited

- Holding Company — Quess Corp Limited

- Fellow Subsidiaries —
MFX Infotech Private Limited
Brainhunter Systems Limited, Canada
Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED)
Brainhunter Companies Canada Inc, Canada
Brainhunter Companies LLC (USA)
Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines)
Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.)
Quesscorp Holdings Pte. Ltd, Singapore
Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia)
Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
Ikya Business Services (Private) Limited
MFXchange Holdings Inc, Canada
MFXchange (Ireland) Limited
MFXchange Inc, USA
MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015)
Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited)
Dependo Logistics Solutions Private Limited
Inticore VJP Advanced Solutions Private Limited
Comtel Solutions pte Ltd
Centreq Business Services Private Limited
Excelus Learning Solutions Private Limited

- Associates of the holding company —
Terrier Security Services (India) Private Limited
Simpliance Technologies Pvt Ltd
[illegible]

29.6 Related party disclosures (Contd.)

- Fellow subsidiary of the holding company	
	National Collateral Management Services Limited
- Entity having common directors of holding company	
	Net Resource Investments Private Limited
-Entities in which key managerial personnel of holding company has significant influence	Styracorp Management services
	IME Consultancy
- Other related parties	Manipal Integrated Services Private Limited
- Relative of a director	Saraah Isaac

Key management personnel

Ajit Isaac
Subrata Nag
Balasubramaian
NVS Pavankumar
Sudarshan Pallaap
Ranjit Nair

II Related party with whom transactions have taken place during the year

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Holding Company		
Payments made by holding company on behalf of the company		
- Quess Corp Limited	3,475,213	1,698,382
Unsecured loan received from holding company		
- Quess Corp Limited	57,335,000	58,080,000
Unsecured loan received from holding company repaid		
- Quess Corp Limited	-	16,690,000
Interest on unsecured loan received from holding company		
- Quess Corp Limited	4,839,546	1,127,763
Advance given to fellow subsidiary company		
- MFX Infotech Private Limited	-	70,984
Rendering of services by related parties		
- Saraah Isaac	447,343	396,900
- Simpliance Techonogies Private Limited	1,095,375	-
Rendering of services to holding company		
- Thomas Cook (India) Limited	2,133,623	2,835,837
Rendering of services to related party		
- Quess Corp Limited	58,246,470	-
- Aravon Services Private Limited	101,890	253,342
- MFX Infotech Private Limited	1,200,000	-
- Terrier Security Services Private Limited	1,600,000	-
Purchase of Capital Asset		
- Simpliance Techonogies Private Limited	170,863	-

Closing balance *(Amount in Rs)*

Particulars	31 March 2017	31 March 2016
Unsecured loan payable loan payable including interest		
Quess Corp Limited	48,265,050	44,216,145
Debts due to		
Saraah Isaac	36,465	33,075
Simpliance Technologies Private Limited	99,450	-
Debts due from		
Thomas Cook (India) Limited	606,581	738,670
Aravon Services Private Limited	6,160	72,650
MFX Infotech Private Limited	1,260,000	70,984
Terrier Security Services Private Limited	1,840,000	-

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Coachieve Solutions Pvt. Ltd.

29.7 ***Segment reporting***

The Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments.
The Company is in the business of rendering integrated facility management services predominantly in the areas of housekeeping services, food services and guest house management services which are covered under similar arrangements and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

29.8 ***Deferred Tax***

The company has not recognised Deferred tax asset in the absence of reasonable certainity.

29.9 Previous year figures are reclassified/regrouped wherever necessary.

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 12th may 2017

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 12th may 2017

Independent Auditor's Report

To,
The Members
Dependo Logistics Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Dependo Logistics Solutions Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

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

Auditor's 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 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.

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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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 12.4 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1) The company does not have any fixed assets as at the period ended 31st March 2017 as the company is yet to commence operations. Thus, paragraph 3(i) of the order is not applicable to the company

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)
   a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

   b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

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

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with 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.

14) According to the information and explanations give 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.

15) 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. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd may 2017

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of Dependo Logistics Solutions Private Limited ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 over financial reporting.

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

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

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

Dependo Logistics Solutions Private Limited

Balance Sheet	Note	(Amount in INR) As at 31 March 2017
ASSETS		
Non-current assets		
Capital-work in-progress	3	2,500,000
		2,500,000
Current Assets		
Financial assets		
Cash and cash equivalents	4	800,181
Other current assets	5	100,000
		900,181
Total Assets		**3,400,181**
EQUITY AND LIABILITIES		
Equity		
Share Capital	6	100,000
Other equity	7	(76,300)
		23,700
Liabilities		
Current liabilities		
Financial liabilities		
Borrowings	8	3,327,873
Other current liabilities	9	48,608
		3,376,481
Total Equity and Liabilities		**3,400,181**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited

Statement of profit and loss	Note	(Amount in INR) For the period from 8 September 2016 to 31 March 2017
Income		
Revenue from operations	10	-
Other income	11	4,781
Total Income		**4,781**
Expenses		
Finance costs	12	36,081
Other expenses	13	45,000
Total expenses		**81,081**
Profit before tax		**(76,300)**
Tax expense		
Current tax		-
Loss for the period		**(76,300)**
Other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**(76,300)**
Earnings per equity share (face value of Rs 10 each)	14.3	
Basic		(7.63)
Diluted		(7.63)

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

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Nag

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited
Statement of Changes in Equity for the period ended 31 March 2017

(Amount in INR)

Particulars	Share Capital	OTHER EQUITY			Total Equity attributable to Equity holders of the Company
		Reserves and Surplus		Other Comprehensive Income	
		Retained Earnings	General Reserve	Other Items of Other comprehensive Income	
Opening balance	-	-	-	-	-
Add: Increase in Share Capital	100,000	-	-	-	100,000
Less: Loss for the Period	-	(76,300)	-	-	(76,300)
	-	-	-	-	-
Balance as of 31 March 2017	**100,000**	**(76,300)**	**-**	**-**	**23,700**

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited

Statement of Cash Flows	*(Amount in INR)* **For the period from 8 September 2016 to 31 March 2017**
Cash flow from operating activities	
Loss for the period	(76,300)
Adjustments for:	
Depreciation and amortisation	-
Finance costs	36,081
Operating cash flows before working capital changes	**(40,219)**
Changes in Loans, other financial assets and other assets	(100,000)
Changes in other liabilities and provisions	45,000
Cash generated from operations	**(95,219)**
Direct taxes paid, net of refund	-
Net cash (used in) / provided by operating activities (A)	**(95,219)**
Cash flows from investing activities	
Expenditure on property, plant and equipment and intangibles, net of sale proceeds	(2,500,000)
Net cash (used in) / provided by investing activities (B)	**(2,500,000)**
Cash flows from financing activities	
Proceeds from borrowings	3,295,400
Proceeds from issue of equity shares, net of issue expenses	100,000
Net cash (used in) / provided by financing activities (C)	**3,395,400**
Net increase in cash and cash equivalents (A+B+C)	800,181
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer note 4)	**800,181**

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

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview
Dependo Logistics Solutions Private Limited('Dependo' or 'the Company') was incorporated on 8 September 2016 under the Companies Act, 2013. The Company is a wholly owned subsidiary of Quess Corp Limited ("Holding Company"). The Company is engaged in the business of logistics and logistic solution services.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

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;

2.1.3 Use of estimates and judgment
The preparation of the 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 recognized 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 recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

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

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification
All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and 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.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividend are recognized in other comprehensive income which is not subsequently recycled to statement of profit and loss.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating

2.2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

b. Non-financial assets

Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

2.2.8 Employee benefit

(a) Defined benefit plans
For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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

Remeasurements 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 profit or loss in subsequent periods.

(b) Defined contribution plans
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 recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences
The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

2.2.10 Revenue

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

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

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

2.2.11 Other income

Other income is comprised primarily of interest income and exchange gain/loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the 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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 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.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

2.2.16 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements

2.3.1 Standards issued but not yet effective

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

Amendment to Ind AS 7:

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

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

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

3 Capital-work in-progress *(Amount in Rs)*

Particulars	**Capital-work in-progress**	**Total**
Gross block		
Cost or Valuation		
Opening balance	-	-
Additions	2,500,000	2,500,000
Disposals	-	-
As at 31 March 2017	**2,500,000**	**2,500,000**
Accumulated Depreciation	-	-
Opening balance	-	-
Charge for the period	-	-
Disposals	-	-
As at 31 March 2017	-	-
Net Block	-	-
As at 31 March 2017	**2,500,000**	**2,500,000**

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

4 Cash and cash equivalents

(Amount in INR)

Particulars	As at 31 March 2017
Cash and cash equivalents	
Cash in hand	
Balances with banks	
In current accounts	800,181
	800,181

5 Other current assets

(Amount in INR)

Particulars	As at 31 March 2017
Advances other than capital advances	
Security deposits	100,000
	100,000

6 Share capital

(Amount in INR)

Particulars	As at 31 March 2017
Authorised	
10,000 equity shares of par value of Rs 10 each	100,000
	100,000
Issued, subscribed and paid-up	
10,000 equity shares of par value of Rs 10 each, fully paid up	100,000
	100,000

6.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

Particulars	As at 31 March 2017
Equity shares	
At the commencement of the year	-
Shares issued	10,000
At the end of the year	10,000

6.2 Shares held by Holding Company

Equity shares	As at 31 March 2017
Equity shares	
Equity shares of par value Rs 10 each	
Quess Corp Limited	9,999

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

Equity shares	% of Holding	As at 31 March 2017
Equity shares of par value Rs 10 each		
Quess Corp Limited	99.99%	9,999

VASAN & SAMPATH * BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

Dependo Logistics Solutions Private Limited

Notes to the standalone financial statements for the period ended 31 March 2017

7 **Other Equity**

(Amount in INR)

Particulars	As at 31 March 2017
Balance in statement of profit and loss at the end of the period*	(76,300)
	(76,300)

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

8 **Current borrowings**

(Amount in INR)

Particulars	As at 31 March 2017
Loan from related party, Unsecured	
From Quess Corp Limited	3,327,873
	3,327,873

*Repayable on demand, with interest rate equivalent to 10 year India Government Bond rate

9 **Other current liabilities**

(Amount in INR)

Particulars	As at 31 March 2017
Accrued Liability	40,500
Balances payable to government authorities	8,108
	48,608

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

Dependo Logistics Solutions Private Limited

Notes to the standalone financial statements for the period ended 31 March 2017

10 Sale of services

(Amount in INR)

Particulars	For the period from 8 September 2016 to 31 March 2017
Sale of services	-
	-

11 Other income

(Amount in INR)

Particulars	For the period from 8 September 2016 to 31 March 2017
Miscellaneous income	4,781
	4,781

12 Finance costs

(Amount in INR)

Particulars	For the period from 8 September 2016 to 31 March 2017
Interest	36,081
	36,081

13 Other expenses

(Amount in INR)

Particulars	For the period from 8 September 2016 to 31 March 2017
Audit fees*	45,000
	45,000

***Payment to auditors (net of service tax)**

(Amount in INR)

Particulars	For the period from 8 September 2016 to 31 March 2017
Statutory audit	45,000
	45,000

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

Dependo Logistics Solutions Private Limited

14 Notes to the standalone financial statements for the period ended 31 March 2017

14.1 *Contingent liabilities and Commitments*

(Amount in Rs)

Particulars	As at 31 March 2017
Contingent liabilities	
Claims against company not acknowledged as Debts	-
Commitments	
Estimated amount of contracts remaining to be executed on capital contracts and not provided for(net of advances and deposits)	-

14.2 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Subsidiaries	Coachieve Solutions Private Limited
	MFX Infotech Private Limited
	Brainhunter Systems Limited, Canada
	Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED)
	Brainhunter Companies Canada Inc, Canada
	Brainhunter Companies LLC (USA)
	Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines)
	Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.)
	Quesscorp Holdings Pte. Ltd, Singapore
	Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia)
	Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
	Ikya Business Services (Private) Limited
	MFXchange Holdings Inc, Canada
	MFXchange (Ireland) Limited
	MFXchange Inc, USA
	MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015)
	Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited)
	Inticore VJP Advanced Solutions Private Limited
	Comtel Solutions pte Ltd
	Centreq Business Services Private Limited
	Excelus Learning Solutions Private Limited
- Associates	Terrier Security Services (India) Private Limited
	Simpliance Technologies Pvt Ltd
	Himmer Industrial Services (M) Sdn Bhd

Key executive management personnel

Subrata Kumar Nag	Director
Srinivasan Guruprasad	Director

(ii) Related party transactions during the period

Particulars	31 March 2017
Unsecured Loan	
Quess Corp Limited	3,295,400
Interest on unsecured loans	
Quess Corp Limited	36,081

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

Particulars	31 March 2017
Unsecured Loan	
Quess Corp Limited*	3,327,873

*Includes interest

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

Dependo Logistics Solutions Private Limited

14 Notes to the standalone financial statements for the period ended 31 March 2017

14.3 *Computation of Earnings per share (EPS)*

Particulars	31 March 2017
Net profit/ (loss) attributable to equity shareholders	(76,300)
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	10,000
Equity shares issued during the period	-
Number of equity shares at the end of the year	10,000
Weighted average number of equity shares outstanding	10,000
Basic and diluted earnings per share (Rs)	(7.63)

14.4 *Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016*

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

14.5 **Financial instruments**

The carrying value and fair value of financial instruments by categories as at 31 March 2017

As at 31 March 2017

Particulars	Carrying value 31 March 2017	Fair value 31 March 2017
Financial assets		
Amortised cost		
Cash and cash equivalents	800,181	800,181
Total assets	**800,181**	**800,181**
Financial liabilities		
Amortised cost		
Loans and borrowings	3,327,873	3,327,873
Total liabilities	**3,327,873**	**3,327,873**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, borrowings, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

14.6 **Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, there are no financial liabilities or assets revalued at fair value.

14.7 The financials have been prepared for the period 8th September 2016 to 31st March 2017 and hence comparatives figues not stated.

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

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Independent Auditor's Report

To,
The Members
Excelus Learning Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Excelus Learning Solutions Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

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

Auditor's 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 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 23 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 28 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

2/May/2017

Place: Bangalore
Date: ~~28th April 2017~~

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

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

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with 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.

14) According to the information and explanations give 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.

15) 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. Accordingly, paragraph 3(xv) of the Order is not applicable.

BANGALORE INDIA

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

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: ~~28th April 2017~~ 2/May/2017

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of Excelus Learning Solutions Private Limited ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 over financial reporting.

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

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

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

2/May/2017

Place: Bangalore
Date: ~~28th April 2017~~

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Balance sheet

	Note	*Amount in Rs.* **As at 31 March 2017**
ASSETS		
Non-current assets		
Property, plant and equipment	3	8,664,664
Financial assets		
Other non-current financial assets	4	3,630,333
Other non-current assets	5	3,977,259
		16,272,256
Current Assets		
Financial assets		
Cash and cash equivalents	6	1,027,402
Other financial assets	7	2,613,445
Other current assets	8	1,485,447
		5,126,294
Total Assets		**21,398,550**
EQUITY AND LIABILITIES		
Equity		
Share Capital	9	100,000
Share application money pending allotment		-
Other equity	10	(1,661,333)
		(1,561,333)
Liabilities		
Non-current liabilities		
Financial liabilities		
Deferred income tax liabilities (net)	11	238,142
		238,142
Current liabilities		
Financial liabilities		
Trade and other payables	12	4,706,671
Borrowings	13	17,124,427
Other financial liabilities	14	711,864
Other current liabilities	15	178,779
		22,721,741
Total Equity and Liabilities		**21,398,550**
Significant accounting policies	1 & 2	

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

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No. 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)

Statement of profit and loss

	Note	*Amount in Rs.* **For the period from 23 November 2016 to 31 March 2017**
Income		
Other income	16	2,825
Total Income		**2,825**
Expenses		
Employee benefit expenses		-
Finance costs	17	410,773
Depreciation and amortisation expense	3	311,029
Other expenses	18	2,346,865
Total expenses		**3,068,667**
Profit before tax		**(3,065,842)**
Tax expense		
- Current tax		-
- Deferred tax credit/(charge) for the period	11	(238,142)
Profit for the period		**(3,303,984)**
Other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**(3,303,984)**
Total comprehensive income attributable to :		
Equity holders of the parent		-
Non-controlling interests		-
Earnings per equity share (face value of Rs. 10 each)		
Basic		(330.40)
Diluted		(330.40)
Significant accounting policies	1 & 2	

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

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No. 205703

2/May/2017

Place: Bengaluru
Date: ~~28 April 2017~~

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limite

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Statement of Changes in Equity for the period ended 31 March 2017

(Amount in Rs.)

Particulars	Share Capital	OTHER EQUITY		attributable to Equity holders of the Company
		Retained Earnings	Other reserves	
Balance as of April 1, 2016	-	-	-	-
Add: Increase in Share Capital	100,000	-	-	100,000
Add: Financial value of Corporate guarantee received	-	-	1,642,651	1,642,651
Less: Loss for the Period	-	(3,303,984)	-	(3,303,984)
Balance as of 31 March 2017	**100,000**	**(3,303,984)**	**1,642,651**	**(1,561,333)**

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

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Excelus Learning Solutions Private Limited BANGALORE

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Cash flow statement

	Amount in Rs.
	For the period from 23 November 2016 to 31 March 2017
Cash flow from operating activities	
Profit before tax	(3,065,842)
Adjustments for:	
Depreciation and amortisation	311,029
Interest income on term deposits	(2,825)
Finance costs	410,773
Operating cash flows before working capital changes	**(2,346,865)**
Changes in Loans, other financial assets and other assets	(3,636,126)
Changes in trade payables and other financial liabilities	5,597,315
Cash generated from operations	**(385,676)**
Direct taxes paid, net of refund	-
Net cash (used in) / provided by operating activities (A)	**(385,676)**
Cash flows from investing activities	
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	(11,770,243)
Bank deposits (having original maturity of more than three months)	(3,630,333)
Net cash (used in) / provided by investing activities (B)	**(15,400,576)**
Cash flows from financing activities	
Fair value of financial guarantee received	
Proceeds from borrowings	17,000,000
Proceeds from issue of equity shares, net of issue expenses	100,000
Interest paid	(286,346)
Net cash (used in) / provided by financing activities (C)	**16,813,654**
Net increase in cash and cash equivalents (A+B+C)	1,027,402
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer Note 6)	**1,027,402**

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

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to the financial statements for the year ended 31 March 2017

1. Company overview
Excelus Learning Solutions Private Limited ('the Company') , is a Company incorporated under the provisions of the Companies Act, 2013('the Act') on November 23, 2016. The company has its registered office in Bengaluru, India. The Company is engaged in the business of skill development and training services. The Company has still not commenced its operations and is still in a pre - operative stage.

2.1 Significant accounting policies

2.1.1 Basis of preparation
Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement
The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

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;

2.1.3 Use of estimates and judgment
The preparation of the 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 recognized 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 recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be

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

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

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2.1.4 Current - non current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and 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.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(vi) Financial guarantee contracts

Financial guarantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial guarantee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the period of such guarantee availed.

(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

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2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.

2.2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement

b. Non-financial assets

Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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

Remeasurements 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 profit or loss in subsequent periods.

(b) Defined contribution plans

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 recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.2.10 Revenue

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

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

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

2.2.11 Other income

Other income is comprised primarily of interest income and exchange gain/loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 Cash flow statement

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

2.2.16 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.
The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements

2.3.1 Standards issued but not yet effective

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

Amendment to Ind AS 7:

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

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

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Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to financial statements for the period ended 31 March 2017

3 Property, plant and equipment

Particulars	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment	Plant and Machinery	Total
Gross block						
As at 1 April 2016	-	-	-	-	-	-
Additions	2,645,765	1,111,671	2,866,925	2,351,332	-	8,975,693
Disposals	-	-	-	-		-
As at 31 March 2017	**2,645,765**	**1,111,671**	**2,866,925**	**2,351,332**	-	**8,975,693**
Accumulated Depreciation						
As at 1 April 2016	-	-	-	-	-	-
Charge for the period	118,528	30,409	56,741	105,351	-	311,029
Disposals	-	-	-	-		-
As at 31 March 2017	**118,528**	**30,409**	**56,741**	**105,351**	-	**311,029**
Net Block :						-
As at 31 March 2017	**2,527,237**	**1,081,262**	**2,810,184**	**2,245,981**	-	**8,664,664**

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

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to financial statements for the period ended 31 March 2017

4 Other non-current financial assets

Amount in Rs.

Particulars	**As at 31 March 2017**
Bank deposits (due to mature after 12 months from the reporting date)	3,630,333
	3,630,333

5 Other non-current assets

Amount in Rs.

Particulars	**As at 31 March 2017**
(Unsecured and considered good)	
Capital advances	2,794,550
Prepaid expenses	1,182,709
	3,977,259

6 Cash and cash equivalents

Amount in Rs.

Particulars	**As at 31 March 2017**
Cash and cash equivalents	
Cash in hand	-
Balances with banks	1,027,402
In current accounts	-
In deposit accounts (mature within 3 months from the reporting date)	
	1,027,402
Less: Book overdraft	-
	1,027,402

7 Other financial assets

Amount in Rs.

Particulars	**As at 31 March 2017**
Interest accrued but not due	2,825
Security deposits	2,610,620
	2,613,445

8 Other current assets

Amount in Rs.

Particulars	**As at 31 March 2017**
Advances to suppliers	140,584
Other advances	433,960
Prepaid expenses	910,903
	1,485,447

9 Share capital

Amount in Rs.

Particulars	As at 31 March 2017
Authorised	
10,000 equity shares of par value of Rs 10 each	100,000
	100,000
Issued, subscribed and paid-up	
10,000 equity shares of par value of Rs 10 each, fully paid up	100,000
	100,000

9.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

Amount in Rs.

Particulars	As at 31 March 2017
Equity shares	
At the commencement of the year	-
Shares issued	10,000
At the end of the year	**10,000**

9.2 Shares held by Holding Company

Amount in Rs.

Equity shares	As at 31 March 2017	
	Number of Shares	**Amount**
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited	9,999	99,990

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

Amount in Rs.

Equity shares	% of Holding	As at 31 March 2017
Equity shares of par value Rs 10 each		
Quess Corp Limited	99.99%	99,990

10 Other equity

Amount in Rs.

Particulars	As at 31 March 2017
Other reserves	1,642,651
Balance in statement of profit and loss at the end of the period*	(3,303,984)
	(1,661,333)

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

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

11 Deferred income tax liabilities

Amount in Rs.

Particulars	As at 31 March 2017
Deferred income tax liabilities	238,142
	238,142

12 Trade payables

Amount in Rs.

Particulars	As at 31 March 2017
Dues to other than micro, small and medium enterprises	4,706,671
	4,706,671

As on 31 March 2017, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

13 Current borrowings

Amount in Rs.

Particulars	As at 31 March 2017
Secured	
Cash credit and overdraft facilities	-
Loan from related parties, unsecured	
From Quess Corp Limited*	17,124,427
	17,124,427

*Repayable on demand, with interest equivalent to 10 year India Government Bond rate

14 Other current financial liabilities

Amount in Rs.

Particulars	As at 31 March 2017
Accrued Expenses	711,864
	711,864

15 Other current liabilities

Amount in Rs.

Particulars	As at 31 March 2017
Balances payable to government authorities	178,779
	178,779

VARMA & VARMA
BANGALORE INDIA
CHARTERED ACCOUNTANTS

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to financial statements for the period ended 31 March 2017

16 Other income

Amount in Rs.

Particulars	**For the period from 23 November 2016 to 31 March 2017**
Interest on bank deposits	2,825
	2,825

17 Finance costs

Amount in Rs.

Particulars	**For the period from 23 November 2016 to 31 March 2017**
Interest expense*	138,252
Other borrowing costs	272,521
	410,773

*Interest to holding company (Refer note no. 19)

18 Other expenses

Amount in Rs.

Particulars	**For the period from 23 November 2016 to 31 March 2017**
Rent	482,872
Legal and professional fees*	749,950
Rates and taxes	36,392
Printing and stationery	44,577
Travelling and conveyance	315,753
Communication expenses	7,048
Office maintenance	513,813
Miscellaneous expenses	11,460
Commission expenses	185,000
	2,346,865

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to financial statements for the period ended 31 March 2017

19 Contingent liabilities and Commitments

Amount in Rs.

Particulars	As at 31 March 2017
Contingent liabilities	
Claims against company not acknowledged as Debts	-
Capital Commitments (net of advance)	
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and	16,519,182
	16,519,182

20 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Fellow subsidiaries	Coachieve Solutions Private Limited
	MFX Infotech Private Limited
	Brainhunter Systems Ltd., Canada
	Mindwire Systems Ltd., Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.)
	Brainhunter Companies Canada Inc., Canada
	Brainhunter Companies LLC, USA
	Quess (Philippines) Corp. (formerly known as Magna Ikya Infotech, Inc., Philippines)
	Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.)
	Quesscorp Holdings Pte. Ltd, Singapore
	Quessglobal (Malaysia) Sdn. Bhd. (formerly known as Brainhunter SDN. BHD., Malaysia)
	Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
	Ikya Business Services (Private) Limited
	MFXchange Holdings Inc, Canada
	MFXchange (Ireland) Limited
	MFXchange US, Inc.
	MFX Roanoke Inc, USA
	Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited)
	Dependo Logistics Solutions Private Limited
	Manipal Integrated Services Private Limited
	Inticore VJP Advanced Solutions Private Limited
	Comtel Solutions pte Ltd, singapore
	CentreQ Business Services Limited
- Associates of Holding Company	Terrier Security Services (India) Private Limited
	Simpliance Technologies Private Limited
	Himmer Industrial Services (M) Sdn Bhd
- Fellow subsidiary of Holding Company	National Collateral Management Services Limited

Key executive management personnel

Subrata Nag	Director & Chief Financial Officer (till 23 January 2017)
Ranjit Nair	Director
Balasubramanian S	Chief Financial Officer (from 23 January 2017 till 31 March 2017)
NVS Pavankumar	Company Secretary (till 28 November 2016)
Sudershan Pallaap	Company Secretary (from 28 November 2016)

(ii) Related party transactions during the year/period

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Unsecured loan received from holding company	
- Quess Corp Limited	17,000,000
Interest on unsecured loan	
- Quess Corp Limited	138,252

VARAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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

Amount in Rs.

Particulars	As at 31 March 2017
Unsecured loan payable including interest	
- Quess Corp Limited*	17,124,427
*includes interest Rs. 124,427	

21 Earnings per share (EPS)

Amount in Rs.

Particulars	As at 31 March 2017
Net profit/ (loss) attributable to equity	(3,303,984)
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	10,000
Equity shares issued during the period	-
Number of equity shares at the end of the year	10,000
Weighted average number of equity shares outstanding during the period for basic and diluted EPS	10,000
Basic and diluted earnings per share (Rs)	**(330.40)**

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

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Statutory audit fees	45,000
Tax audit fees	-
	45,000

23 Leases

Operating Leases

The Company is obligated under cancellable lease for office and residential premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable operating leases for the year ended 31 March 2017 amounted to Rs. 4,82,872

24 Income tax

Income tax expense in the statement of profit and loss consists of:

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Current income tax:	-
In respect of the current period	
Deferred tax	238,142
In respect of the current period	
Income tax expense reported in the statement of profit and loss	**238,142**
Income tax expense has been allocated as follows:	
- Deferred tax arising on income and expense recognised in other comprehensive income	-
Net loss/ (gain) on remeasurement of defined	
- Deferred tax related to unrealised gain/loss on FVTOCI equity securities	-
Total	-

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Profit before tax *	(3,065,842)
Enacted income tax rate in India	30.90%
Computed expected tax expense	-
Effect of:	
Income exempt from tax	-
Expenses disallowed for tax purpose	-
Foreign tax (net)	-
Tax reversals	-
Others	-
Total income tax expense	-

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 is 30.90%.

VASAN & SAMPATH * BANGALORE INDIA CHARTERED ACCOUNTANTS

Deferred tax

Deferred tax relates to the following:

Amount in Rs.

	Balance sheet	Statement of profit and loss
	As at 31 March 2017	For the period from 23 November 2016 to 31 March 2017
Property, plant and equipment	238,142	238,142
Provision for compensated absence	-	-
Intangible assets	-	-
Deferred tax related to Net loss/(gain) on remeasurements of defined benefit plans recognised in OCI during the year**	-	-
Net deferred tax assets/ (liabilities)	**238,142**	**238,142**

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

Amount in Rs.

Particulars	**As at 31 March 2017**
Income tax assets	-
Income tax liabilities	-
Net income tax assets/(liability) at the end	-

25 **Financial instruments**

The carrying value and fair value of financial instruments by categories as at 31 March 2017 is as follows: *Amount in Rs.*

Particulars	Carrying value As at 31 March 2017	Fair value As at 31 March 2017
Financial assets		
Amortised cost		
Cash and cash equivalents	1,027,402	1,027,402
Other assets	6,243,778	6,243,778
Total assets	**7,271,180**	**7,271,180**
Financial liabilities		
Amortised cost		
Loans and borrowings	17,124,427	17,124,427
Trade payables	4,706,671	4,706,671
Other liabilities	711,864	711,864
Total liabilities	**22,542,962**	**22,542,962**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

HASKIN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to financial statements for the period ended 31 March 2017

26 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, there are no financial liabilities or assets revalued at fair value.

There are no financial liabilities and assets measured at fair value

27 Current financial year being the year of incorporation, these financial statements have been prepared for the period from 23rd November 2016 to 31 March 2017 and hence comparatives figures not available.

28 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 23rd November, 2016 to 30th December 2016

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

As per our report of even date attached
***for* Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

2 May 2017

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: ~~28 April 2017~~

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
BANGALORE

Subrata Nag

Subrata Nag
Director
DIN : 02234000

Independent Auditor's Report

To,
The Members
Inticore VJP Advance Systems Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Inticore VJP Advance Systems Private Limited** ('the Company'), which comprise the balance sheet as at **31st March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the period 14thMarch 2016 to 31st March 2017, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

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

Auditor's 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 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.

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Email : Info@vscaglobal.com
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VASAN & SAMPATH BANGALORE INDIA

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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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 does not have any pending litigationsand accordingly there is no impact on its financial position.

  ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

  iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

  iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 32.6 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the period ended 31 March 2017, we report that:

1)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

2) As explained to us, the physical verification of inventory has been carried out by the management and no material discrepancy was noticed.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the period. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The maintenance of cost records as prescribed by the Central Government under section 148(1) of the Act is not applicable for the company.

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company has not defaulted on repayment of any loans or borrowings from any financial institution, banks, government or debenture holders during the year.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments),according to information & explanationsgiven to us;the term loans

raised during the period have been applied by the Company for the purposes for which they were raised.

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

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the period and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

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

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

14) According to the information and explanations give 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 period.

15) 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. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of Inticore VJP Advance Systems Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

[1]Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

Inticore VJP Advance Systems Private Limited
Balance Sheet

	Note	*(Amount in Rs)* As at 31 March 2017
ASSETS		
Non-current assets		
Property, plant and equipment	4	28,211,594
Capital work-in-progress	4	675,242
Financial assets		
Other financial assets	5	330,000
Income tax assets (net)	6	1,002,029
Other non-current assets	7	4,413,201
		34,632,066
Current Assets		
Inventories	8	5,967,153
Financial assets		
Trade receivables	9	16,695,982
Cash and cash equivalents	10	47,413
Bank balance other than above	11	240,850
Other financial assets	12	10,113
Other current assets	13	4,330,433
		27,291,944
Total Assets		**61,924,010**
EQUITY AND LIABILITIES		
Equity		
Share Capital	14	384,000
Other equity	15	33,722,842
		34,106,842
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	16	7,011,845
Provisions	17	97,952
		7,109,797
Current liabilities		
Financial liabilities		
Borrowings	18	2,532,330
Trade payables	19	8,337,701
Other financial liabilities	20	9,020,824
Other current liabilities	21	794,792
Provisions	22	21,724
		20,707,371
Total Equity and Liabilites		**61,924,010**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited
Statement of profit and loss

	Note	*(Amount in Rs)* For the period from 14 March 2016 to 31 March 2017
Income		
Revenue from operations	23	41,874,860
Other income	24	85,808
Total Income		**41,960,668**
Expenses		
Cost of traded goods sold	25	31,630,334
Excise duty on sale of goods		4,098,140
Employee benefits expense	26	1,519,918
Finance costs	27	1,142,923
Depreciation and amortisation expense	28	285,398
Other expenses	29	4,515,913
Total expenses		**43,192,626**
Profit/(loss) before tax		**(1,231,958)**
Tax expense		
Current tax		-
Deferred tax		-
Profit/(loss) for the period		**(1,231,958)**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**(1,231,958)**
Earnings per equity share (face value of Rs 10 each)	32.4	
Basic		(65.11)
Diluted		(65.11)

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2-May-2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited

Statement of Cash Flows	*(Amount in Rs)* For the period ended 31 March 2017
Cash flow from operating activities	
Loss for the period	(1,231,958)
Adjustments for:	
Depreciation and amortisation	285,398
Interest income on term deposits	(30,401)
Finance costs	1,142,923
Operating cash flows before working capital changes	**165,962**
Changes in inventories and trade receivables	(22,663,135)
Changes in Loans, other financial assets and other assets	(8,896,247)
Changes in trade payables and other financial liabilities	12,929,995
Changes in other liabilities and provisions	914,468
Cash generated from operations	**(17,548,957)**
Income taxes paid, net of refund	(1,002,029)
Net cash (used in) / provided by operating activities (A)	**(18,550,986)**
Cash flows from investing activities	
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	(29,172,234)
Bank deposits (having original maturity of more than three months)	(240,850)
Interest income on term deposits	30,401
Net cash (used in) / provided by investing activities (B)	**(29,382,683)**
Cash flows from financing activities	
Proceeds from borrowings	13,972,705
Proceeds from issue of equity shares	35,088,800
Interest paid	(1,080,423)
Net cash (used in) / provided by financing activities (C)	**47,981,082**
Net increase in cash and cash equivalents (A+B+C)	47,413
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer note 10)	**47,413**
	-

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2-May-2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited
Statement of Changes in Equity

(Amount in Rs)

Particulars	Share Capital	OTHER EQUITY				Total Equity attributable to Equity holders of the Company
		Reserves and Surplus			Other Comprehensive Income	
		Securities Premium	Retained Earnings	Other Reserves	Other Items of Other comprehensive Income	
Opening Balance	-	-	-	-	-	-
Add: Increase in share capital	384,000		-	-	-	384,000
Add: Premium received on issue of equity shares	-	34,704,800	-	-	-	34,704,800
Add: Loss for the period	-	-	(1,231,958)	-	-	(1,231,958)
Add: Fair value of financial guarantee received	-	-	-	250,000	-	250,000
Balance as at 31 March, 2017	**384,000**	**34,704,800**	**(1,231,958)**	**250,000**	**-**	**34,106,842**

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2-May-17

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview
Inticore VJP Advance Systems Private Limited is incorporated on 14 March 2016 under the Companies Act, 2013. The Company is a subsidiary of Quess Corp Limited ("Holding Company") w.e.f 1 December 2016 post subscription of shares. The Company is engaged in Designing, manufacturing and trading the advances systems which are meant for high precision cast components and system designed for integrated core solutions. Manufacture, trading and supply of machined aluminium (and other metal alloy) castings and other related parts to diversified industry sectors.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

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;

2.1.3 Use of estimates and judgment
The preparation of the 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 recognized 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 recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

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

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification
All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

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Liabilities
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle
Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and 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.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition
The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost
A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income
All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

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(vi) Financial guarantee contracts

Financial guarantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial guarantee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the period of such guarantee availed.

(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Buidling	20 years
Plant and machinery	8 years
Tools and Moulds	Maximum 3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Useful life of Tools and Moulds are evaluated at the end of each year.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.
Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

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2.2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

b. Non-financial assets

Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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

Remeasurements 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 profit or loss in subsequent periods.

(b) Defined contribution plans

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 recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

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2.2.10 Revenue
Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

2.2.11 Other income
Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.
The Company recognises export benefits on cash basis.

2.2.12 Cost recognition
Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Inventories
Inventories are valued at lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:
Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manfacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in first out basis.
Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

2.2.14 Finance costs
Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest

2.2.15 Income tax
Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the 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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

2.2.17 Earnings per share
Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.
The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3 Recent accounting pronouncements
3 Standards issued but not yet effective
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.
Amendment to Ind AS 7:
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

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

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4 **Property, plant and equipment**

Particulars	Buildings	Computer and Equipments	Furniture & Fixtures	Office Equipments	Plant and Machinery	Tools and Moulds	Capital Work in Progress	Total
Cost/Deemed Cost (gross carrying value)								
Opening Balance								-
Additions during the period	12,758,327	54,819	1,903,161	465,900	12,999,365	315,420	675,242	29,172,234
Disposals for the period	-							-
As at 31 March 2017	**12,758,327**	**54,819**	**1,903,161**	**465,900**	**12,999,365**	**315,420**	**675,242**	**29,172,234**
Accumulated Depreciation								
Opening Balance	-	-	-	-	-	-	-	-
Charge for the period	55,607	13,345	33,352	31,812	142,064	9,218	-	285,398
Disposals		-		-	-	-	-	-
As at 31 March 2017	**55,607**	**13,345**	**33,352**	**31,812**	**142,064**	**9,218**	-	**285,398**
Net Block :								
As at 31 March 2017	**12,702,720**	**41,474**	**1,869,809**	**434,088**	**12,857,301**	**306,202**	**675,242**	**28,886,836**

Refer note 32.10 for indirect cost allocated to buildings.

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6 Income tax

The major components of income tax expense for the period ended 31 March 2017 :

(Amount in Rs)

Particulars	For the period ended 31 March 2017
Statement of profit and loss account	
Current income tax:	
In respect of the current period	-
Deferred tax	
In respect of the current period	-
Income tax expense reported in the statement of profit and loss	-
Other comprehensive Income	
Deferred tax related to items recognised in OCI during the period	-
Total	-

Deferred tax

* 'The company has not recognised deferred tax asset as at 31 March 2017 due to absense of reasonable certainty of set off of unabsorbed losses against taxable profits in the forseeable future.

The Company has not created deferred tax assets on the following:

Particulars	As at 31 March 2017
Property, plant and equipment	(139,120)
Provision for compensated absences	9,994
Provision for gratuity	20,823
Losses available for offsetting against future taxable income	494,256
Others	
	385,953

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

Particulars	As at 31 March 2017
Income tax assets	1,002,029
Income tax liabilities	-
Net income tax liability at the end of the period	**1,002,029**

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INTICORE VJP ADVANCE SYSTEMS PVT. LTD

Inticore VJP Advance Systems Private Limited
Notes to the financial statements for the period ended 31 March 2017

5 Other non-current financial assets

	As at 31 March 2017
Bank deposits (due to mature after 12 months from the reporting date)	330,000
	330,000

7 Other non-current assets

	As at 31 March 2017
(Unsecured and considered good)	
Capital advances	4,304,351
Security deposits	108,850
	4,413,201

8 Inventories

	As at 31 March 2017
(Valued at lower of cost and net realizable value)	
Raw materials	1,449,142
Work-in-progress	594,896
Tools	2,298,754
Finished Goods	1,624,361
	5,967,153

9 Trade receivables

	As at 31 March 2017
Unsecured	
Considered good	16,695,982
	16,695,982

10 Cash and cash equivalents

	As at 31 March 2017
Cash and cash equivalents	
Balances with banks	
In current accounts	47,413
	47,413

11 Other bank balances

	As at 31 March 2017
Balance with banks held as margin money deposits	240,850
	240,850

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12 Other financial assets

	As at 31 March 2017
(Unsecured and considered good)	
Interest accrued but not due	10,113
	10,113

13 Other current assets

	As at 31 March 2017
(Unsecured and considered good)	
Advances other than capital advances	
Advances to suppliers	1,666,933
Advances to employees	48,794
Other advances	115,873
Prepaid expenses	242,130
Balance with government authorities	2,256,703
	4,330,433

14 Share capital

	As at 31 March 2017
Authorised	
50,000 equity shares of par value of Rs 10 each	500,000
	500,000
Issued, subscribed and paid-up	
38,400 equity shares of par value of Rs 10 each, fully paid up	384,000
	384,000

14.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

	As at 31 March 2017	
Particulars	**Number of shares**	**Amount in Rs**
Equity shares		
Opening Balance	-	-
Shares issued during the period	38,400	384,000
Balance as at 31 March 2017	**38,400**	**384,000**

14.2 Shares held by Holding Company

	As at 31 March 2017	
Particulars	**Number of shares**	**Amount in Rs**
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited, the holding company	28,400	284,000
	28,400	**284,000**

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

Particulars	As at 31 March 2017	
	Number of shares	% holding in class
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited	28,400	73.96%
Vee J Pee Aluminimum Foundry Private Limited	9,990	26.02%

14.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each equity holder is entitled to one vote per share. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of preferential amounts if any, in proportion to the number of equity shares held.

15 Other equity

	As at 31 March 2017
Securities premium account at the end of the period*	34,704,800
Balance in statement of profit and loss at the end of the period*	(1,231,958)
Other reserves	250,000
	33,722,842

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

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares.

16 Non-current borrowings

	As at 31 March 2017
Secured	
From Banks	7,011,845
	7,011,845

Term Loan is taken from Yes Bank Limited which carries interest rate of 0.6% over the marginal cost of funds based lending rate computed. These are secured by way of pari passu first charge on the entire current assets and movable fixed assets of the Company both present and future.

Principal payments which are due after twelve months from the reporting date aggregating to Rs 7,011,845 has been classified as long-term borrowings. Principal payments which are due within twelve months from the reporting date aggregating to Rs 4,428,530 has been classified as current maturities of long-term borrowings under other current liabilities.

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17 Non-current provisions

	As at 31 March 2017
Provision for employee benefit	
Provision for gratuity	38,701
Provision for compensated absences	59,251
	97,952

18 Current borrowings

	As at 31 March 2017
Loans from bank repayable on demand	
Secured	
Cash credit	2,532,330
	2,532,330

18.1 * Cash credit from banks carry interest @ 0.80% over the the marginal cost of funds based lending rate computed on a monthly basis on actual amount utilised, and are repayable on demand. These are secured by way of pari passu first charge on the entire current assets and movable fixed assets of the Company both present and future.

19 Trade payables

	As at 31 March 2017
Trade payable	8,337,701
	8,337,701

As on 31 March 2017, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

20 Other current financial liabilities

	As at 31 March 2017
Current maturities of long-term borrowings	4,428,530
Interest accrued and not due	82,690
Other Payables	
Accrued expenses	4,509,604
	9,020,824

21 Other current liabilities

	As at 31 March 2017
Advance received from customers	242,795
Statutory dues	334,819
Others	217,178
	794,792

22 Current provisions

	As at 31 March 2017
Provision for employee benefits	
Provision for gratuity	110
Provision for compensated absences	21,614
	21,724

23 Revenue from operations

Particulars	For the period from 14 March 2016 to 31 March 2017
Sale of goods including excise duty	41,874,860
	41,874,860

24 Other income

Particulars	For the period from 14 March 2016 to 31 March 2017
Interest on bank deposits	30,401
Exchange gain	2,898
Duty drawback received	52,509
	85,808

25 Cost of goods sold

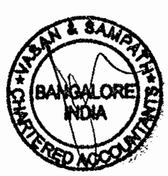
Particulars	For the period from 14 March 2016 to 31 March 2017
Inventory at the beginning of the period	-
Add: purchases during the period	37,597,487
Less: Inventory at the end of the period	5,967,153
Cost of goods sold	**31,630,334**

26 Employee benefits expense

Particulars	For the period from 14 March 2016 to 31 March 2017
Salaries and wages	1,385,492
Gratuity	38,811
Compensated absense	80,865
Staff welfare expenses	14,750
	1,519,918

27 Finance costs

Particulars	For the period from 14 March 2016 to 31 March 2017
Interest expense	961,860
Other borrowing costs	181,063
	1,142,923



28 Depreciation and amortisation expense

Particulars	For the period from 14 March 2016 to 31 March 2017
Depreciation and amortisation (refer note 4)	285,398
	285,398

29 Other expenses

Particulars	For the period from 14 March 2016 to 31 March 2017
Legal and professional fees	794,294
Processing cost	1,907,260
Travelling and conveyance	393,151
Transportation charges	327,608
Bank charges	174,348
Power and fuel	163,801
Printing and stationery	130,122
Rates and taxes	177,278
Insurance Expnses	123,571
Rent	14,820
Repairs & Maintenance - buildings	85,025
Repairs & Maintenance - others	32,299
Miscellaneous expenses	192,336
	4,515,913

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

As auditor	
Statutory audit	350,000
Other services	5,000
	355,000

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30 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017 as follows:

As at 31 March 2017 *(Amount in Rs)*

Particulars	**Carrying value**	**Fair value**
Financial assets	**31 March 2017**	**31 March 2017**
Amortised cost		
Trade receivable	16,695,982	16,695,982
Cash and cash equivalents	47,413	47,413
Other assets	580,963	580,963
Total assets	**17,324,358**	**17,324,358**
Financial liabilities		
Amortised cost		
Loans and borrowings	2,532,330	2,532,330
Trade payables	8,337,701	8,337,701
Other liabilities	9,020,824	9,020,824
Total liabilities	**19,890,855**	**19,890,855**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

31 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

There are no financial liabilities or assets measured at fair value.

32 Notes to accounts

32.1 Contingent liabilities and commitments *(Amount in Rs)*

Particulars	31 March 2017
Contingent liabilities	Nil
Capital Commitments net of advances	2,716,760

32.2 Gratuity plan

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2017.

Particulars	31 March 2017
Change in defined benefit obligation	
Obligation at the beginning of the year	-
Current service cost	38,811
Interest cost	-
Benefit settled	-
Actuarial (gain) / loss- Experience	-
Obligation at end of the year	38,811

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

Particulars	31 March 2017
Fair value of plan assets at the end of the year	-
Present value of the defined benefit obligations at the end of the year	38,811
Liability recognised in the balance sheet	38,811
Current	110
Non-current	38,701

Particulars	31 March 2017
Service cost	38,811
Net interest on net defined benefit liability/(asset)	-
Re-measurement- acturial gain/(loss) recognised on OCI	-
Curtailment cost	-
Past service cost	-
Net gratuity cost	38,811

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant acturial assumptions, holding other assumptions

	As at 31 March 2017	
	Increase	**Decrease**
Discount rate (1% movement)	35,244	42,944
Future salary growth(1% movement)	35,275	42,823

Assumptions

Particulars	31 March 2017
Interest rate	7%
Salary increase	9%
Attrition rate	12.5%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion
The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments

Maturity profile of defined benefit obligation

Particulars	31 March 2017
Within 1 year	110
2-5 years	16,256
6-10 years	20,420
More than 10 years	52,633

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32.3 **Leave encashment**

The Company has accounted the cost of leave encashment based on the acturial valuation report obtained on 31 March 2017 and has estimated a leave encashment liability of Rs 80,865 under projected unit credit method as per IndAs 19 .

Key assumptions used in the valuation of leave encashment Liability are as given below:

Particulars	31 March 2017
Interest rate	7%
Salary increase	9%
Attrition rate	12.5%
Mortality rate	LIC (2006-08) published table of mortality rates

32.4 ***Computation of Earnings per share (EPS)***

Particulars	31 March 2017
Net profit/ (loss) attributable to equity shareholders	(1,231,958)
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	-
Equity shares issued during the period	38,400
Number of equity shares at the end of the period	38,400
Weighted average number of equity shares outstanding during the period for basic EPS	18,921
Basic earnings per share (Rs)	(65.11)
Diluted earnings per share (Rs)	(65.11)

32.5 ***Related party disclosures***

I. Related party relationships

Entity having common directors with whom the Company has transactions

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited (from 01 December 2016) Vee J Pee Aluminimum Foundry Private Limited (till 30 November 2016)
- Fellow Subsidiaries	MFX Infotech Private Limited Brainhunter Systems Limited, Canada Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC (USA) Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange Inc, USA MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited) Dependo Logistics Solutions Private Limited Coachieve Solutions Private Limited Comtel Solutions pte Ltd Centreq Business Services Private Limited Excelus Learning Solutions Private Limited
- Associates of the holding company	Terrier Security Services (India) Private Limited Simpliance Technologies Pvt Ltd Himmer Industrial Services (M) Sdn Bhd
- Fellow subsidiary of the holding company	National Collateral Management Services Limited
- Entity having common directors of holding company	Net Resource Investments Private Limited
-Entities in which key managerial 'personnel of holding company has significant influence	Styracorp Management services IME Consultancy
- Other related parties	Manipal Integrated Services Private Limited

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Related party disclosures (Contd.)
Key management personnel

Ajit Isaac
Subrata Nag
Balasubramaian
NVS Pavankumar
Sudarshan Pallaap
Ranjit Nair

II Related party with whom transactions have taken place during the period

Particulars	31 March 2017
Sale of goods	
Vee J Pee Aluminimum Foundry Private Limited	5,365,975
Purchase of goods	
Vee J Pee Aluminimum Foundry Private Limited	4,007,144
Expenses Reimbursed From	
Vee J Pee Aluminimum Foundry Private Limited	902,647
Expenses paid to	
Vee J Pee Aluminimum Foundry Private Limited	125,625
Closing balance	
Receivable	
Vee J Pee Aluminimum Foundry Private Limited	3,158,660

32.6 ***Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2***

Particulars	Specified Bank Notes	Other denomination	Total
Closing cash in hand as on 8 November 2016	-	85,100	85,100
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	85,100	85,100

32.7 ***Segment reporting***

The Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments.
The Company is in the business of Designing and manufacturing the advances systems which are meant for high precision cast components and system designed for integrated core solutions. Manufacture and supply of machiened aluminium (and other metal alloy) castings and other related parts to diversified industry sectors and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company primarily caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

32.8 Since the company is in its initial year of operation, the Company has not recognised credit loss on expected credit loss model for the period reported.

32.9 Previous year/opening balance figures are not states since this is the first financial statements of the Company. The financial statement have been prepared for the period 14 March 2016 to 31 March 2017.

32.10 Additions made to building during the year includes allocable indirect overheads of Salaries and Professional charges amounting to Rs 26,14,478.

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

Unnikrishnan Menon
Partner
Membership No: 205703

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Place: Bengaluru
Date: 2-May-2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Independent Auditor's Report

To,
The Members
MFX InfotechPrivate Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **MFX Infotech Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

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

Auditor's 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 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.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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Email : Info@vscaglobal.com
web : www.vscaglobal.com

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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

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 does not have any pending litigations and accordingly there is no impact on its financial position.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

   iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 36 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12/May/2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

According to the information and explanations given to us, the company had undisputed amount payable in respect of profession tax amounting to Rs. 64,457 which was in arrears as at 31 March 2017 for the period April'16 to August'16, and was subsequently paid on 12th May 2017.

b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

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

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with 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.

14) According to the information and explanations give 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.

15) 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. Accordingly, paragraph 3(xv) of the Order is not applicable.

VARAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12/May/2017

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of MFX Infotech Private Limited ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 over financial reporting.

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[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

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

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12/May/2017.

MFX Infotech Private Limited

(Amount in Rs.)

Balance Sheet as at	Note	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	8,921,722	8,092,605	2,212,865
Intangible assets	4	111,670	208,258	-
Deferred income tax assets (net)	5	4,501,951	2,141,623	660,000
Income tax assets (net)	5	407,988	796,692	-
Other non-current assets	6	13,170,081	13,407,874	171,800
		27,113,412	**24,647,052**	**3,044,665**
Current Assets				
Inventories	7	-	15,351,239	-
Financial assets				
Trade and other receivables	8	162,029,643	147,945,991	14,854,192
Cash and cash equivalents	9	33,518,623	7,934,362	19,359,173
Other current assets	10	59,355,103	33,241,092	12,499,391
		254,903,369	**204,472,684**	**46,712,756**
Total Assets		**282,016,781**	**229,119,736**	**49,757,421**
EQUITY AND LIABILITIES				
Equity				
Share Capital	11	10,000,000	10,000,000	10,000,000
Other equity	12	41,827,481	6,167,499	5,741,819
		51,827,481	**16,167,499**	**15,741,819**
Liabilities				
Non-current liabilities				
Non-current provisions	13	8,656,893	4,565,523	1,955,187
		8,656,893	**4,565,523**	**1,955,187**
Current liabilities				
Financial liabilities				
Trade payables	14	6,123,713	7,874,263	157,107
Borrowings	15	146,641,663	169,659,582	24,059,638
Other current financial liabilities	16	32,852,654	23,657,287	2,763,306
Income tax liabilities (net)	5	-	-	3,750,000
Current provisions	17	31,654,371	3,061,571	260,295
Other current liabilities	18	4,260,006	4,134,011	1,070,069
		221,532,407	**208,386,714**	**32,060,415**
Total Equity and Liabilities		**282,016,781**	**229,119,736**	**49,757,421**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No:004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

(Amount in Rs.)

Statement of profit and loss	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from operations	19	464,873,497	206,635,603
Other income	20	1,164,177	319,508
Total Income		**466,037,674**	**206,955,111**
Expenses			
Decrease in inventory of software under development	7	15,351,239	-
Employee benefit expenses	21	313,106,672	163,697,277
Finance costs	22	11,094,726	4,700,246
Depreciation and amortisation expense	23	3,735,304	1,403,031
Other expenses	24	71,047,401	36,436,162
Total expenses		**414,335,342**	**206,236,716**
Profit before share of profit from associates		**51,702,332**	**718,395**
Share of profit from associates			-
Profit before tax		**51,702,332**	**718,395**
Tax expense			
Current Tax	5	(18,261,092)	(1,600,278)
Deferred tax	5	2,383,255	1,317,560
Profit for the period		**35,824,495**	**435,677**
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans		(464,512)	(309,997)
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**35,359,983**	**125,680**
Total comprehensive income attributable to :			
Equity holders of the parent		35,359,983	125,680
Non-controlling interests			
Earnings per equity share (face value of 10 each)			
Basic		35.36	0.13
Diluted		35.36	0.13

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No.004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

MFX Infotech Private Limited
Statement of Changes in Equity for the year ended 31 March 2017

(Amount in Rs.)

Particulars	Share Capital	Other Equity			Total Equity attributable to Equity holders of the Company
		Retained Earnings	Other Items of Other comprehensive Income	Other Reserves	
Balance as of April 1, 2016	10,000,000	6,027,496	(309,997)	450,000	**16,167,499**
Add: Profit for the Period	-	35,824,495	-		**35,824,495**
Add: Fair value of financial guarantee received	-	-	-	300,000	**300,000**
Less: Re-measurement gains / (losses) on defined benefit plan	-	-	(464,512)	-	**(464,512)**
Balance as of 31 March 2017	**10,000,000**	**41,851,991**	**(774,509)**	**750,000**	**51,827,482**

(Amount in Rs.)

Particulars	Share Capital	Other Equity			Total Equity attributable to Equity holders of the Company
		Retained Earnings	Other Items of Other comprehensive Income	Other Reserves	
Balance as of 1 April 2015	10,000,000	5,591,819	-	150,000	**15,741,819**
Add: Profit for the Period	-	435,677	-	-	**435,677**
Add: Fair value of financial guarantee received	-	-	-	300,000	**300,000**
Less: Re-measurement gains / (losses) on defined benefit plan	-	-	(309,997)	-	**(309,997)**
Balance as of 31 March 2016	**10,000,000**	**6,027,496**	**(309,997)**	**450,000**	**16,167,499**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No.004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

MFX Infotech Private Limited

(Amount in Rs.)

Statement of Cash Flows	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash flow from operating activities		
Profit before tax	51,702,332	718,395
Adjustments for:		
Depreciation and amortisation	3,735,304	1,403,031
Foreign Exchange Loss	4,342,356	2,171,930
Finance costs	11,094,726	4,700,246
Other Adjustments	(77,073)	36,224
Operating cash flows before working capital changes	**70,797,645**	**9,029,826**
Changes in inventories, TR	(3,776,426)	(149,820,092)
Changes in Loans, other financial assets and other assets	(28,830,569)	(34,335,815)
Changes in trade payables and other financial liabilities	7,444,817	28,611,137
Changes in other liabilities and provisions	32,810,165	8,475,554
Cash generated from operations	**78,445,632**	**(138,039,390)**
Direct taxes paid, net of refund	(14,982,550)	(5,999,216)
Net cash (used in) / provided by operating activities (A)	**63,463,082**	**(144,038,606)**
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles,	(4,467,833)	(7,491,029)
Net cash used in by investing activities (B)	**(4,467,833)**	**(7,491,029)**
Cash flows from financing activities		
Proceeds from borrowings	(22,316,262)	144,805,070
Interest paid	(11,094,726)	(4,700,246)
Net cash used in by financing activities (C)	**(33,410,988)**	**140,104,824**
Net increase in cash and cash equivalents (A+B+C)	25,584,261	(11,424,811)
Cash and cash equivalents at the beginning of the period	**7,934,362**	**19,359,173**
Cash and cash equivalents at the end of the period (refer note 9)	**33,518,623**	**7,934,362**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No:004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

MFX INFOTECH PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview

MFX Infotech Private Limited('the Company') is a Company incorporated under the provisions of the Companies Act, 2013('the Act') on June 20, 2014 originally as 'Private Limited Company'. The company has its registered office in Bengaluru, India. The company is engaged in the business of Software Support Services.

2. Significant accounting policies

2.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. 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;

2.3 Use of estimates and judgement

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized 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 recognized in the financial statements is included in the following notes:

i. Contingent liability: Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

ii. Income taxes: Significant judgements are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii. Other estimates: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.4 Current - non current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

MFX Infotech Pvt. Ltd. * Bangalore *

Liabilities
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle
Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.5 Summary of significant accounting policies

2.5.1 Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the company operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

2.5.2 Foreign currency transactions and balances
Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and 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.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.5.3 Financial instruments

2.5.3.1. Initial recognition
The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

2.5.3.2. Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortised cost
A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income
All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividend are recognised in other comprehensive income which is not subsequently recycled to statement of profit and loss.

(iv) Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

BANGALORE INDIA

MFX Infotech Pvt. Ltd.

(v) Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(vi) Financial guarantee contracts
Financial guarantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial guarantee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the period of such guarantee availed.

(b) Share Capital
Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.5.3.3 De - Recognition of financial instruments
The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.5.4 Fair Value of Financial Instruments
In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.5.5 Property, plant and equipment
Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

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

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.5.7 Leases
Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

2.5.8 Impairment
a. Financial assets
The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

BANGALORE INDIA CHARTERED ACCOUNTANTS

MFX Infotech Pvt. Ltd. * Bangalore *

b. Non-financial assets

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.5.9 Employee benefit

Post-employment benefits

(a) Defined benefit plan
For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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

(b) 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 Companys contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences
The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method as at the reporting date.

2.5.10 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.5.11 Revenue
Revenue is recognized 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 recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

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

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

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MFX Infotech Pvt. Ltd. Bangalore

2.5.12 Other income
Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.

2.5.13 Cost recognition
Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.5.14 Inventories
Inventories are valued at the lower of cost which is determined on a weighted average basis and net realizable value. Inventories are stated net of write down or allowances on account of obsolete, damaged or slow moving items, if any.

2.5.15 Finance costs
Interest expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.5.16 Income tax
Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the 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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

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

2.5.18 Earnings per share
Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.6 Recent accounting pronouncements
2.6.1 Standards issued but not yet effective
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

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

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

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2.7 First-time adoption of Ind-AS

These financial statements of the company for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2.5 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet , Statement of profit and loss, is set out in note 2.7.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.7.1.

2.7.1 Exemptions and exceptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions and exceptions:

I. Ind AS optional exemptions availed

Property, plants and equipments and Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Previous GAAP financial as deemed cost at the transition date.

II. Ind AS mandatory exemptions

a) Estimates

AS per Ind AS 101 , an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same

(i)Impairment of financial assets based on expected credit loss model.

(ii)Fair value of financial assets (Financial Guarantee contracts).

b) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

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Note 2.7.2-Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at 1 April 2015 and 31 March 2016.
2. Net profit for the year ended 31 March 2016.

Reconciliation of equity as previously reported under IGAAP to Iud AS

(Amount in Rs.)

Particulars	*Opening Balance sheet as at 31 March 2016*			*Opening Balance sheet as at 1 April 2015*		
	Applicable GAAP	**Effects of transition to Ind-**	**Ind AS**	**Applicable GAAP**	**Effects of transition to Ind-**	**Ind AS**
ASSETS						
Non-current assets						
Property, plant and equipment	8,092,605	-	8,092,605	2,212,865	-	2,212,865
Intangible assets	208,258	-	208,258	-	-	-
Deferred income tax assets	2,125,626	15,996	2,141,623	660,000	-	660,000
Income tax assets (net)	796,691	-	796,692		-	-
Other non-current assets	16,818,926	(3,411,051)	13,407,874	171,800	-	171,800
	28,042,106	**(3,395,055)**	**24,647,052**	**3,044,665**	**-**	**3,044,665**
Current Assets						
Inventories	15,351,239	-	15,351,239	-	-	-
Financial assets						
Trade and other receivables	147,945,991	-	147,945,991	14,854,192	-	14,854,192
Cash and cash equivalents	7,934,362	-	7,934,362	19,359,173	-	19,359,173
Loans	-	-	-	-	-	-
Other current assets	29,576,262	3,664,830	33,241,092	12,349,391	150,000	12,499,391
	200,807,854	**3,664,830**	**204,472,684**	**46,562,756**	**150,000**	**46,712,756**
Total Assets	**228,849,960**	**269,775**	**229,119,736**	**49,607,421**	**150,000**	**49,757,421**
EQUITY AND LIABILITIES						
Equity						
Share Capital	10,000,000	-	10,000,000	10,000,000	-	10,000,000
Other equity	5,897,727	269,775	6,167,499	5,591,819	150,000	5,741,819
	15,897,727	**269,775**	**16,167,499**	**15,591,819**	**150,000**	**15,741,819**
Liabilities						
Non-current liabilities						
Other non-current liabilities	4,565,523	-	4,565,523	1,955,187	-	1,955,187
	4,565,523	**-**	**4,565,523**	**1,955,187**	**-**	**1,955,187**
Current liabilities						
Financial liabilities						
Trade and other payables	7,874,264	-	7,874,263	157,107	-	157,107
Borrowings	169,659,582	-	169,659,582	24,059,638	-	24,059,638
Financial liabilities	23,657,287	-	23,657,287	2,763,306	-	2,763,306
Current income tax liabilities (net)	-	-	-	3,750,000	-	3,750,000
Provisions for other liabilities and charges	3,061,570	-	3,061,571	260,295	-	260,295
Other current liabilities	4,134,007	-	4,134,011	1,070,068	-	1,070,069
	208,386,710	**-**	**208,386,714**	**32,060,414**	**-**	**32,060,415**
Total Equity and Liabilites	**228,849,960**	**269,775**	**229,119,736**	**49,607,420**	**150,000**	**49,757,421**

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Note 2.7.2-Reconciliation Statement of Profit and Loss as previously reported under IGAAP to IND AS

(Amount in Rs.)

Particulars	Year ended 31 March 2016		
	Applicable GAAP	Effects of transition to Ind-AS	Ind AS
Income			
Revenue from operations	206,635,603		206,635,603
Other income	-	319,508	319,508
Total Income	**206,635,603**	**319,508**	**206,955,111**
Expenses			
Employee benefits expense	164,171,336	(474,059)	163,697,277
Finance costs	4,550,246	150,000	4,700,246
Depreciation and amortisation expense	1,403,031	-	1,403,031
Other expenses	36,070,432	365,730	36,436,162
Total expenses	**206,195,045**	**41,671**	**206,236,716**
Profit before tax	**440,558**	**277,837**	**718,395**
Tax expense			
Current tax	(1,600,278)	-	(1,600,278)
Adjustments of tax relating to earlier periods	-	-	-
Deferred tax	1,465,626	(148,066)	1,317,560
Profit for the period	**305,906**	**129,771**	**435,677**
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans	-	(309,997)	(309,997)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	**305,906**	**(180,226)**	**125,680**

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3 Property, plant and equipment

(Amount in Rs.)

Particulars	Leasehold improvements	Office equipment	Computer equipment	Total
Gross block				
As at 1 April 2015	-	2,008,701	397,806	2,406,507
Additions during the period	1,003,037	873,469	5,324,496	7,201,002
Disposals for the period	-	-	-	-
As at 31 March 2016	**1,003,037**	**2,882,170**	**5,722,302**	**9,607,509**
Additions	-	1,729,826	2,738,006	4,467,832
Disposals	-	-	-	-
As at 31 March 2017	**1,003,037**	**4,611,996**	**8,460,308**	**14,075,341**
Accumulated Depreciation				-
As at 1 April 2015	-	162,007	31,635	193,642
Charge for the year	68,972	514,081	738,209	1,321,262
Disposals during the period	-	-	-	-
As at 31 March 2016	**68,972**	**676,088**	**769,844**	**1,514,904**
Charge for the period	334,040	860,959	2,443,716	3,638,715
Disposals	-	-	-	-
As at 31 March 2017	**403,012**	**1,537,047**	**3,213,560**	**5,153,619**
Net Block :				-
As at 31 March 2017	**600,025**	**3,074,949**	**5,246,748**	**8,921,722**
As at 31 March 2016	**934,065**	**2,206,082**	**4,952,458**	**8,092,605**
As at 1 April 2015	**-**	**1,846,694**	**366,171**	**2,212,865**

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4 Intangible Assets

(Amount in Rs.)

Particulars	Computer software	Total
Gross block		
Cost or Valuation		
As at 1 April 2015	-	-
Additions on Amalgamation	-	-
Additions during the period	290,027	290,027
Disposals for the period	-	-
Translation adjustment	-	-
As at 31 March 2016	**290,027**	**290,027**
Additions	-	-
Disposals	-	-
As at 31 March 2017	**290,027**	**290,027**
Accumulated Depreciation		
As at 1 April 2015	-	-
Additions on Amalgamation	-	-
Charge for the period	81,769	81,769
Disposals during the period	-	-
Translation adjustment	-	-
As at 31 March 2016	**81,769**	**81,769**
Charge for the period	96,588	96,588
Disposals	-	-
As at 31 March 2017	**178,357**	**178,357**
Net Block		
As at 31 March 2017	**111,670**	**111,670**
As at 31 March 2016	**208,258**	**208,258**
As at 1 April 2015	-	-

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5 (A) Income tax

Income Tax Assets/Liabilities in the Balance Sheet are as follows

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advance income tax/(Provision for Income Tax) net	407,988	796,692	(3,750,000)
	407,988	**796,692**	**(3,750,000)**

Income tax expense in the statement of profit and loss consists of:

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current income tax:		
In respect of the current period	18,261,092	1,600,278
Deferred tax		
In respect of the current period	(2,383,255)	(1,317,560)
Income tax expense reported in the statement of profit and loss	**15,877,837**	**282,718**
- Deferred tax arising on income and expense recognised in other comprehensive income	**22,927**	**(164,062)**
Total Tax Charge including Deferred Tax	**15,900,764**	**118,656**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	51,702,332	718,395
Enacted income tax rate in India	33.06%	34.61%
Computed expected tax expense	17,092,791	248,637
Effect of:		
Income exempt from tax	-	-
Expenses disallowed for tax purpose(net)	(1,208,399)	(129,972)
Foreign tax (net)	-	-
Tax reversals	22,927	-
Others	(6,555)	-
Total income tax expense	**15,900,764**	**118,664**

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 and March 31, 2016 is 33.06% and 34.61% respectively.

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

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income tax assets	25,013,740	5,999,216	-
Income tax liabilities	24,605,752	5,202,525	3,750,000
Net income tax assets/(liability) at the end	**407,988**	**796,691**	**(3,750,000)**

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The gross movement in current income tax aset/(liability) for the year ended 31st March 2017 and 31st March 2016.

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net Current Income Tax Asset/(liability) at beginning	796,691	(3,750,000)
Income Tax Paid(net of refund)	14,982,550	5,999,216
Current Income Tax expense	15,371,253	1,452,525
Net Current Income Tax Asset/(liability) at end	**407,988**	**796,691**

(B) Deferred tax

Deferred tax relates to the following:

(Amount in Rs.)

Particulars	Balance sheet			Statement of profit and loss	
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	For the year ended 31 March 2017	For the year ended 31 March 2016
Property, plant and equipment	190,440	(513,958)	(23,593)	704,398	(490,365)
Provision for doubtful debts				-	-
Provision for compensated absence	1,905,311	1,370,693	392,666	534,618	978,027
Provision for Gratuity	2,222,345	1,104,829	-	1,117,516	1,104,829
Net gain on fair value of mutual funds					
Others	42,720	15,997	290,927	26,723	(274,930)
Deferred tax related to Net loss/(gain) on remeasurements on acturial valuation recognised in OCI during the year**	141,135	164,062	-	(22,927)	164,062
Net deferred tax assets/ (liabilities)	**4,501,951**	**2,141,623**	**660,000**	**2,360,327**	**1,481,623**

**Movement pertains to items of other comprehensive income

The gross movement in Deferred Tax Asset/(Liability) for the year ended 31st March 2017 and 31st March 2016.

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net Deferred Tax Assets at the beginning	2,141,623	660,000
Credits relating to temporary differences	2,383,255	1,317,561
Temporary differences on Other Comprehensive Income	(22,927)	164,062
Net Deferred Tax Assets at the end	**4,501,951**	**2,141,623**

6 Other non-current assets

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Capital Advances	-	150,355	171,800
Security deposits	12,292,290	11,136,208	-
Prepaid expenses	877,791	2,121,311	-
	13,170,081	**13,407,874**	**171,800**

7 Inventories

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Software under development	-	15,351,239	-
	-	**15,351,239**	**-**

8 Trade receivables

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good*	162,029,643	147,945,991	14,854,192
Considered doubtful	-	-	-
Less: Allowances for credit loss	-	-	-
	162,029,643	**147,945,991**	**14,854,192**

* includes receivables from related parties. Refer note 29

9 Cash and cash equivalents

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
Cash in hand	-	415	-
Balances with banks			
In current accounts	33,518,623	7,933,947	19,359,173
	33,518,623	**7,934,362**	**19,359,173**

10 Other current assets

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances other than capital advances			
Advances to suppliers	-	-	-
Travel advances to employees	1,328,920	1,320,926	251,284
Other advances to employees	493,428	328,726	33,472
Prepaid expenses	5,463,089	4,192,418	677,641
Unbilled revenue*	50,884,953	22,323,061	9,749,595
Balances with government authorities	1,184,713	5,075,961	1,787,399
	59,355,103	**33,241,092**	**12,499,391**

* includes unbilled revenue from related parties . Refer note 29.

11 Share capital

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
20,00,000 (31 March 2015 : 20,00,000) Equity shares of par value of Rs	20,000,000	20,000,000	20,000,000
	20,000,000	**20,000,000**	**20,000,000**
Issued, subscribed and paid-up			
10,00,000 (31 March 2015 : 10,00,000) equity shares of par value of Rs 10	10,000,000	10,000,000	10,000,000
	10,000,000	**10,000,000**	**10,000,000**

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11.1 Reconciliation of number of shares outstanding at the beginning and at the end of the year

(Amount in Rs.)

Particulars	31 March 2017		31 March 2016	
	Number of Share	Amount	Number of Shares	Amount
Equity shares				
At the commencement of the year	1,000,000	10,000,000	1,000,000	1,000,000
Shares issued				-
At the end of the year	1,000,000	10,000,000	1,000,000	1,000,000

11.2 Shares held by Holding Company

Particulars	31 March 2017		31 March 2016	
	Number of Share	Amount	Number of Shares	Amount
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	999,999	9,999,990	999,999	9,999,990

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

Particulars	31 March 2017		31 March 2016	
	Number of Share	% Held	Number of Shares	% Held
Equity shares of par value Rs 10 each				
Quess Corp Limited	999,999	99.99%	999,999	99.99%

12 Other Equity

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
General Reserve Balance at the end of the period*	6,467,499	6,041,819	5,741,819
Balance in statement of profit and loss at the end of the period*	35,359,983	125,680	
	41,827,481	**6,167,499**	**5,741,819**

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

13 Non-current provisions

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefit			
Provision for compensated absences	1,584,821	1,078,635	723,573
Provision for gratuity	7,072,072	3,486,888	1,231,614
	8,656,893	**4,565,523**	**1,955,187**

14 Trade payables

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Dues to micro, small and medium enterprises (refer note 33)	-	-	-
Dues to other than micro, small and medium enterprises	6,123,713	7,874,263	157,107
	6,123,713	**7,874,263**	**157,107**

As on 31 March 2017 and 31 March 2016, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

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Notes to the financial statements for the period ended 31 March 2017

15 Borrowings

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loans from bank repayable on demand			
Secured			
Bill discounting facility from bank *	63,536,189	59,473,865	24,059,638
Loan from related parties, unsecured			
From Quess Corp Limited**	83,105,474	110,185,717	-
	146,641,663	**169,659,582**	**24,059,638**

*The Company has availed credit on bills discounted from banks of Rs 63,536,189 (previous period: Rs 59,473,865.) as packing credit in foreign currency (PCFC) & post shipment credit in foreign currency (PSFC) facilities from Yes bank Limited. The facility is secured by way of pari passu first charge on the entire current assets of the Company. The rate of interest is bank's base rate plus 1.75% p.a.

** The company has availed short term loan from its holding company- Quess Corp Limited wherein the repayment date should be not exceeding 12 months from the date of disbursement. The interest rate is charged at equivalent of 10 year India Government Bond rate with monthly interest periods. Refer note 29.

16 Other current financial liabilities

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Accrued salaries and benefits	24,161,037	649,527	143,424
Amount payable to related parties	1,260,000	18,067,598	2,246,637
Accrued Expenses	7,431,617	4,940,162	373,245
	32,852,654	**23,657,287**	**2,763,306**

17 Current provisions

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity	322,816	179,581	39,149
Provision for compensated absences	4,376,540	2,881,989	221,146
Provision for bonus and incentive	26,955,015	-	-
	31,654,371	**3,061,570**	**260,295**

18 Other current liabilities

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances payable to government authorities	4,260,006	4,134,011	1,070,069
	4,260,006	**4,134,011**	**1,070,069**

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19 Revenue from operations

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Software sales and service	464,873,497	206,635,603
	464,873,497	**206,635,603**

20 Other income

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Finance Income	1,164,177	319,508
	1,164,177	**319,508**

21 Employee benefits expense

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, Remuneration and Bonus	298,939,359	152,980,842
Gratuity	3,466,421	1,921,647
Compensated absences	2,000,737	3,015,905
Contribution to provident and other funds	6,715,360	4,530,637
Staff welfare expenses	1,984,795	1,248,246
	313,106,672	**163,697,277**

22 Finance costs

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expense*	10,048,548	3,961,053
Other borrowing costs	1,046,178	558,616
Interest on income tax	-	180,577
	11,094,726	**4,700,246**

*Includes Interest to Holding company. Refer Note No 29.

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23 Depreciation and amortisation expense

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation and amortisation	3,735,304	1,403,031
	3,735,304	**1,403,031**

24 Other expenses

(Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Rent	21,464,861	9,119,268
Repairs and maintenance		
- buildings	3,257,364	690,818
- computer and equipment	564,277	427,978
Rates and taxes	639,890	557,522
Legal and professional fees*	7,271,536	8,113,585
Travelling and conveyance	16,032,405	10,901,044
Communication expenses	4,290,076	3,032,513
Printing and stationery	342,977	182,726
Power and fuel	5,633,628	882,648
License fees	2,456,533	460,440
Foreign exchange loss, net	6,376,424	873,685
Security Charges	1,062,796	253,956
Miscellaneous expenses	1,654,633	939,978
	71,047,401	**36,436,162**

***Auditors' remuneration (net of service tax; included in legal and professional fees)** (Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Statutory audit fees	215,172	290,754
Tax audit fees	-	-
Certification	-	-
Others	-	-
Out of pocket expenses	-	-
	215,172	**290,754**

VASAN & SAMPATH * BANGALORE INDIA CHARTERED ACCOUNTANTS

MFX Infotech Pvt. Ltd. * Bangalore *

25 Contingent liabilities and commitment

As on 31 March '17, the company have NIL(Previous Year:150,355) capital commitment

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Contingent liabilities	-	-	-
Commitments	-	150,355	-
	-	**150,355**	**-**

26 Earnings in foreign currency

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Software sales and service	385,691,571	206,635,603
	385,691,571	**206,635,603**

27 Unhedged foreign currency exposure

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

(Amount in Rs.)

Particulars		For the year ended 31 March 2017		For the year ended 31 March 2016	
	Currency	Foreign currency	Amount in Rs	Foreign currency	Amount in Rs
Trade receivables	USD	2,495,976	161,864,044	2,232,978	147,945,991
		2,495,976	**161,864,044**	**2,232,978**	**147,945,991**

28 Expenditure in foreign currency

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Travelling and conveyance	4,896,384	6,018,978
	4,896,384	**6,018,978**

MFX Infotech Private Limited
Notes to the financial statements for the period ended 31 March 2017

29 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Fellow Subsidiaries	Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
	Brainhunter Companies Canada Inc, Canada
	Brainhunter Companies LLC (USA)
	Brainhunter Systems Limited, Canada
	Centreq Business Services Private Limited
	Coachieve Solutions Private Limited
	Comtel Solutions pte Ltd
	Dependo Logistics Solutions Private Limited
	Excelus Learning Solutions Private Limited
	Ikya Business Services (Private) Limited
	Inticore VJP Advanced Solutions Private Limited
	MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015)
	MFXchange (Ireland) Limited
	MFXchange Holdings Inc, Canada
	MFXchange Inc, USA
	Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED)
	Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines)
	Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.)
	Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited)
	Quesscorp Holdings Pte. Ltd, Singapore
	Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia)
- Associates of Holding Company	Himmer Industrial Services (M) Sdn Bhd
	Simpliance Technologies Pvt Ltd
	Terrier Security Services (India) Private Limited

Key management personnel

Subrata Nag	Director
Ranjit Nair	Director

(ii) Related party transactions during the year/period

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations	**451,456,199**	**186,658,661**
MFXchange US, Inc	373,394,273	186,658,661
Quess Corp Limited	78,061,926	
Expenses incurred by related parties on behalf of the Company	**23,828,191**	**12,008,950**
Quess Corp Limited	23,828,191	12,008,950
Unsecured loans received from	**169,500,000**	**162,500,000**
Quess Corp Limited	169,500,000	162,500,000
Repayment of loans received	**176,000,000**	**55,000,000**
Quess Corp Limited	176,000,000	55,000,000

Interest on unsecured loans	**7,737,040**	**2,685,717**
Quess Corp Limited	7,737,040	2,685,717
Rendering of services by related parties	**1,200,000**	**7,473,011**
Quess Corp Limited	-	7,473,011
Coachieve Solutions Private Limite	1,200,000	-
Payments made by Fellow Subsidiary on behalf	**-**	**70,984**
Coachieve Solutions Private Limite	-	70,984
Payments made to Fellow Subsidiary	**70,984**	**-**
Coachieve Solutions Private Limite	70984	-

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

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables	**161,627,859**	**141,704,977**	**14,854,192**
MFXchange US, Inc	161,627,859	141,704,977	14,854,192
Trade payables	**1,260,000**	**18,067,598**	**2,246,637**
Quess Corp Limited	-	17,996,614	2,246,637
Coachieve Solutions Private Limited	1,260,000	70,984	-
Unsecured Loan payable including interest	**83,105,474**	**110,185,717**	**-**
Quess Corp Limited	83,105,474	110,185,717	-

(iv) Compensation of key managerial personnel*

There is no compensation paid to Key Managerial Personnel during the year(Previous Year 2016-17:NIL)

30 Leases

Operating Leases

The Company is obligated under cancellable and non-cancellable lease for office premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable and non-cancellable operating leases for the year ended 31 March 2017 amounted to Rs 15,725,472 (Rs 7,594,110 for the period ended 31 March 2016) respectively.

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

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Payable within 1 year	15,725,472	15,725,472	-
Payable between 1-5 years	10,615,892	26,341,364	-
Payable later than 5 years	-	-	-

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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Notes to the financial statements for the period ended 31 March 2017

31 Gratuity

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2017 and 31 March 2016

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Change in defined benefit obligation		
Obligation at the beginning of the year	3,666,469	1,270,763
Current service cost	3,180,640	1,821,043
Interest cost	285,781	100,604
Benefit settled	(179,587)	-
Actuarial (gain) / loss- Experience	(50,724)	(106,336)
Actuarial (gain) / loss- demographic assumptions	-	(1,344,196)
Actuarial (gain) / loss- financial assumptions	492,309	1,924,591
Obligation at end of the year	**7,394,888**	**3,666,469**

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

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	7,394,888	3,666,469
Liability recognised in the balance sheet	**7,394,888**	**3,666,469**
Current	322,816	179,581
Non-current	7,072,072	3,486,888

Gratuity cost for the year

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Service cost	3,180,640	1,821,043
Net interest on net defined benefit liability/(asset)	285,781	100,604
Re-measurement- acturial gain/(loss) recognised on OCI	441,585	474,059
Net gratuity cost	**3,908,006**	**2,395,706**

Sensitivity analysis

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

(Amount in Rs.)

	As at 31 March 2017		As at 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1%	6,787,031	8,091,754	3,369,442	4,005,635
Future salary growth(1% movement)	8,060,945	6,794,337	3,996,539	3,370,343

Assumptions

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount rate	7.00%	7.80%
Estimated rate of return on plan assets	NA	NA
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Retirement age	58	58
Mortality Rate	LIC(2006-08) published table of Mortality Rates	LIC(2006-08) published table of Mortality Rates

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

Maturity profile of defined benefit obligation

(Amount in Rs.)

Particulars	**As at 31 March 2017**	**As at 31 March 2016**
Within 1 year	322,816	179,581
1-2 years	-	-
2-3 years	-	-
3-4 years	-	-
4-5 years	2,706,521	1,266,285
5-10 years	4,191,146	2,473,072
>10 years	8,297,595	4,429,376

32 Compensated absence

The company has accounted the cost of compensated absences based on the acturial valuation report obtained asat 31 March 2017 and has estimated a compensated absence liability of 5,961,361(for the year ended 31 March 2016:3,960,624) under Projected Unit Credit Method as per IND AS 19. During the year, the Company has accounted in the incremental liability accounted in previous year in the statement of profit and loss for the year

Key Assumptions used in the valuation of Compensated absence are as given below

Assumptions (Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Discount rate	7.00%	7.80%
Estimated rate of return on plan assets	NA	NA
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Retirement age	58	58
Mortality Rate	LIC(2006-08) published table of Mortality Rates	LIC(2006-08) published table of Mortality Rates

Set out below is the movement in provision balances in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'

(Amount in Rs.)

Particulars	Privilege Leave
Balance as at 1 April 2015	944,719
Add: Additions during the year	3,015,905
Less: Utilisation/reversal during the year	-
Closing balance as at 31 March 2016	**3,960,624**
Balance as at 1 April 2016	3,960,624
Add: Additions during the year	2,000,737
Less: Utilisation/reversal during the year	-
Closing balance as at 31 March 2017	**5,961,361**

33 Earnings per Share

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after Tax and Other Comprehensive Income	35,359,983	125,680
No.of Shares	1,000,000	1,000,000
Earnings per Share(EPS)	**35.36**	**0.13**
Diluted	**35.36**	**0.13**

34 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.

35 Transfer Pricing

The company's management is of the opinion that its international transactions with related parties entered during the previous year are at arms' length and is compliant with the transfer pricing legislation as per independent accountant's report for the year ended 31 March 2017. The company's management believes that the Company's transactions with the related parties continue to be at arms' lengthand that the aforesaid legislation will not have any impact on the financial statements. particularly on the amount of tax expense and that of the provision for taxation.

36 Specified Bank Notes

The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:

(Amount in Rs.)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	-	-	-
Add:Permitted receipts	-	-	-
Less:Permitted payments	-	-	-
Less:Amount deposited banks	-	-	-
Closing Cash in Hand as on 31.12.2016	-	-	-

37 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 is as follows:

As at 31 March 2017

Particulars	**Carrying value**			**Fair value**		
Financial assets	**31 March 2017**	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Amortised cost						
Trade receivable	162,029,643	147,945,991	14,854,192	162,029,643	147,945,991	14,854,192
Cash and cash equival	33,518,623	7,934,362	19,359,173	33,518,623	7,934,362	19,359,173
Other assets	59,355,103	33,241,092	12,499,391	59,355,103	33,241,092	12,499,391
Total assets	**254,903,369**	**189,121,446**	**46,712,756**	**254,903,369**	**189,121,445**	**46,712,756**
Financial liabilities						
Amortised cost						
Loans and borrowings	146,641,663	169,659,582	24,059,638	146,641,663	169,659,582	24,059,638
Trade payables	6,123,713	7,874,263	157,107	6,123,713	7,874,263	157,107
Other liabilities	32,852,654	23,657,287	2,763,306	32,852,654	23,657,287	2,763,306
Total liabilities	**185,618,030**	**201,191,132**	**26,980,051**	**185,618,030**	**201,191,132**	**26,980,051**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these 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:

i) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

ii) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at 31 March 2017 was assessed to be insignificant.

38 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the shorterm maturities of these instruments.
Hence, there are no financial liabilities/assets measured at fair value.

VASAN & SAMPATH * BANGALORE INDIA * CHARTERED ACCOUNTANTS

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39 Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

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 and investments in debt securities.. 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 following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables

At 31 March 2017, the Company's most significant customer, a MFXchange US, Inc accounted for Rs 161,627,859 of the trade and other receivables carrying amount (31 March 2016 : Rs 140,730,423).

Impairment

At 31 March 2017, the ageing of trade and other receivables that were not impaired was as follows.

Particulars	Carrying amount (in Rs.)	
	As at 31 March 2017	As at 31 March 2016
No due	30,669,380	41,887,313
Past due 1–90 days	99,885,926	39,545,331
Past due 91–180 days	31,308,737	33,217,806
Past due 181–270 days	165,600	33,295,541
Past due 271–360 days	-	-
Past due 360 and above	-	-
	162,029,643	**147,945,991**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount in Rs.	
	Individual impairments	Collective impairments
Balance as at 1 April 2016	-	-
Impairment loss recognised		
Amounts written off		
Balance as at 31 March 2016	-	-
Impairment loss recognised		
Amounts written off		
Balance as at 31 December 2017	-	-

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.
The company's principal source of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company believes that the working capital is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

As on 31 March 17 as on 31 March 16, the company had a working capital of 33,220,961 and -3,914,028 respectively

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017		
	Less than 1 year	1-2 years	2 years and above
Borrowings	146,641,663	-	-
Trade payables	6,123,713	-	-
Other financial liabilities	32,852,654	-	-

Particulars	As at 31 March 2016		
	Less than 1 year	1-2 years	2 years and above
Borrowings	169,659,582	-	-
Trade payables	7,874,263	-	-
Other financial liabilities	23,657,287	-	-

Particulars	As at 1 April 2015		
	Less than 1 year	1-2 years	2 years and above
Borrowings	24,059,638	-	-
Trade payables	157,107	-	-
Other financial liabilities	2,763,306	-	-

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 Company operates internationally and is exposed to foreign currency risk arising from foreign currency transactions, primariy with respect to USD. Foreign exchange risk arises from commercial transactions and recognised assets and liabilties denominated in a currency that it not entity's functional currency(Rs.). The details of unhedged foreign currency exposure are given in Note 27.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowing comprises of invoice discounting facility which carries fixed rate of interest and borrowings from holding company, which do not expose it to significant interest rate risk.

BANGALORE INDIA CHARTERED ACCOUNTANTS

MFX Infotech Pvt. Ltd. * Bangalore *

40 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 capital structure is as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total equity attributable to the equity share holders of the Company	**10,000,000.00**	**10,000,000.00**	**10,000,000.00**
As percentage of total capital	6%	14%	29%
Current borrowings	146,641,663.00	59,473,865.00	24,059,638.00
Non-current loans and borrowings	-	-	-
Total loans and borrowings	**146,641,663.00**	**59,473,865.00**	**24,059,638.00**
As a percentage of total capital	94%	86%	71%
Total capital (loans and borrowings and equity)	**156,641,663.00**	**69,473,865.00**	**34,059,638.00**

For Vasan & Sampath
Chartered Accountants
Firm's Registration No:004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

SINGAVI, OTURKAR & KELKAR
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATURE TRAILS RESORTS PVT LTD.

1. REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of **NATURE TRAILS RESORTS PRIVATE LIMITED** ("the company"), which comprise the Balance Sheet as at 31stMarch, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

2. MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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.

SINGAVI, OTURKAR & KELKAR Chartered Accountants

3. **AUDITOR'S 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 there under.

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 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 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.

4. **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date

Other Matters

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 09th May 2016 and 07th September 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note [42]

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ('the order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors

Singhi, Chugh & Kumar * Chartered Accountants * is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its standalone Ind AS financial position.

ii. The Company did not have any long term contracts including derivative contracts for which there were any foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For SINGAVI, OTURKAR & KELKAR
Chartered Accountants
FRN 110265W

SINGAVI, OTURKAR & KELKAR * Chartered Accountants *

Place: Thane.
Date : 30th April ,2017

(CA Sunil S. Gadre)
Partner
M No: 128776

ANNEXURE REFFERED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF NATURE TRAILS RESORTS PVT LTD FOR THE YEAR ENDED 31ST MARCH, 2017.

(i) (a)The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the company.

(ii) Since the company is engaged in the business of Holiday Resorts, there is stock of only Grocery Items. The company has taken stock of Grocery as at 31st March, 2017

(iii) According to the information & explanation given to us, during the period under audit the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) According to the information & explanation given to us, during the period under audit, the company has not, directly or indirectly, advanced any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the director is interested or has not given any guarantee or provided any security in connection with any loan taken by him or such other person. In respect of such loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 do not apply for the period under audit.

(v) In our opinion & according to the information & explanation given to us, during the period under audit, the company has not accepted deposits which are not within the meaning of sections 73 to 76 or any other relevant provision of the Companies Act, 2013 & the Companies (Acceptance of Deposits) Rule,2014.

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed for, the maintenance of cost records under section 148(1) of the Companies Act, 2013.

(vii) a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income –tax, Sales – tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty , Cess and other statutory dues as applicable to it with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of Provident Fund, Employers' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty , Cess were outstanding at the year end for a period of more than six months from the date they became payable.

b) According to the records of the Company, there are no dues outstanding of Sales Tax, Income tax, customs duty, excise duty, wealth tax, Service Tax and cess on account of any dispute.

(viii) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment

Chartered Accountants

of dues to a financial institution or bank. The Company does not have any borrowing by way of debentures.

(ix) Based on our audit procedures and on the basis of information & explanations given by the management, we are of the opinion that the company has applied the term loans for the purpose for which the loans were obtained.

(x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

(xi) The provisions of sec 197 read with Schedule V to the Companies Act do not apply to the company.

(xii) According to the information & explanation given to us, the provision relating to Nidhi Company as specified in Nidhi Rules,2014 do not apply to the company.

(xiii) Based upon the audit procedures performed and information and explanations given by the management, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act,2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information & explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information & explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him with reference to the provisions of section 192 of Companies Act, 2013.

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

(xvii) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For SINGAVI, OTURKAR & KELKAR
Chartered Accountants
FRN 110265W

SINGAVI, OTURKAR & KELKAR Chartered Accountants

(CA Sunil S. Gadre)
Partner
M No: 128776

Place: Thane.
Date : 30th April, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STADALONE IND AS FINANCIAL STATEMENTS OF NATURE TRAILS RESORTS PVT LTD.

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

We have audited the internal financial controls over financial reporting of Naturetrails Resorts Pvt. Ltd. ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business , including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls , both applicable to an audit of Internal Financial Controls and, both issued by Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness .Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial reporting includes those policies and procedures that -

(1) pertaining 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 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 authorisation of management and directors of the company and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has , in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

For SINGAVI, OTURKAR & KELKAR
Chartered Accountants
FRN 110265W

SINGAVI, OTURKAR & KELKAR * Chartered Accountants *

Place: Thane.
Date : 30th April ,2017

(CA Sunil S. Gadre)
Partner
M No: 128776

Nature Trails Resorts Private Limited

Balance Sheet as at

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	2	2,729.38	2,574.07	636.47
Capital work in progress	3	85.52	-	-
Investment properties		-		
Goodwill				
Other intangible assets	4	1.03	-	2.76
Deferred tax		8.11	3.05	(2.20)
Financial assets				
i. Investments	5	1.74	1.74	166.74
ii. Trade receivables				
iii. Loans	6	-		
iv. Other financial assets	7	-		
Income tax assets (net)		17.57	13.09	8.54
Other non-current assets	8	213.74	11.98	11.98
Total non-current assets		3,057.10	2,603.92	824.29
Current assets				
Inventories	9	13.72	14.17	7.50
Financial assets				
i. Investments	6	-	0.74	3.20
ii. Trade receivables	10	31.45	225.26	36.85
iii. Cash and cash equivalents	11	7.32	5.52	334.56
iv. Bank balances other than (ii) abov	12	4.77	4.77	-
v. Loans	6	-		
vi. Other financial assets	7	6.39	6.39	6.40
Other current assets	13	376.52	357.24	41.75
Assets classified as held for sale	14			
Total current assets		440.17	614.10	430.26
Total Assets		3,497.27	3,218.02	1,254.55
Equity and liabilities				
Equity				
Equity share capital	14	147.58	44.31	44.31
Other equity				
Reserves and surplus	15	1,384.42	385.13	9.13
Other reserves	16	-	1,415.61	0.61
Total equity		1,532.01	1,845.05	54.05
Liabilities				
Non-current liabilities				
Financial liabilities				
i. Other financial liabilities	17	1,004.56	464.93	
ii. Borrowings		-	-	-
Employee benefit obligations	18	60.35	56.80	-
Deferred tax liabilities (net)	19			
Other non-current liabilities	20			
Total non-current liabilities		1,064.91	521.73	-
Current liabilities				
Financial liabilities				
i. Borrowings	21	609.29	600.60	587.93
ii. Trade payables	22	108.38	90.59	108.85
iii. Other financial liabilities	17	141.68	69.79	443.50
Provisions		-	33.24	-
Employee benefit obligations	18			
Other current liabilities	23	41.00	57.01	60.22
Total current liabilities		900.35	851.24	1,200.50
Total liabilities		1,965.26	1,372.97	1,200.50
Total equity and liabilities		3,497.27	3,218.02	1,254.55

As per our report of even date
For Singavi,Oturkar & Kelkar
Chartered Accountants
FRN 110265W

SINGAVI, OTURKAR & KELKAR * Chartered Accountants *

(CA Sunil S. Gadre)
Partner
Membership No. 128776
Place : Thane.
Date: 30.04.2017

For and on behalf of the Board of
Nature Trails Resorts Pvt Ltd

(CHINMAY DIVEKAR) Director

(HARI K DIVEKAR) Director

Nature Trails Resorts Private Limited
Statement of Profit and Loss

Particulars	Notes	March 31, 2017	15th Mar 16 to 31st Mar 16	March 31, 2016
Income				
Revenue from operations	24	817.66	26.90	793.47
Other income	25	1.16	0.75	251.91
Total income		818.82	27.66	1,045.38
Expenses				
Cost of materials consumed	26	166.96	7.10	138.26
Employee benefit expenses	29	355.00	26.42	336.88
Depreciation and amortisation expense	30	108.15	3.75	115.48
Other expenses	31	372.20	21.02	391.69
Finance costs	32	166.84	9.78	104.00
Total expenses		1,169.15	68.07	1,086.30
Profit before exceptional items and tax		(350.33)	(40.42)	(40.92)
Exceptional items				-
Profit before tax		(350.33)	(40.42)	(40.92)
Income tax expense	34			
Current tax				2.15
Deferred tax		(5.07)	(5.25)	(5.25)
Profit for the period		(345.26)	(35.17)	(37.82)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefit obligations		2.10	0.38	-
Change in fair value of FVOCI equity instruments				
Income tax relating to these items				
Items that will be reclassified to profit or loss				
Change in fair value of FVOCI debt instruments				
Income tax relating to these items				
Other comprehensive income for the period, net of tax		2.10	0.38	-
Total comprehensive income for the period		(343.17)	(34.79)	(37.82)
Earnings per equity share				
Basic earnings per share	43	(185.59)	(78.50)	(27.90)
Diluted earnings per share	43	(185.59)	(78.50)	(27.90)

As per our report of even date
For Singavi,Oturkar & Kelkar
Chartered Accountants
FRN 110265W

(CA Sunil S. Gadre)
Partner
Membership No. 128776

Place : Thane.
Date: 30.04.2017

SINGAVI, OTURKAR & KELKAR Chartered Accountants

For and on behalf of the Board of
Nature Trails Resorts Pvt Ltd

(CHINMAY DIVEKAR) Director
(HARI K DIVEKAR) Director

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Nature Trails Resorts Private Limited
Notes to balance sheet

Property, plant and equipment

The changes in the carrying value of fixed assets for the year ended March 31, 2016 are as follows:

Asset Description	Gross Carrying Amount					Accumulated Depreciation				Net Carrying Amount	
	Deemed Cost as at April 1, 2015	Taken over pursuant to business combination (IN LAKHS)	Additions	Disposals/ Adjustments	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	Disposals/ Adjustments	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016
Land - Freehold @	1,870.15		-	-	1,870.15	-	-	-	-	1,870.15	1,870.15
Land - Leasehold	-		-	-	-	-	-	-	-	-	-
Building - Own*	517.32		-	-	517.32	-	3.75	-	3.75	517.32	513.57
Computer Equipment	2.79		-	-	2.79	-	-	-	-	2.79	2.79
Plant and Machinery	94.40		-	-	94.40	-	-	-	-	94.40	94.40
Furniture and Fixtures	11.45		-	-	11.45	-	-	-	-	11.45	11.45
Office Equipment	-		-	-	-	-	-	-	-	-	-
Vehicles	9.46		-	-	9.46	-	-	-	-	9.46	9.46
Electrical Installations	72.24		-	-	72.24	-	-	-	-	72.24	72.24
Total	2,577.82		-	-	2,577.82	-	3.75	-	3.75	2,577.82	2,574.07

The changes in the carrying value of fixed assets for the year ended March 31, 2017 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation for the year	Disposals	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Land - Freehold @	1,870.15	6.17	-	1,876.32	-			-	1,870.15	1,876.32
Land - Leasehold	-			-	-			-	-	-
Building - Own*	517.32	116.86		634.19	3.75	53.91		57.66	513.57	576.53
Computer Equipment	2.79	2.02		4.81	-	1.42		1.42	2.79	3.40
Plant and Machinery	94.40	84.50		178.90	-	22.30		22.30	94.40	156.60
Furniture and Fixtures	11.45	33.91		45.36	-	14.89		14.89	11.45	30.47
Office Equipment	-	2.96		2.96	-	0.80		0.80	-	2.16
Vehicles	9.46			9.46	-	3.08		3.08	9.46	6.38
Electrical Installations	72.24	16.13		88.37	-	10.84		10.84	72.24	77.53
Total	2,577.82	262.57	-	2,840.38	3.75	107.25	-	111.00	2,574.07	2,729.38

Asset Description	Gross Carrying Amount					Accumulated Depreciation						Net Carrying Amount	
	Deemed Cost as at April 1, 2016		Additions	Disposals	As at March 31, 2017	As at April 1, 2016		Depreciation charge during the year		Disposals	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Capital work in progress			85.52		85.52	-				-	-	85.52	-
	-	-	85.52	-	85.52	-	-	-	-	-	-	85.52	-

Other intangible assets

Asset Description	Gross Carrying Amount					Accumulated Depreciation						Net Carrying Amount	
	Deemed Cost as at April 1, 2016		Additions	Disposals	As at March 31, 2017	As at April 1, 2016		Depreciation charge during the year		Disposals	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Patents, copyrights and other rights													
Computer Software											-		-
- Acquired			1.93		1.93	-		0.90			0.90	1.03	-
- In-house developed [Note (i)]													
Non-compete Fees													
Total	-	-	1.93	-	1.93	-	-	0.90	-	-	0.90	1.03	-

SINGAVI, OTURKAR & KELKAR * Chartered Accountants *

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Nature Trails Resorts Private Limited
Notes to balance sheet

5	Non-current investments	March 31, 2017	March 31, 2016	April 1, 2015
	Shares with TJSB Bank	1.74	1.74	1.74
	Pugmark Eco Tours Pvt Ltd			165.00
	Total (equity instruments)	**1.74**	**1.74**	**166.74**
	Total non-current investments			
	Aggregate cost of quoted investments			
	Market value of quoted investments			
	Aggregate amount of unquoted investments			
	Aggregate amount of impairment in value of investments			

6	Non-Trade Current Investments:	March 31, 2017	March 31, 2016	April 1, 2015
	Investment in Mutual Funds - Unquoted, fully paid-up:			
	HDFC Investment	-	0.74	
	Birla Sunlife Investment			3.20
		-	0.74	3.20
	DETAILS OF SHARES & MUTUAL FUND			
	SHARES/MF	**NO OF UNITS**	**NAV**	**VALUE**
	HDFC	2,338.97	31.683	0.74
	TJSB	17,435.00	10	1.74
	Total			2.48

7	Income tax assets (net)	March 31, 2017	March 31, 2016	April 1, 2015
	Advance Tax Paid (Net of Provisions)	17.57	13.09	8.54
	Total	**17.57**	**13.09**	**8.54**

8	Other non-current assets	March 31, 2017	March 31, 2016	April 1, 2015
	Capital advances			
	- Considered good	213.74	11.98	11.98
	- Considered doubtful		-	
		213.74	**11.98**	**11.98**
	- Less: Provision for doubtful advances		-	
		213.74	11.98	11.98
	Total other non-current assets	**213.74**	**11.98**	**11.98**

9	Inventories	March 31, 2017	March 31, 2016	April 1, 2015
	Food and beverages			
	Operating supplies	13.72	14.17	7.50
	Total Inventories	**13.72**	**14.17**	**7.50**

SINGAVI, GHURKAR & KELKAR * Chartered Accountants *

10	Trade receivables	March 31, 2017	March 31, 2016	April 1, 2015
	Outstanding for period exceeding six months from the date they are due for payment Considered Good Considered Doubtful			
	Other Debts Considered Good Considered Doubtful	31.45	225.26	36.85
	Less: Allowances for doubtful receivables			
	Total receivables	**31.45**	**225.26**	**36.85**
	Current Portion Non Current Portion	31.45	225.26 -	36.85 -

11	Cash and cash equivalents	March 31, 2017	March 31, 2016	April 1, 2015
	Balances with banks - in current accounts - in EEFC accounts Deposits with maturity of less than three months Cash on hand	4.56 2.76	2.23 3.29	314.35 20.21
	Total cash and cash equivalents	**7.32**	**5.52**	**334.56**

12	Other Bank Balances	March 31, 2017	March 31, 2016	April 1, 2015
	Short term Bank Deposits (Deposits with maturity of more than 3 months but less than 12 months)	4.77	4.77	-
	Total Other Bank balances	**4.77**	**4.77**	-

13	Other current assets	March 31, 2017	March 31, 2016	April 1, 2015
	Prepaid expenses	315.56	346.63	0.69
	Others - Advances to Vendors - Employee advances -Advances to others	 49.66 11.29 0.01	 0.43 10.17 0.01	 7.89 33.16 0.01
	Total other current assets	**376.52**	**357.24**	**41.75**

14	**Assets classified as held for sale**			
	Land	-	-	-
	Total Assets classified as held for sale			

Singavi Chitale & Kelkar Chartered Accountants

Srinekar

Nature Trails Resorts Private Limited
Notes to balance sheet - Equity share capital and other equity

14	Equity share capital	Number of shares (in lakhs)	Amount (in lakhs)
	Authorised equity share capital		
	As at 1 April 2015	0.44	44.31
	Increase during the year	1.56	156.00
	As at 31 March 2016	2.00	200.00
	Increase during the year	-	-
	As at 31 March 2017	2.00	200.00
	(i) Movements in equity share capital	Number of shares (in lakhs)	Equity share capital (par value)
	As at 1 April 2015		
	As at 31 March 2016	0.44	44.3
	Increase during the year	1.03	103.27
	As at 31 March 2017	1.47	147.58

Terms and rights attached to equity shares

Equity Shares: The Company has only one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. The shareholders have rights in proportion to their shareholding for dividend as well as for assets, in case of liquidation.

(ii) Shares of the company held by subsidiaries of ultimate holding company are as below

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Sterling Holiday Resorts Limited	1.47	147.58	0.44	44.31		
	1.47	147.58	0.44	44.31		

(iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares (in lakhs)	% holding	Number of shares (in lakhs)	% holding	Number of shares (in lakhs)	% holding
Sterling Holiday Resorts Limited	1.47	147.58	0.44	44.31		
Sterling Holiday Resorts Limited	1.47	147.58	0.44	44.31	-	

(iv) Aggregate number of shares issued for consideration other than cash

		March 31, 2017	March 31, 2016	April 1, 2015
		Number of shares (in lakhs)	Number of shares (in lakhs)	Number of shares (in lakhs)
Sterling Holiday Resorts Limited		-	-	-

SINGHVI, OTURKAR & KELKAR ★ Chartered Accountants ★

Nature Trails Resorts Private Limited
Notes to balance sheet - Reserves and surplus

15	Reserves and surplus	March 31, 2017	March 31, 2016	April 1, 2015
	Securities premium reserves	1,366.29	23.85	23.85
	Retained earnings	18.13	361.28	(14.72)
	Capital reserve			
	Total reserves and surplus	**1,384.42**	**385.13**	**9.13**
	a) Securities premium reserves	**March 31, 2017**	**March 31, 2016**	**April 1, 2015**
	Opening balance			
	Additions during the year	1,366.29	23.85	23.85
	Share issue expenses			
	Deductions/Adjustments during the year			
	Closing balance	**1,366.29**	**23.85**	**23.85**
	d) Retained earnings	**March 31, 2017**	**March 31, 2016**	**April 1, 2015**
	Opening balance	361.28	7.70	
	Net profit for the period	(343.17)	(34.79)	
	Less: Adjustment on account of Depreciation (Refer Note 10)			
	Less: Adjustment on account of FV of Plant & Equipments	-	840.25	
	Less: Contingent Consideration for Redemption of Preference Shares	-	(451.88)	
	Items of other comprehensive income recognised directly in retained earnings	0.01		
	- Remeasurements of post-employment benefit obligation, net of tax			
	- Transfer to retained earnings of FVOCI equity investments, net of tax			
	Appropriations			
	General Reserve			
	Schedule II adjustments			
	Provision for Tax			(3.28)
				(8.81)
	Closing balance	**18.13**	**361.28**	**(12.09)**

16	Other Reserve	Defined benefit obligations	Stock compensation Reserve	
	As at 1st April 2015		-	-
	Additions	-		
	As at 31st March 2016	-	-	-
	As at 31st March 2017	-	-	-

17	Other financial liabilities	March 31, 2017	March 31, 2016	April 1, 2015
	Non-current			
	Mahindra Finance - Vehicle Loan	2.15	3.05	0
	HDFC Bank Ltd - Term Loan	471.25		
	TJSB Co-op Bank - Term Loan			39.85
	IDBI Bank Ltd - Term Loan			308.00
	Contingent Consideration for Redemption of Preference Shares	531.16	461.88	
	Creditors for capital expenditure	-	-	
	Total other non-current financial liabilities	**1,004.56**	**464.93**	**347.85**

Borrowings disclosure details - total amount of borrowings taken initially, terms of repayment, security details -

Loan amounting to Rs. 490 lakhs from HDFC Bank is secured by way of (a)Exclusive charge on Current Assets and Movable fixed Assets of the Company (b) Lien on debt mutual funds (Liquid Plus Fund) of Rs. 770 Lakhs owned by M/s Sterling Holiday Resorts Ltd) and is repayable in 24 Quarterly instalments starting from January'2018 from the date of loan 31st October,2016 along with an interest at the rate of 10% per annum. Loan amount to Rs. 3.27 Lakhs from Mahindra Finance is secured by way of hypothication of underlying vehicles repayable in 48 Equated monthly instalments starting from November'2015 along with an interest at the rate of 14% per annum.

The loan amount outstanding as at year end is Rs. 493.27 lakhs (March 31, 2016: 4.23 lakhs, April 01, 2015: NIL). Out of this, Rs. 19.90 lakhs (March 31, 2016: Rs.1.18 lakhs, April 01, 2015: NIL lakhs) is repayable within 1 year.

Contractual maturities of NT long term borrowings for 1-4-15, 31-3-16 and 31-3-17

	Less than 3 months	3 months to 6 months	6 months to 1 year
HDFC BANK	-	-	18,75,000
MAHINDRA FINANCE	27,483	28,462	60,002

	Between 1 and 2 years	Above 2 years	Total
HDFC BANK	75,00,000	3,56,25,000	4,50,00,000
MAHINDRA FINANCE	1,33,373	78,665	3,27,985

Assets Pledged as security note in FS:	**As at March 31, 2017 Rupees (in Lakhs)**	**As at March 31, 2016 Rupees (in Lakhs)**	**As at March 31, 2015 Rupees (in Lakhs)**
Financial assets			
Receivables	31.45	225.26	36.85
Inventories	13.72	14.17	7.50
Other current assets	395.00	373.92	382.71
Non-current			
Freehold land	-	-	-
Freehold buildings	-	-	-
Moveable assets	279.99	130.10	-

Current			
Current Maturities of long-term borrowings	19.88	1.19	33.12
Interest payable on unsecured loan	74.42	17.94	7.20
Salaries and wages	30.65	35.77	44.93
Bonus	16.73	14.90	10.40
Other employee benefits			
Security Deposits			
Share application money			
Total other current financial liabilities	**141.68**	**69.79**	**95.65**
Total other financial liabilities	**1,146.23**	**534.72**	**443.50**

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Nature Trails Resorts Private Limited
Notes to balance sheet - Employee benefit obligations

18 Employee benefit obligations

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Leave obligations			-						
Gratuity		60.35	60.35		56.80	56.80	-	-	-
Total employee benefit obligations	-	60.35	60.35	-	56.80	56.80			

(i) Leave obligations

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current leave obligations expected to be settled within the next 12 months	-	-	-

(ii) Gratuity (Mention the description of post employment benefit plan)

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised fund. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current service cost	4.34	0.36	
(Gains) and losses on curtailment and settlement	4.13	0.36	
Interest expense/(income)			
Total amount recognised in profit or loss	8.47	0.72	

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Remeasurements		
Return on plan assets, excluding amounts included in interest expense/(income)		
(Gain)/loss from change in demographic assumptions		
(Gain)/loss from change in financial assumptions		
Experience (gains)/losses	(2.10)	(0.38)
Changes in asset ceileing excluding amounts included in interest expense		
Total amount recognised in other comprehensive income	**(2.10)**	**(0.38)**
Employer contributions	63.16	56.80
Benefit payments	2.81	0
March 31, 2017	60.35	56.80

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligations Fair value of plan assets			
Deficit of funded plan			
Unfunded plans	60.35	56.80	0
Deficit of gratuity plan			

Employee benefit disclosure - Sensitivity analysis

Sensitivity Analysis	31-Mar-17	31-Mar-16
	Rupees	Rupees
Defined Benefit Obligation - Discount Rate + 100 basis points	(6,47,731)	(6,23,569)
Defined Benefit Obligation - Discount Rate - 100 basis points	6,62,870	6,32,401
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	4,94,278	4,67,394
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(4,69,205)	(4,43,926)

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Nature Trails Resorts Private Limited
Notes to balance sheet

19 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	March 31, 2017	March 31, 2016	April 1, 2015
Depreciation	(2.94)	1.56	1.95
Provision for employee benefits			
Provision for doubtful debts			
Provision for lease equalisation charge			
Others	(5.17)	(4.60)	0.26
Total deferred tax liabilities	(8.11)	(3.05)	2.20
Set-off of deferred tax assets pursuant to set-off provisions			
Net deferred tax liabilities	(8.11)	(3.05)	2.20

Movement in deferred tax liabilities

From tax team	Depreciation	Provision for employee benefits	Provision for doubtful debts	Others	Total
At April 1, 2015	1.95	0.26	-		2.21
(Charged)/credited:					
- to profit or loss	(0.39)	(4.86)	-		(5.25)
- to other comprehensive income					-
At March 31, 2016	1.56	(4.60)	-		(3.05)
(Charged)/credited:					
- to profit or loss	(4.50)	(0.57)	-		(5.07)
- to other comprehensive income					
At March 31, 2017	(2.94)	(5.17)	-		(8.11)

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18	Provisions			
	- Provision for cancellation of vacation ownership contracts (Refer Note 27)		-	
	- Provision for Fringe Benefit Tax			
	- Provision for Stamp duty (Refer note 11.1)		-	
	-Provision for expenses			
	Total short term provisions	-	-	-

20	Other non-current liabilities	March 31, 2017	March 31, 2016	April 1, 2015
	Others		-	
	Total other non-current liabilities	-	-	-

21	Borrowings			
	Loans repayable on demand			
	Unsecured			
	From Others			
	Total borrowings	-	-	-

8	Short-term borrowings			
	Secured			
	Working capital loans repayable on demand from the banks (Refer note 8.1)	49.17	(0.07)	39.56
	Unsecured			
	from shareholders	560.12	546.53	443.28
	from others (Refer note 8.2)	-	54.14	105.09
	Total short term borrowings	**609.29**	**600.60**	**587.93**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2017	March 31, 2016	April 1, 2015
Floating rate	12.50%	15%	15%
- Expiring within one year (bank overdraft	49,36,658	NIL	34,42,587
- Expiring beyond one year (bank loans)	NIL	NIL	NIL

22	Trade payables	March 31, 2017	March 31, 2016	April 1, 2015
	Current			
	Trade Payable	108.38	123.83	108.85
	Trade Payable to related parties			
	Total trade payables	**108.38**	**123.83**	**108.85**

23	Other current liabilities	March 31, 2017	March 31, 2016	April 1, 2015
	Payroll Taxes	**3.94**	2.56	**2-Jan-00**
	Statutory Liabilities	12.23	47.38	11.95
	Advance received from customers	**24.83**	18.98	46.20
	Total other current liabilities	**41.00**	**68.91**	**60.22**

24	Revenue from operations	March 31, 2017	15th Mar 16 to 31st Mar 16	March 31, 2016
	Sale of products (Resort operations)			
	Food and beverages	196.74	6.44	175.37
	Sale of services			
	Income from resorts:			
	- Room rentals	196.77	6.20	170.30
	- Others	424.15	14.26	447.80
	Total revenue from operations	817.66	26.90	793.47

25	Other income	March 31, 2017	15th Mar 16 to 31st Mar 16	March 31, 2016
	Commission received	0.00		0.12
	Gain on sale of current investments (net)	0.000		0.84
	Gain on sale of asset (net)			227.79
	Other non-operating income:			
	- Write back of Provision for doubtful debts			-
	- Miscellaneous Income	1.16	0.75	23.16
	Total other income	1.16	0.75	251.91

26	Cost of Food, Beverages and Operating supplies consumed	March 31, 2017	15th Mar 16 to 31st Mar 16	March 31, 2016
	Raw Materials at the beginning of the year	14.17	15.04	7.51
	Add: Purchases	166.51	6.24	144.93
	Less: Raw Materials at the end of the year	13.72	14.17	14.17
	Total Cost of Materials Consumed	166.96	7.10	138.26

27	Purchase of Trading Goods	March 31, 2017	15th Mar 16 to 31st Mar 16	March 31, 2016
	Total Purchase of Trading Goods	0.00		-

28	Changes in inventories of work-in-progress, Stock-in -Trade and finished goods	March 31, 2017	15th Mar 16 to 31st Mar 16	March 31, 2016
	Opening Balance			
	Work-In-Progess			
	Finished Goods			
	Traded Goods			
	Total Opening Balance	0.00		-
	Closing Balance			
	Work-In-Progess			
	Finished Goods			
	Traded Goods			
	Total Closing Balance	0.00		-
	Total Changes in inventories of work-in-progress,Stock-in -Trade and finished goods	0.00		-

29	Employee benefit expense	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
	Salaries, wages and bonus	324.92	22.63	262.88
	Contribution to provident and other funds	13.60	2.51	12.76
	Stock compensation recharge expense			
	Gratuity	8.47	0.72	56.80
	Staff welfare expenses	8.02	0.55	4.42
	Total employee benefit expense	355.00	26.42	336.88

30	Depreciation and amortisation expense	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
	Depreciation of property, plant and equipment	107.25	3.75	89.25
	Amortisation of intangible assets	0.90	0.00	0.77
	Total depreciation and amortisation expense	108.15	3.75	90.02

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31	Other expenses	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
	Consumption of Stores and spares - Fuel exp			
	Power and fuel	25.57	3.84	16.90
	Rent	72.15	3.00	33.13
	Repairs and Maintenance:	-		-
	-Building	-		-
	-Plant and Machinery	-		-
	-Others	41.48	1.19	40.73
	Insurance	1.59	0.00	1.68
	Rates and taxes	34.94	2.32	38.00
	Guest supplies	42.75	0.00	54.13
	Laundry expenses	-		-
	Communication	10.29	0.43	5.92
	Recruitment and training	-		-
	Travel and tours	15.65	0.31	13.09
	Legal and professional	12.72	0.00	14.26
	Directors' sitting fees	-		-
	Commission payable to Directors	-		-
	Payment to Statutory Auditors:	-		-
	As Auditor:	-		-
	- Statutory audit	2.00	0.10	1.60
	- Limited review	1.20	0.00	0.00
	For other audit services	-		
	- Other services	1.35	0.00	0.30
	- Tax audit	1.00	0.00	0.75
	Reimbursement of expenses	-		-
	Travel and conveyance	58.94	0.13	59.00
	Security charges	-		-
	Water charges	1.39		0.86
	Sales commission	-		-
	Sales promotion	30.99	1.70	37.69
	Bank charges	4.85	0.10	2.03
	Bad debts	2.93		4.90
	Provision for doubtful debts	-		-
	Loss on sale of assets (net)	-		-
	Printing and Stationery	4.27	0.06	3.63
	Miscellaneous expenses and Other Expenses	6.13	7.86	30.09
	Loss on Sale of Investment			33.00
	Total other expenses	372.20	21.02	391.68

Note 31(a): Details of payment to auditors	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
Payment to auditors			
As auditor:			
Audit fee	2.00	0.10	
Tax audit fee	1.00	0.00	
In other capacities			
Taxation matters	1.35	0.00	
Company law matters			
Certification fees	1.20	0.00	
Re-imbursement of expenses			
Total payment to auditors	5.55	0.10	

32	Finance Cost	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
	Interest and Finance Charges on Financial Liabilities not at Fair Value through Profit and Loss	166.84	9.78	-
	Total other expenses	166.84	9.78	-

33	Exceptional Item			
	Capital work in progress written off (Refer Note (a) below)			-
	Provision for doubtful debts (Refer Note (b) below)			-
	Expenses relating to scheme of arrangement			-
	Total other expenses	0.00		-

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34	Income tax expense	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
	(a) Income tax expense			
	Current tax	-		
	Current tax on profits for the year	-		
	MAT credit entitlement	-		
	Adjustments for current tax of prior periods	-		
	Total current tax expense	-		-
	Deferred tax			
	Decrease (increase) in deferred tax assets	(5.07)		
	(Decrease) increase in deferred tax liabilities			
	Total deferred tax expense/(benefit)	(5.07)		-
	Income tax expense	(5.07)		0

(b) Significant estimates

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
Profit before income tax expense	0.00	0.00	0
Tax at the Indian tax rate of (2016-2017 – 30%)			
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Amortisation of intangibles			
Corporate social responsibility expenditure			
Other items			
Adjustments for current tax of prior periods			
Tax losses for which no deferred income tax was recognised			
Income tax expense	0.00	0.00	-

(d) Amount recognised directly in equity	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited/ (credited) to equity:			
Current Tax:			
Deferred Tax:			

(e) Tax losses	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
Unused tax losses for which no deferred tax asset has been recognised			
Potential tax benefit @ 30%			

(f) Unrecognised temporary differences	31 March, 2017	15th Mar 16 to 31st Mar 16	31 March, 2016
Temporary difference relating to _______ for which deferred tax liabilities have not been recognised:			

Nature Trails Resorts Private Limited
Notes to balance sheet

6	Loans	March 31, 2017		March 31, 2016		April 1, 2015	
		Current	Non Current	Current	Non Current	Current	Non Current
	Unsecured, considered good						
	Loan to directors						
	Loans and advances to related parties - Subsidiaries (Refer Note 40)			-	-		
	Interest accrued on loans and advances to related parties			-			
	Loan to staff and workers	11.29	-	10.17	-	33.16	-
	Total	**11.29**	**-**	**10.17**	**-**	**33.16**	**-**

7	Other financial assets	March 31, 2017		March 31, 2016		April 1, 2015	
		Current	Non Current	Current	Non Current	Current	Non Current
	Derivatives						
	Foreign Exchange Forward Contracts						
	Others						
	Security Deposits		6.39		6.39		6.40
	Deposits with banks with maturity period more than 12 months (Refer note 16.1)			0	-		
	Receivable on sale of fixed assets [Refer Note 30(b)]			0	-		
	Interest accrued on fixed deposits			0	-		
	Unbilled revenue			-	-		
				0	-		
	Total	**-**	**6.39**	**-**	**6.39**	**-**	**6.40**

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Nature Trails Resorts Private Limited
Financial instruments and risk management

35 Fair value measurements

Financial instruments by category

	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments									
- Equity instruments	-	-	-	-	-	-	-	-	-
- Mutual funds	-	-	-	-	-		-	-	-
Trade receivables	-	-	31.45	-	-	225.26	-	-	
Loans									
Cash and cash equivalents	-	-	7.32	-	-	10.29	-	-	
Security deposits	-	-	6.39	-	-	6.39	-	-	
Fixed deposits			4.77			4.77			
Total financial assets	-	-	49.93	-	-	246.72		-	
Financial liabilities									
Borrowings			1,053			619.73			
Trade payables	-	-	108.38	-	-	90.59	-	-	
Employee related liabilities			47.38			50.66			
Total financial liabilities	-		**1,209.15**			**760.99**			

All the liabilities that will be settled as per the contract-Amortised costs

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) 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 accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Mutual funds-Growth Plan		-	-	-	-
Financial Investments at FVOCI:		-	-	-	-
Total financial assets					
TCI and TFCI Non-current Investment scoped out		-	-	-	-
Financial liabilities					
Total financial liabilities		-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments		-	-	-	-
Government securities		-	-	-	-
Debentures		-	-	-	-
Preference shares		-	-	-	-
Loans					
Loans to associates		-	-	-	-
Loans to employees	13	-	-	11.29	11.29
Loan to directors					
Security deposits		-	-	6.39	6.39
Total financial assets				17.68	17.68
Financial Liabilities					
Borrowings	8, 17	-	-	1,633.73	1,633.73
Total financial liabilities				1,633.73	1,633.73

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Growth-Mutual funds	6	-		0.74	0.74
Financial Investments at FVOCI:					
Total financial assets				0.74	0.74
Financial liabilities					
Total financial liabilities					

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Assets and liabilities which are measured atamortised cost for which fair values are disclosed

At 31 March 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments	-	-	-	-	-
Government securities	-	-	-	-	-
Debentures	-	-	-	-	-
Preference shares	-	-	-	-	-
Loans					
Loans to associates	-	-	-	-	-
Loans to employees				10.17	10.17
Loan to directors					-
Security deposits				6.39	6.39
Total financial assets				16.56	16.56
Financial Liabilities					
Borrowings	8, 17			604.84	604.84
Total financial liabilities				604.84	604.84

Financial assets and liabilities measured at fair value - recurring fair value measurements

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Mutual funds		-	-	-	-
Financial Investments at FVOCI:					
Total financial assets		-	-	-	-
Financial liabilities					
Borrowings		-	-	-	
Total financial liabilities					0

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments		-	-	-	-
Government securities		-	-	-	-
Debentures		-	-	-	-
Preference shares		-	-	-	-
Loans					
Loans to associates					
Loans to employees		-	-	-	-
Loan to directors				-	-
Security deposits		-	-	6.39	6.39
Total financial assets				6.4	6.4
Financial Liabilities					
Borrowings				929.34	929.34
Total financial liabilities				929.34	929.34

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

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. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

(iv) Valuation inputs and relationships to fair value

(v) Valuation processes

(vi) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investments						
Government securities						
Debentures						
Preference shares						
Loans						
Loans to associates						
Loans to employees	11.29	11.29	10.17	10.17	-	-
Loan to directors						
Security deposits	6.39	6.39	6.39	6.39	6.39	6.39
Total financial assets	17.68	17.68	16.56	16.56	6.39	6.39
Financial Liabilities						
Borrowings	1,633.73	1,633.73	604.84	604.84	929.34	929.34
Total financial liabilities	1,633.73	1,633.73	604.84	604.84	929.34	929.34

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans, security deposits are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are not observable

The carrying amounts of non-current borrowings are considered to be the same as their fair value as there was no fixed repayment schedule for unsecured borrowings & repayment of Term Loan was not started during period under audit. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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Nature Trails Resorts Private Limited
Statement of changes in equity

I)	Equity Share Capital	Notes	Amounts
	Balance as at April 1, 2015		
	Changes in equity share capital during the year	14	
	Balance as at March 31, 2016		44.31
	Changes in equity share capital during the year	14	-
	Balance as at March 31, 2017		44.31

Preference Share Capital

	Notes	Amounts
Balance as at April 1, 2015		
Changes in preference share capital during the year	14	
Balance as at March 31, 2016		-
Changes in preference share capital during the year	14	-
Balance as at March 31, 2017		-

(II)	Other equity	Notes	Reserves and surplus			Other reserves			Total
			Securities Premium Account	General reserve	Retained earnings	Capital reserve	Employee benefit obligations		
	Balance as at April 1, 2015					-		-	
	Profit for the period	15			-				-
	Other comprehensive income	15							-
	Balance as at March 31, 2016		1,366.29	-	361.28	-		-	1,727.57
	Profit for the period	15			(343.17)				(343.17)
	Other comprehensive income	15							-
	Balance as at March 31, 2017		1,366.29	-	18.12	-	-	-	1,384.41

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36 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis Credit ratings	Diversification of bank deposits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(A) **Credit risk**

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

(i) Credit risk management
Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

(ii) Provision for expected credit losses
The company provides for expected credit loss based on the following:

			Basis for recognition of expected credit loss provision		
Internal rating	**Category**	**Description of category**	**Investments**	**Loans and deposits**	**Trade receivables**
VL 1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12-month expected credit losses	12-month expected credit losses	Life-time expected credit losses (simplified approach)
VL 2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past			
VL 3	Standard assets, moderate credit risk	Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong			
VL 4	Substandard assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition. Assets where the payments are more than 30 days past due	Life-time expected credit losses	Life-time expected credit losses	
VL 5	Low quality assets, very high credit risk	Assets where there is a high probability of default. In general, assets where contractual payments are more than 60 days past due are categorised as low quality assets. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 60 days past due			
VL 6	Doubtful assets, credit-impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. The group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 120 days past due. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

Year ended 31 March 2017:

(a) Expected credit loss for loans, security deposits and investments

Particulars		**Asset group**	**Internal credit rating**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investments	VL1	-	0%	-	-
		Loans	VL1	-	0%	-	-
		Security deposits	VL1	6.39	0%	-	6.39
		Other receivables	VL1	-	0%	-	-
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired						
	Financial assets for which credit risk has increased significantly and credit-impaired						

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(b) Expected credit loss for trade receivables under simplified approach

Ageing	Not due	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Gross carrying amount		31.45					31.45
Expected loss rate		-					-
Expected credit losses (Loss allowance		-					-
Carrying amount of trade receivables (net		31.45					31.45

Year ended 31 March 2016:

(a) Expected credit loss for loans, security deposits and investments
Other than debtors

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investments	VL1	-	0%	-	-
		Loans	VL1	-	0%	-	-
		Security deposits	VL1	6.39	0%	-	6.39
		Other receivables	VL1	-	0%	-	-
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired						
	Financial assets for which credit risk has increased significantly and credit-impaired						

(b) Expected credit loss for trade receivables under simplified approach
Only for debtors

Ageing	Not due	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Gross carrying amount		225.26					225.26
Expected loss rate		-					0
Expected credit losses (Loss allowance		-					0
Carrying amount of trade receivables (net		225.26					225.26

As at 01 April 2015:

(a) Expected credit loss for loans, security deposits and investments

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investments	VL1	-	0%	-	-
		Loans	VL1	-	0%	-	-
		Security deposits	VL1	6.39	0%	-	-
		Other receivables	VL1	-	0%	-	-
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	NA	NA				
	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA				

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(b) Expected credit loss for trade receivables under simplified approach

Ageing	Not due	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Gross carrying amount		36.83					36.83
Expected loss rate		-					-
Expected credit losses (Loss allowance		-					-
Carrying amount of trade receivables (net		36.83					36.83

(iii) Reconciliation of loss allowance provision- Loans and deposits

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time: Financial assets for which credit risk has increased significantly and not credit-impaired	Loss allowance measured at life-time: Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2015	-	-	-
Add (Less):			
Changes in loss allowances due to	-	-	-
Asset originated or purchased			
Write-offs			
Recoveries			
Loss allowance on 31 March 2016	-	-	-
Add (Less): Changes in loss allowances due	-	-	-
Asset originated or purchased			
Write-offs			
Recoveries			
Loss allowance on 31 March 2017	-	-	-

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on 1 April 2015	-	-	-
Changes in loss allowance			
Loss allowance on 31 March 2016	-	-	-
Changes in loss allowance			
Loss allowance on 31 March 2017	-	-	-

(B) Liquidity risk

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2017	31 March, 2016	1 April, 2015
Floating rate			
- Expiring within one year (bank overdraft and other facilities)			
- Expiring beyond one year (bank loans)			

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of ' ' years (2016 ' ' years, 2015 ' ' years).

(ii) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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Contractual maturities of financial liabilities:

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
31 March 2017						
Non-derivatives						
Borrowings	-	-	49.17	-	1,053.40	1,102.57
Trade payables	108.38	-	-	-	-	108.38
Other financial liabilities						-
Total non-derivative liabilities	108.38	0.00	49.17	0.00	1,053.40	1,210.95
31 March 2016						
Non-derivatives						
Borrowings			(0.07)		604.91	604.84
Trade payables	123.83					123.83
Other financial liabilities						-
Total non-derivative liabilities	123.83	-	(0.07)	-	604.91	728.68
01 April 2015						
Non-derivatives						
Borrowings	-	-	39.56	-	929.34	968.90
Trade payables	86.58	-	-	-	-	86.58
Other financial liabilities						-
Total non-derivative liabilities	86.58	-	39.56	-	929.34	1,055.48

(C) **Market risk**

(i) Foreign currency risk
The company is not exposed to foreign exchange risk as it has not entered into anyforeign currency transactions during period under audit

The companys exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	31 March 2017		31 March 2016		01 April 2015	
	USD	EUR	USD	EUR	USD	EUR
Financial assets						
Investment in bonds / debentures	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-
Net exposure to foreign currency risk	-	-	-	-	-	-
Financial liabilities						
Foreign currency loan	-	-	-	-	-	-
Bank loan	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-
Net exposure to foreign currency risk	-	-	-	-	-	-

Sensitivity
The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Impact on profit after tax		Impact on other components of equity	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
USD sensitivity	-	-	-	-

(D) **Impact of hedging activities**

i) Disclosure of effects of hedge accounting on financial position

The company did not have any hedging positions or transactions during the period under audit.

ii) Disclosure of effects of hedge accounting on financial performance

The company did not have any hedging positions or transactions during the period under audit.

iii) Movements in cash flow hedging reserve

The company did not have any hedging positions or transactions during the period under audit.

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Nature Trails Resorts Private Limited
Financial instruments and risk management (contd.)

37 **Capital management**

(a) Risk management

The company's objectives when managing capital are to
• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
• maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:
Net debt (total borrowings net of cash and cash equivalents)
divided by
Total 'equity' (as shown in the balance sheet).

	March 31, 2017	March 31, 2016	April 1, 2015
Net debt	602	595	968.90
Total equity	1,532	1,845	53.43
Net debt to equity ratio	39.29%	32.25%	1813.40%

(i) Loan covenants

Under the terms of the major borrowing facilities, The company is required to comply with the following financial covenants:

The company has complied with these covenants throughout the reporting period.

(b) Dividends	March 31, 2017	March 31, 2016
(i) Equity shares		
Final dividend for the year ended 31 March 2016 of (31 March 2015 – xxxx) per fully paid share	0	0
Interim dividend for the year ended 31 March 2017 of (31 March 2015 – xxxx) per fully paid share	0	0
(ii) Dividends not recognised at the end of the reporting period		

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39 Related party transactions

(a) Parent entities
The group is controlled by following entity:

Name of entity	Type	Place of business	Ownership interest held by the group March 31, 2017	March 31, 2016	April 1, 2015
Sterling Holiday Resorts Limited (Refer note 1)	Holding Company	India	100%	100%	-

(b)Transactions with related parties
The following transactions occurred with related parties:

Particulars	March 31, 2017	March 31, 2016
Sale of Services		
Sterling Holiday Resorts Limited (Refer Note 1)	2.51	6.88
Interest on borrowings		
Sterling Holiday Resorts Limited (Refer Note 1)	82.70	28.91
Loans and Advances borrowed		
Sterling Holiday Resorts Limited (Refer Note 1)	348.38	583.43
Loans and Advances repaid		
Sterling Holiday Resorts Limited (Refer Note 1)	334.79	36.90

(c) Outstanding balances arising from sales/purchases of goods and services
The following balances are outstanding at the end of the reporting period in relation to transactionswith related parties:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables			
Sterling Holiday Resorts Limited (Refer Note 1)	-	-	
Total payables to related parties	-	-	-
Interest Accrued but not due			
Sterling Holiday Resorts Limited (Refer Note 1)	-	-	-
Total receivables from related parties	0	-	-

(f) Loans to/from related parties

Particulars	March 31, 2017	March 31, 2016
Loans to key management personnel		
Beginning of the year	-	-
Loans advanced		
Loan repayments received		
Interest charged		
Interest received		
End of the year	-	-

Particulars	March 31, 2017	March 31, 2016
Loans from Holding Company		
Sterling Holiday Resorts Limited (Refer Note 1)		
Beginning of the year	546.53	-
Loans taken	348.39	583.43
Loan repayments made	334.80	36.90
Interest charged	82.70	28.91
Interest received	-	-
End of the year	560.12	546.53

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Nature Trails Resorts Private Limited
Other disclosures

		As at March 31, 2017 Rupees (in Lakhs)	As at March 31, 2016 Rupees (in Lakhs)	As at March 31, 2015 Rupees (in Lakhs)
40	Contingent liabilities and contingent assets			
	(a) Contingent liabilities			
	Redemption of Preference Shares & Interest @ 12% per annum compounded Annually	500.00		

41 There are no outstanding dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

42 **Disclosure as required by Rule 11(d) of Companies (Audit & Auditors) Amendment Rules'2017**

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	6,24,100	4,38,805	10,62,905
(+) Permitted Receipts	-	14,15,637	14,15,637
(-) Permitted Payments	-	15,83,557	15,83,557
(-) Amount Deposited in Banks	6,24,100	-	6,24,100
Closing Cash in Hand as on 30.12.2016	-	2,70,885	2,70,885

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Nature Trails Resorts Private Limited
Statement of cash flows

Particulars	Notes	March 31, 2017	March 31, 2016
Cash flow from operating activities			
Profit before income tax		(276.95)	(15.46)
Adjustments for		-	-
Depreciation and amortisation expense	30	108.15	90.02
Deferred revenue - Advance against Depreciation		-	-
(Gain)/loss on disposal of property, plant and equipment	30	-	(227.79)
Provisions Written Back		-	-
Short Term Capital Gain	25	-	(0.84)
Amortisation of government grants		-	-
Receipt of government grants		-	-
Unwinding of discount on security deposits		-	-
Dividend and interest income classified as investing cash flows	25	-	(2.09)
Finance costs	32	97.56	104.00
FERV (gain)/loss		-	-
		-	-
Change in operating assets and liabilities		-	-
(Increase)/Decrease in trade receivables	10	7.05	(188.42)
(Increase) in inventories	9	0.46	(6.67)
Increase in trade payables	22	(39.94)	4.02
(Increase)/ decrease in short term loans and advances		16.01	23.00
(Increase)/decrease in other non-current assets	6	0.74	167.47
(Increase)/decrease in other current assets	13	31.07	(338.47)
Increase/(decrease) in provisions	18	62.92	73.83
Increase in other current liabilities	23	(0.59)	(35.15)
Cash generated from operations		4.46	(352.57)
Income taxes paid	7	(4.46)	(6.70)
Net cash inflow from operating activities		(0.00)	(359.27)
Cash flows from investing activities		-	-
Payments for property, plant and equipment	30	(350.02)	(1,186.35)
Loans to employees and subsidiaries		-	
(Increase)/Decrease in Long term loans and advances (Capex)	8	(15.00)	-
(Increase)/Decrease in Trade Payables (Capex)	22	18.05	-
(Increase)/Decrease in Advance for Capex	8	(66.36)	-
Receipts of government grants		-	-
Short term CG	25	-	0.84
Proceeds from sale of subsidiary		-	-
Proceeds from sale of property, plant and equipment	30	-	229.54
Repayment of loans by employees and subsidiaries		-	-
Dividends received	25	-	0.17
Interest received	25	-	1.93
Net cash outflow from investing activities		(413.33)	(953.88)
Cash flows from financing activities		-	-
Increase/(Decrease) in Long term Provision	18	3.56	-
Interest paid	32	(97.56)	(104.00)
Proceeds from Borrowings	21	509.13	(332.14)
Issue of Shares		-	1,425.00
Dividends paid to company's shareholders		-	-
Dividend Tax paid		-	-
Net cash inflow (outflow) from financing activities		415.13	988.87
Net increase (decrease) in cash and cash equivalents		1.80	(324.28)
Cash and cash equivalents at the beginning of the financial year	11	10.29	334.56
Cash and cash equivalents at end of the year		12.09	10.29

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STERLING HOLIDAY RESORTS (KODAIKANAL) LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Sterling Holiday Resorts (Kodaikanal) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 Ind AS financial statements

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 24, 2016 and April 28, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid 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 as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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Chennai

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its Ind AS financial statements – Refer Note 31;

ii. The Company has long-term contracts for which there were no material foreseeable losses but does not have derivative contracts as on March 31, 2017;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 37.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

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

1. We have audited the internal financial controls over financial reporting of Sterling Holiday Resorts (Kodaikanal) Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The Company does not own any immovable properties as disclosed in Note 3 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, value added tax and luxury tax though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including employee state insurance, works contract tax, sales tax, provident fund, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2017 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Due date	Date of Payment
The Income Tax Act, 1961	Fringe Benefit Tax	1.11	Assessment Years 2008-09 to 2009-10	March 31, 2008 and March 31, 2009 respectively	Yet to be paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N / N500016
Chennai

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Money raised by way of term loans have been applied, on an overall basis, for the purposes for which they have been obtained.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/ provided for any managerial remuneration during the year and accordingly the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard - 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

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

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

Sterling Holiday Resorts (Kodaikanal) Limited
Balance Sheet as at March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	3	21.28	23.20	15.63
Financial assets				
i. Other financial assets	4	18.38	15.02	13.33
Total non-current assets		**39.66**	**38.22**	**28.96**
Current assets				
Inventories	5	6.33	9.51	28.78
Financial assets				
i. Trade receivables	6	15.63	10.52	9.00
ii. Cash and cash equivalents	7	1.88	4.44	3.71
iii. Other financial assets	4	3.19	1.78	2.78
Other current assets	8	10.34	8.80	6.91
Total current assets		**37.37**	**35.05**	**51.18**
Total Assets		**77.03**	**73.27**	**80.14**
Equity and liabilities				
Equity				
Equity share capital	9	5.00	5.00	5.00
Other equity				
Reserves and surplus	10	(837.21)	(730.25)	(731.85)
Other Reserves	11	111.78	111.78	111.78
Total equity		**(720.43)**	**(613.47)**	**(615.07)**
Liabilities				
Non-current liabilities				
Financial liabilities				
i. Borrowings	12	474.16	459.13	454.76
Deferred tax liabilities (net)	13	-	-	-
Employee benefit obligations	14	17.26	14.88	12.09
Total non-current liabilities		**491.42**	**474.01**	**466.85**
Current liabilities				
Financial liabilities				
i. Trade payables	15	47.19	60.26	37.81
ii. Other financial liabilities	16	245.87	141.49	176.12
Provisions	17	1.11	1.11	1.11
Employee benefit obligations	14	5.38	3.94	1.70
Other current liabilities	18	6.49	5.93	11.62
Total current liabilities		**306.04**	**212.73**	**228.36**
Total liabilities		**797.46**	**686.74**	**695.21**
Total equity and liabilities		**77.03**	**73.27**	**80.14**

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

For and on behalf of the Board of Directors

B Udhay Shankar
Director

M Balasubramaniyan
Director

Place: Chennai
Date: May 02, 2017

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of Profit and Loss for the year ended March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	19	848.95	773.04
Other income	20	23.80	13.14
Total income		872.75	786.18
Expenses			
Cost of materials consumed	21	85.01	83.17
Employee benefit expenses	22	332.00	293.16
Finance cost	23	78.44	78.55
Depreciation	24	2.06	1.86
Other expenses	25	481.36	326.57
Total expenses		978.86	783.31
Profit/(loss) before tax		(106.11)	2.87
Income tax expense			
Current tax	26	-	-
Deferred tax		-	-
Profit for the year		(106.11)	2.87
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(0.85)	(1.27)
Income tax relating to these items		-	-
Other comprehensive income for the year, net of tax		(0.85)	(1.27)
Total comprehensive income for the year		(106.96)	1.60
Basic earnings per share	36	(212.22)	5.75
Diluted earnings per share		(212.22)	5.75

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

B Udhay Shankar
Director

M Balasubramaniyan
Director

Place: Chennai
Date: May 02, 2017

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of changes in equity
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity Share Capital

	Notes	Amount
Balance as at April 1, 2015		5.00
Changes in equity share capital during the year	9	-
Balance as at March 31, 2016		5.00
Changes in equity share capital during the year	9	-
Balance as at March 31, 2017		5.00

II) Other equity

	Notes	Retained earnings	Other reserves - Contribution from Holding Company	Total
Balance as at April 1, 2015		(731.85)	111.78	(620.07)
Profit for the year	10	2.87	-	2.87
Other comprehensive income	10	(1.27)	-	(1.27)
Balance as at March 31, 2016		(730.25)	111.78	(618.47)
Loss for the year	10	(106.11)	-	(106.11)
Other comprehensive income	10	(0.85)	-	(0.85)
Balance as at March 31, 2017		(837.21)	111.78	(725.43)

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

For and on behalf of the Board of Directors

B Udhay Shankar
Director

M Balasubramaniyan
Director

Place: Chennai
Date: May 02, 2017

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD
CHENNAI

Sterling Holiday Resorts (Kodaikanal) Limited
Statement of cash flows
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities			
Profit/(loss) before income tax		**(106.11)**	**2.87**
Adjustments for:			
Depreciation	24	2.06	1.86
Finance cost	23	78.44	78.55
Change in operating assets and liabilities			
(Increase) in trade receivables	6	(5.11)	(1.52)
Decrease in inventories	5	3.18	19.27
Increase/(decrease) in trade payables	15	(13.07)	22.45
(Increase) in other financial assets	4	(4.77)	(0.69)
Increase in other financial liabilities		4.83	5.59
(Increase) in other current assets		(1.60)	(1.84)
Increase in employee benefit obligations		2.97	3.76
Increase/(decrease) in other current liabilities	18	0.56	(5.69)
Cash generated/(used in) from operations		**(38.62)**	**124.61**
Income taxes paid/(refund received)		(0.06)	0.06
Net cash inflow/(outflow) from operating activities		**(38.56)**	**124.55**
Cash flows from investing activities			
Payments for property, plant and equipment		(0.14)	(10.30)
Proceeds from sale of assets		-	0.87
Net cash outflow from investing activities		**(0.14)**	**(9.43)**
Cash flows from financing activities			
Loan from Holding Company		1,151.30	845.45
Repayment of loan from holding company		(1,056.70)	(858.96)
Interest paid		(58.46)	(100.87)
Net cash inflow/(outflow) from financing activities		**36.14**	**(114.38)**
Net increase/(decrease) in cash and cash equivalents		**(2.56)**	**0.74**
Cash and cash equivalents at the beginning of the financial year	7	4.44	3.70
Cash and cash equivalents at end of the year		**1.88**	**4.44**
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents comprise of the following			
Cash and cash equivalents	7	1.88	4.44
Balance as per statement of cash flows		1.88	4.44
The accompanying notes are an integral part of these financial statements			

In terms of our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

B Udhay Shankar
Director

M Balasubramaniyan
Director

Place: Chennai
Date: May 02, 2017

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD
CHENNAI

1.1. General Information :

Sterling Holiday Resorts (Kodaikanal) Limited (the "Company") is engaged in providing resort operations and maintenance services [being leisure hospitality services]. Sterling Holiday Resorts Limited holds 98 % of the share capital. The ultimate holding company is Fairfax Financial Holdings Limited, Canada.

1.2. Summary of significant accounting policies

1.2.1. Basis of Preparation

Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Compauies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 are prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 38 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Historical cost convention

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

- certain financial assets and liabilities are measured at fair value
- defined benefit plans – plan assets measured at fair value;

1.2.2. Revenue Recognition

Sale of services

Income from resort operations and maintenance services comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and when services are rendered.

1.2.3. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessiug impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 Chennai

1.2.4. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.2.5. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realizable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprise of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving / non-moving items, wherever necessary.

1.2.6. Investments and other financial assets

a) Classification:

The Company classifies its financial assets in the following measurement categories:

a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or 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 and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28A details how the Company determines whether there has been a significant increase in credit risk.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 Chennai

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

d) Derecognition of financial assets:

A financial asset is derecognised only when

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

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

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

1.2.7. Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Based on technical evaluation carried out, depreciation on tangible assets is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset Class	Useful life adopted by the Company (years)
Building	60
Plant and Machinery	15
Furniture and Fixtures – General	10
Furniture and Fixtures – Others	8
Computer and data processing units – Servers & Network	6
Computer and data processing units – Desktop, Laptop and end user items	3

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

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N / N500016 Chennai

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

1.2.8. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value aud subsequently measured at amortised cost using the effective interest method.

1.2.9. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowiugs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.2.10. Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

1.2.11. Employee Benefits

a) Provident Fund

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 Chennai

b) Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

c) Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.2.12. Earnings Per Share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 36).

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.2.13. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

2. Recent accounting pronouncements

Standards issued but not yet effective

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

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N / N500016 Chennai

Amendment to Ind AS 7:

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

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

Amendment to Ind AS 102:

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

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

The amendment to Ind AS 102 will not have an impact on the financials statements of the Company since the Company has not issued any cash settled awards.

Sterling Holiday Resorts (Kodaikanal) Ltd
Chennai

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LLPIN AAC-5001
FRN 012754N / N500016
Chennai

Sterling Holiday Resorts (Kodaikanal) Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

3 Property, plant and equipment

The changes in the carrying value of fixed assets for the year ended March 31, 2016 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	Deemed Cost as at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	Disposals	As at March 31, 2016	As at April 1, 2015	As at March 31, 2016
Building	1.31	-	-	1.31	-	0.02	-	0.02	1.31	1.29
Computer Equipment	0.13	-	-	0.13	-	0.11	-	0.11	0.13	0.02
Plant and Machinery	14.04	9.35	-	23.39	-	1.61	-	1.61	14.04	21.78
Furniture and Fixtures	0.15	-	-	0.15	-	0.04	-	0.04	0.15	0.11
Vehicles	-	0.95	0.95	-	-	0.08	0.08	-	-	-
Total	**15.63**	**10.30**	**0.95**	**24.98**	-	**1.86**	**0.08**	**1.78**	**15.63**	**23.20**

The changes in the carrying value of fixed assets for the year ended March 31, 2017 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation for the year	Disposals	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Building	1.31	-	-	1.31	0.02	0.02	-	0.04	1.29	1.27
Computer Equipment	0.13	-	-	0.13	0.11	0.02	-	0.13	0.02	-
Plant and Machinery	23.39	0.14	-	23.53	1.61	2.00	-	3.61	21.78	19.92
Furniture and Fixtures	0.15	-	-	0.15	0.04	0.02	-	0.06	0.11	0.09
Total	**24.98**	**0.14**	-	**25.12**	**1.78**	**2.06**	-	**3.84**	**23.20**	**21.28**

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4 Other financial assets

	March 31, 2017		March 31, 2016		April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
Security Deposits	-	18.38	-	15.02	-	13.33
Unbilled revenue	3.19	-	1.78	-	2.78	
Total	**3.19**	**18.38**	**1.78**	**15.02**	**2.78**	**13.33**

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5	**Inventories**			
	Food and beverages	2.27	2.41	2.14
	Operating supplies	4.06	7.10	26.64
	Total	**6.33**	**9.51**	**28.78**
6	**Trade receivables**			
	Considered Good	15.63	10.52	9.00
	Considered Doubtful	0.25	-	-
		15.88	10.52	9.00
	Less: Allowances for doubtful receivables	(0.25)	-	-
	Total	**15.63**	**10.52**	**9.00**
7	**Cash and cash equivalents**			
	Balances with banks			
	- in current accounts	1.29	3.36	2.43
	Cash on hand	0.59	1.08	1.28
	Total	**1.88**	**4.44**	**3.71**
8	**Other current assets**			
	Prepaid expenses	8.91	5.98	5.56
	Employee advances	1.15	2.48	1.26
	Balances with Statutory	0.28	0.28	0.09
	Advance tax	-	0.06	-
	Total	**10.34**	**8.80**	**6.91**

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9 Equity share capital

Authorised equity share capital

	Number of shares	Amount
As at April 1, 2015	50,000	5.00
Increase during the year	-	-
As at March 31, 2016	50,000	5.00
Increase during the year	-	-
As at March 31, 2017	50,000	5.00

(i) Movements in equity share capital

	Number of shares	Equity share capital
As at April 1, 2015	50,000	5.00
Increase during the year	-	-
As at March 31, 2016	50,000	5.00
Increase during the year	-	-
As at March 31, 2017	50,000	5.00

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to

(ii) Shares of the company held by holding company

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Sterling Holiday Resorts Limited	49,000	4.90	49,000	4.90	49,000	4.90
	49,000	4.90	49,000	4.90	49,000	4.90

(iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Sterling Holiday Resorts Limited	49,000	98%	49,000	98%	49,000	98%
	49,000	98%	49,000	98%	49,000	98%

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10 Reserves and surplus

	March 31, 2017	March 31, 2016	April 1, 2015
Retained earnings	(837.21)	(730.25)	(731.85)
Total	**(837.21)**	**(730.25)**	**(731.85)**

Movement in Reserves and surplus balances is as follows :

Retained earnings		
	March 31, 2017	**March 31, 2016**
Opening balance	(730.25)	(731.85)
Net profit for the year	(106.11)	2.87
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.85)	(1.27)
Closing balance	**(837.21)**	**(730.25)**

11 **Other Reserves**	**Contribution from Holding Company**
As at April 1, 2015	111.78
Additions during the year	-
As at March 31, 2016	**111.78**
Additions during the year	-
As at March 31, 2017	**111.78**

The loan received from Holding Company has been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company' cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the parent considering the substance of the transaction.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
12 **Borrowings**			
Unsecured loan from holding company	474.16	459.13	454.76
Total	**474.16**	**459.13**	**454.76**

Unsecured loan amounting to Rs. 604.80 lakhs (Previous year: Rs. 510.20 lakhs; as on April 1, 2015: Rs. 523.71 lakhs) outstanding as on March 31, 2017 from Holding Company - Sterling Holiday Resorts Limited, carries an interest rate of 10% and does not have a fixed repayment schedule.

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13 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax liabilities			
Depreciation	1.04	0.81	0.46
Total deferred tax liabilities	**1.04**	**0.81**	**0.46**
Deferred tax assets			
Unabsorbed depreciation allowance and business loss carried forward	124.76	91.42	93.30
Provision for employee benefits	7.45	6.21	4.91
Provision for doubtful debts	0.08	-	-
Set-off of deferred tax assets to the extent of deferred tax liabilities	(1.04)	(0.81)	(0.46)
Net deferred tax asset/ liability as per the balance sheet	-	-	-
Unrecognised deferred tax assets	**131.25**	**96.82**	**97.75**

Movement in deferred tax liabilities

	Depreciation
At April 1, 2015	0.46
Charged/(credited):	
- to profit or loss	0.35
- to other comprehensive income	-
At March 31, 2016	**0.81**
Charged/(credited):	
- to profit or loss	0.23
- to other comprehensive income	-
At March 31, 2017	**1.04**

	Unabsorbed depreciation allowance and business loss carried forward	Provision for employee benefits	Provision for doubtful debts	Total
At April 1, 2015	93.30	4.45	-	97.75
Movement in unrecognised deferred tax assets	(1.88)	0.95	-	(0.93)
At March 31, 2016	**91.42**	**5.40**	-	**96.82**
Movement in unrecognised deferred tax assets	33.34	1.09	-	34.43
At March 31, 2017	**124.76**	**6.49**	-	**131.25**

In the absence of reasonable certainty that the Company will be able to used the deferred tax asset in the future, the deferred tax assets have not been recognised.

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14 Employee benefit obligations

	March 31, 2017			March 31, 2016			April 1, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Leave obligations	1.78	3.96	5.74	1.09	3.04	4.13	0.33	1.91	2.24
Gratuity	3.60	13.30	16.90	2.85	11.84	14.69	1.37	10.18	11.55
Total employee benefit obligations	**5.38**	**17.26**	**22.64**	**3.94**	**14.88**	**18.82**	**1.70**	**12.09**	**13.79**

(i) Leave obligations

	March 31, 2017	March 31, 2016	April 1, 2015
Current leave obligations expected to be settled within the next 12 months	1.78	1.09	0.33

(ii) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

	March 31, 2017	March 31, 2016
Opening Present value of obligation	**14.69**	**11.55**
Current service cost	2.54	1.99
Interest expense/(income)	1.13	0.95
Total amount recognised in profit or loss	**3.67**	**2.94**
Remeasurements		
(Gain)/loss from change in demographic assumptions	(1.37)	0.13
(Gain)/loss from change in financial assumptions	2.22	0.32
Experience (gains)/losses	-	0.82
Total amount recognised in other comprehensive income	**0.85**	**1.27**
Benefit payments	(2.31)	(1.07)
Closing Present value of obligation	**16.90**	**14.69**

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The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Unfunded plans	16.90	14.69	11.55
Deficit of gratuity plan	**16.90**	**14.69**	**11.55**

(iii) Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs.17.02 lakhs (Previous year Rs.14.43 lakhs)

(iv) Principal actuarial assumptions used in valuation of Gratuity

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	6.88%	7.77%	8%
Salary growth rate	7%	5%	5%
Attrition rate	27%	20%	12%

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

(v) Sensitivity Analysis

a) Gratuity

	March 31, 2017	March 31, 2016
Discount Rate:		
+ 100 basis points	(1.51)	(1.32)
- 100 basis points	1.56	1.35
Salary Escalation Rate:		
+ 100 basis points	1.41	1.23
- 100 basis points	(1.34)	(1.17)

b) Leave Encashment

	March 31, 2017	March 31, 2016
Discount Rate:		
+ 100 basis points	(0.52)	(0.37)
- 100 basis points	0.53	0.38
Salary Escalation Rate:		
+ 100 basis points	0.44	0.31
- 100 basis points	(0.43)	(0.31)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumption may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

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	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
15 Trade payables			
Current			
Trade Payable (Refer Note 34)	47.19	60.26	37.81
Total	**47.19**	**60.26**	**37.81**
16 Other financial liabilities			
Current			
Current Maturities of long-term borrowings (Refer Note 12)	130.64	51.07	68.95
Interest accrued but not due on borrowings	52.92	32.94	55.26
Employee benefits payable	24.28	19.45	13.88
Security Deposits	38.02	38.02	38.02
Share application money	0.01	0.01	0.01
Total	**245.87**	**141.49**	**176.12**
17 Provisions			
- Provision for Fringe Benefit Tax	1.11	1.11	1.11
Total	**1.11**	**1.11**	**1.11**
18 Other current liabilities			
Statutory Liabilities	5.71	5.93	11.62
Advance received from customers	0.78	-	-
Total	**6.49**	**5.93**	**11.62**

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	Year ended March 31, 2017	Year ended March 31, 2016
19 Revenue from operations		
Sale of products		
Food and beverages	280.93	246.26
Income from resorts:		
- Room rentals	450.22	419.78
- Others	97.99	89.67
Other operating revenues		
Service charges	19.81	17.33
Total	**848.95**	**773.04**
20 Other income		
Interest income on bank deposits	0.57	0.51
Scrap sales	0.65	0.24
Miscellaneous income	22.58	12.39
Total	**23.80**	**13.14**
21 Cost of Materials Consumed		
Cost of food, beverages and operating supplies consumed	85.01	83.17
Total	**85.01**	**83.17**
22 Employee benefit expense		
Salaries, wages and bonus	255.04	220.79
Contribution to provident and other funds	17.02	14.43
Leave compensation	2.19	2.42
Gratuity	3.67	2.94
Staff welfare expenses	54.08	52.58
Total	**332.00**	**293.16**
23 Finance Cost		
Interest and Finance Charges on Financial Liabilities not at Fair Value through Profit and Loss	78.44	78.55
Total	**78.44**	**78.55**
24 Depreciation		
Depreciation of property, plant and equipment	2.06	1.86
Total	**2.06**	**1.86**
25 Other expenses		
Consumption of Stores and spares	18.84	35.04
Power and fuel	96.31	96.38
Rent	42.61	26.77
Repairs and Maintenance:		
-Building	10.90	7.74
-Plant and Machinery	15.74	12.77
-Others	4.03	4.73
Insurance	0.38	0.38
Rates and taxes	12.36	14.42
Guest supplies	11.78	12.28
Laundry expenses	13.24	13.61
Communication	20.43	5.48
Recruitment and training	1.16	5.24
Travel and tours	24.47	28.63
Legal and professional	0.62	2.26
Management Fees	168.77	-
Payment to Statutory Auditors:		
As Auditor:		
- Statutory audit	4.00	4.00
Travel and conveyance	9.62	18.01
Security charges	14.71	14.01
Sales promotion	-	2.82
Bank charges	5.22	4.38
Provision for doubtful debts	0.25	-
Printing and Stationery	4.44	4.13
Miscellaneous expenses	1.48	13.49
Total	**481.36**	**326.57**

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	Year ended March 31, 2017	Year ended March 31, 2016
26 a) Income Tax expense		
Current tax		
Current tax for the year	-	-
Total	-	-
Deferred tax expense		
(Increase)/Decrease in deferred tax assets	-	-
Increase/(Decrease) in deferred tax liabilities	-	-
Total	-	-
b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate:		
Profit/(loss) before income tax expense	(106.11)	2.87
Tax at the Indian tax rate of 32.45%	(34.43)	0.93
Net tax effects of temporary differences which are (deductible)/disallowed in calculating taxable income	1.25	1.83
Previously unrecognised tax losses now recouped to reduce profit	-	(2.76)
Tax impact of unrecognised tax losses	33.18	-
Income Tax expense	-	-
c) Tax Losses		
Amount of deductible temporary differences on which no deferred tax assets has been recognised	23.01	19.15
Unused tax losses for which no deferred tax assets have been recognised	381.45	279.20
Potential tax benefit at 32.445%	131.25	96.82

Tax losses on account of unrecognised deferred tax assets

Date of Expiry to Carry Forward	March 31, 2017	March 31, 2016
31-Mar-25	102.25	-
31-Mar-23	14.84	14.84
31-Mar-22	103.53	103.53
31-Mar-21	65.27	65.27
31-Mar-20	92.84	92.84
Indefinite period to carry forward	2.72	2.72
Total	**381.45**	**279.20**

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27 Fair value measurements

Financial instruments by category

	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Trade receivables	-	-	15.63	-	-	10.52	-	-	9.00
Cash and cash equivalents	-	-	1.88	-	-	4.44	-	-	3.71
Unbilled revenue			3.19			1.78			2.78
Security deposits	-	-	18.38	-	-	15.02	-	-	13.33
Total financial assets	-	-	**39.08**	-	-	**31.76**	-	-	**28.82**
Financial liabilities									
Borrowings	-	-	604.80	-	-	510.20	-	-	523.71
Interest accrued and not due on borrowings	-	-	52.92	-	-	32.94	-	-	55.26
Trade payables	-	-	47.19	-	-	60.26	-	-	37.81
Security deposits	-	-	38.02	-	-	38.02	-	-	38.02
Share application money	-	-	0.01	-	-	0.01	-	-	0.01
Employee related liabilities	-	-	24.28	-	-	19.45	-	-	13.88
Employee benefit obligations			22.64			18.81			13.79
Total financial liabilities	-	-	**789.86**	-	-	**679.70**	-	-	**682.48**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. There are no financial instruments that are measured at fair value through OCI or PL. 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 accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	12	-	-	604.80	**604.80**
Interest accrued and not due on borrowings	16	-	-	52.92	**52.92**
Total		-	-	657.72	657.72

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2016	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	12	-	-	510.20	**510.20**
Interest accrued and not due on borrowings	16	-	-	32.94	**32.94**
Total		-	-	543.14	543.14

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	12	-	-	523.71	**523.71**
Interest accrued and not due on borrowings	16	-	-	55.26	**55.26**
Total				578.97	578.97

(All amounts in Rs. lakhs, unless otherwise stated)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Fair value of financial assets and liabilities measured at amortised cost

	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities						
Borrowings	604.80	604.80	510.20	510.20	523.71	523.71
Interest accrued and not due on borrowings	52.92	52.92	32.94	32.94	55.26	55.26
Total	657.72	657.72	543.14	543.14	578.97	578.97

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities are considered to be the same as their fair values, due to their short-term nature. The carrying amounts of borrowings and interest accrued are carried at effective interest rate of 15% which is determined based on the risk and other factors applicable to the Company's cashflows. Hence the carrying amount is considered as the fair value.

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28 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines. The borrowings are from the holding company and there are no fixed repayment schedule.

The company's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, non-derivative financial instruments and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, The company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a group basis for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information and the company majorly manages the credit risk through internal credit rating system.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 180 days past due.
A default on a financial asset is when the counterparty fails to make contractual payments as and when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

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(All amounts in Rs. lakhs, unless otherwise stated)

(ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

			Basis for recognition of expected credit loss provision	
Internal rating	**Category**	**Description of category**	**Trade receivables**	**Others**
C 1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	Life-time expected credit losses	12-month expected credit losses
C 2	Doubtful assets, credit-impaired	Assets are fully provided for when there is no reasonable expectation of recovery. The company categorises a receivable or provisioning when the debtor fails to make the contractual payment within 180 days from the date they become due. Where loans or receivables have been provided for, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is provided for fully	Asset is provided for fully

Year ended March 31, 2017:

(a) Expected credit loss for trade receivables under simplified approach

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	15.62	0.25	15.87
Expected loss rate	0%	100%	2%
Expected credit losses (Loss allowance provision)	-	0.25	0.25
Carrying amount of trade receivables (loss allowance provision)	**15.62**	**-**	**15.62**

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(All amounts in Rs. lakhs, unless otherwise stated)

Year ended March 31, 2016:

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	10.52	-	10.52
Expected loss rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	-	-	-
Carrying amount of trade receivables (loss allowance provision)	**10.52**	**-**	**10.52**

As at April 1, 2015:

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	9.00	-	9.00
Expected loss rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	-	-	-
Carrying amount of trade receivables (loss allowance provision)	**9.00**	**-**	**9.00**

(b) Reconciliation of loss allowance provision- Trade receivables

Loss allowance on April 1, 2015	-
Changes in loss allowances due to	
Provision made during the year	-
Loss allowance on March 31, 2016	-
Changes in loss allowances due to	
Provision made during the year	0.25
Loss allowance on March 31, 2017	**0.25**

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(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company also manages its financing requirements through borrowings from the Holding Company which does not have any fixed repayment schedule.

(ii) Maturities of financial liabilities
The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:
a) all non-derivative financial liabilities, and
b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

	Less than 3 months	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2017					
Non-derivatives					
Borrowings	-	198.69	267.57	349.35	815.61
Trade payables	47.19	-	-		47.19
Other financial liabilities	62.31	-	-		62.31
Total non-derivative liabilities	**109.50**	**198.69**	**267.57**	**349.35**	**925.11**
March 31, 2016					
Non-derivatives					
Borrowings	-	67.55	98.52	711.36	877.43
Trade payables	60.26	-	-		60.26
Other financial liabilities	57.49	-	-		57.49
Total non-derivative liabilities	**117.75**	**67.55**	**98.52**	**711.36**	**995.18**
April 1, 2015					
Non-derivatives					
Borrowings	-	79.29	67.55	839.42	986.26
Trade payables	37.81	-	-		37.81
Other financial liabilities	51.91	-	-		51.91
Total non-derivative liabilities	**89.72**	**79.29**	**67.55**	**839.42**	**1,075.98**

29 Capital management

Risk management
The company's objectives when managing capital are to
• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
• maintain an optimal capital structure to reduce the cost of capital.

The Company borrows from the holding company at 10% per annum in order to meet its capital requirements. As at March 31, 2017, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was

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(All amounts in Rs. lakhs, unless otherwise stated)

30 Related party transactions

(a) Parent entities

The Company is controlled by following entity:

			Ownership interest held by the group		
Name of entity	**Type**	**Place of business**	**March 31, 2017**	**March 31, 2016**	**April 1, 2015**
Fairfax Financial Holdings Limited, Canada (w.e.f. September 3, 2014)	Ultimate Holding Company	Canada	-	-	-
Thomas Cook (India) Limited (w.e.f. September 3, 2014)	Intermediate Holding Companies:	India	-	-	-
Sterling Holiday Resorts Limited (w.e.f. September 3, 2014))	Holding Company	India	98%	98%	98%

Fellow subsidiaries with whom transactions have been entered into during the year

SOTC Travel Services Private Limited (formerly known as Kuoni Travel (India) Private Limited)
Sterling Holidays (Ooty) Limited
Nature Trails Resorts Private Limited
(from March 15, 2016)

(b)Transactions with related parties

The following transactions occurred with related parties:

	March 31, 2017	March 31, 2016
Sale of Services		
Thomas Cook (India) Limited	1.29	17.16
SOTC Travel Services Private Limited (formerly known as Kuoni Travel (India) Private Limited)	0.05	0.09
Rent expenses		
Sterling Holiday Resorts Limited	22.58	12.39
Miscellaneous income		
Sterling Holiday Resorts Limited	22.58	12.39
Management Fees		
Sterling Holiday Resorts Limited	168.77	-
Interest on borrowings		
Sterling Holiday Resorts Limited	78.44	78.55
Loans availed (Refer note 12)		
Sterling Holiday Resorts Limited	1,151.30	845.45
Loans repaid (Refer note 12)		
Sterling Holiday Resorts Limited	1,056.70	858.96

(c) Outstanding balances as at year end

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables			
Thomas Cook (India) Limited	0.45	1.89	-
Total receivables from related parties	**0.45**	**1.89**	**-**
Borrowings:			
Sterling Holiday Resorts Limited (Refer Note 12)	604.80	510.20	523.71
Interest accrued on loans			
Sterling Holiday Resorts Limited (Refer Note 16)	52.92	32.94	55.26

(All amounts in Rs. lakhs, unless otherwise stated)

31 Contingent liabilities and contingent assets

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Claims against the Company not acknowledged as debt: Show cause notice issued for the wrong availment of service tax input credit	2.47	2.47	-

32 Sterling Holiday Resorts Limited (SHRL) holds 98% equity shares in the Company and the Company is responsible for maintaining the property Kodai By the Lake, pursuant to the property timeshare agreement with the property timeshare members. However, certain property timeshare weeks are unsold and retained by the SHRL. Pursuant to the necessary approvals obtained by the Company as required under The Companies Act, 2013, the Company is permitted to rent out weeks sold to property timeshare members and unsold weeks retained by SHRL which are vacant and earn revenue from it. The property timeshare members and SHRL shall have no claim on the revenue generated by the Company. Further, pursuant to the exchange clause under property timeshare agreement, property timeshare members of the said property are also eligible to utilize facilities at SHRL's other resorts.

33 The Company has identified only one reportable segment. The entire Company's business is from Leisure Hospitality Services (earlier called resort operation) and there are no other reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation during the year are all as reflected in the Financial Statement as at and for the year ended March 31, 2017.

34 There are no outstanding dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

35 As at March 31, 2017, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. Considering the future financial projections approved by the Board of Directors which reflect positive cash flow from operations, these financial statements are prepared on a going concern basis.

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Notes forming part of the Financial Statements as at and for the year ended March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

36 Earnings per share

(a) Basic earnings per share

	March 31, 2017	March 31, 2016
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	(106.11)	2.87
Weighted average number of equity shares outstanding	50,000	50,000
Basic Earnings Per Share	(212.22)	5.75
Diluted Earnings Per Share	(212.22)	5.75

37 Details of Specified Bank Notes* and Transactions between November 8, 2016 to December 30, 2016

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing Cash in Hand as on November 8, 2016	**2.44**	**0.46**	**2.90**
(+) Permitted Receipts	-	20.06	20.06
(-) Permitted Payments	-	2.50	2.50
(-) Amount Deposited in Banks	2.44	17.49	19.93
Closing Cash in Hand as on December 30, 2016	-	**0.53**	**0.53**

* Specified Bank Notes (SBNs) mean bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated November 8, 2016.

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38 Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected The company's financial position, financial performance and cash flows is set out in the following tables and notes.

A1. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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(All amounts in Rs. lakhs, unless otherwise stated)

		Notes to first time adoption	Previous GAAP	Adjustments	IND AS
B1	**Reconciliation of equity as at date of transition (April 1, 2015)**				
	Assets				
	Non-current assets				
	Property, plant and equipment		15.63	-	15.63
	Financial assets				
	i. Other financial assets		13.33	-	13.33
	Total non-current assets		**28.96**	-	**28.96**
	Current assets				
	Inventories		28.78	-	28.78
	Financial assets				
	i. Trade receivables		9.00	-	9.00
	ii. Cash and cash equivalents		3.71	-	3.71
	iii. Other financial assets		2.78	-	2.78
	Other current assets		6.91	-	6.91
	Total current assets		**51.18**	-	**51.18**
	Total Assets		**80.14**	-	**80.14**
	Equity and liabilities				
	Equity				
	Equity share capital		5.00	-	5.00
	Other equity				
	Reserves and surplus		(731.85)	-	(731.85)
	Other Reserves	2	-	111.78	111.78
	Total equity		**(726.85)**	**111.78**	**(615.07)**
	Liabilities				
	Non-current liabilities				
	Financial liabilities				
	i. Borrowings	2	410.74	44.02	454.76
	Employee benefit obligations		12.09	-	12.09
	Total non-current liabilities		**422.83**	**44.02**	**466.85**
	Current liabilities				
	Financial liabilities				
	i. Trade payables		37.81	-	37.81
	ii. Other financial liabilities	2	331.92	(155.80)	176.12
	Provisions		1.11	-	1.11
	Employee benefit obligations		1.70	-	1.70
	Other current liabilities		11.62	-	11.62
	Total current liabilities		**384.16**	**(155.80)**	**228.36**
	Total liabilities		**806.99**	**(111.78)**	**695.21**
	Total equity and liabilities		**80.14**	-	**80.14**

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(All amounts in Rs. lakhs, unless otherwise stated)

		Notes to first time adoption	Previous GAAP	Adjustments	IND AS
B2	**Reconciliation of Equity as at March 31, 2016**				
	Assets				
	Non-current assets				
	Property, plant and equipment		23.20	-	23.20
	Financial assets				-
	i. Other financial assets		15.02		15.02
	Total non-current assets		**38.22**	-	**38.22**
	Current assets				
	Inventories		9.51	-	9.51
	Financial assets				
	i. Trade receivables		10.52	-	10.52
	ii. Cash and cash equivalents		4.44	-	4.44
	iii. Other financial assets		1.78	-	1.78
	Other current assets		8.80	-	8.80
	Total current assets		**35.05**	-	**35.05**
	Total Assets		**73.27**	-	**73.27**
	Equity and liabilities				
	Equity				
	Equity share capital		5.00	-	5.00
	Other equity		-	-	
	Reserves and surplus	2	(713.39)	(16.86)	(730.25)
	Other reserves		-	111.78	111.78
	Total equity		**(708.39)**	**94.92**	**(613.47)**
	Liabilities				
	Non-current liabilities				
	Financial liabilities				
	i. Borrowings	2	621.98	(162.85)	459.13
	Employee benefit obligations		14.88	-	14.88
	Total non-current liabilities		**636.86**	**(162.85)**	**474.01**
	Current liabilities				
	Financial liabilities				
	i. Trade payables		60.26	-	60.26
	ii. Other financial liabilities	2	73.56	67.93	141.49
	Provisions		1.11	-	1.11
	Employee benefit obligations		3.94	-	3.94
	Other current liabilities		5.93	-	5.93
	Total current liabilities		**144.80**	**67.93**	**212.73**
	Total liabilities		**781.66**	**(94.92)**	**686.74**
	Total equity and liabilities		**73.27**	-	**73.27**

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Notes forming part of the Financial Statements as at and for the year ended March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

B3 Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first time adoption	Previous GAAP	Adjustments	IND AS
Income				
Revenue from operations		773.04	-	773.04
Other income	3	0.75	12.39	13.14
Total income		**773.79**	**12.39**	**786.18**
Expenses				
Cost of materials consumed		83.17	-	83.17
Employee benefit expenses	1	294.43	(1.27)	293.16
Depreciation and amortisation expense		1.86	-	1.86
Other expenses	3	314.18	12.39	326.57
Finance costs	2	61.69	16.86	78.55
Total expenses		**755.33**	**27.98**	**783.31**
Profit before tax		**18.46**	**(15.59)**	**2.87**
Income tax expense				
Current tax		-	-	-
Deferred tax		-	-	-
Profit for the year		**18.46**	**(15.59)**	**2.87**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefit obligations	1		(1.27)	(1.27)
Change in fair value of FVOCI equity instruments				
Income tax relating to these items				
Other comprehensive income for the year, net of tax		-	**(1.27)**	**(1.27)**
Total comprehensive income for the year		**18.46**	**(16.86)**	**1.60**

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Notes forming part of the Financial Statements as at and for the year ended March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

B4 Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Notes	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP		**(708.39)**	**(726.85)**
Adjustments			
Fair valuation of borrowings from Holding Company	2	111.78	111.78
Differential interest on borrowing charged based on effective interest rate		(16.86)	-
Total adjustments		**94.92**	**111.78**
Total equity as per Ind AS		**(613.47)**	**(615.07)**

II) Reconciliation of total comprehensive income for the year ended March 31, 2016

Profit after tax as per previous GAAP		**18.46**
Adjustments		
Differential interest income on restatement of loan from holding company valued at fair value	2	(16.86)
Actuarial Gain or Loss charged to OCI	3	1.27
Total adjustments		**(15.59)**
Profit after tax as per Ind AS		**2.87**
Other comprehensive income	3	(1.27)
Total comprehensive income as per Ind AS		**1.60**

B5 Impact of Ind AS adoption on the Financial Statements of the cash flows for the year ended March 31, 2016:

	Notes to first time adoption	Previous GAAP	Adjustments	IND AS
Net cash flow from operating activities		124.59	-	124.59
Net cash flow from investing activities		(9.43)	-	(9.43)
Net cash flow from financing activities		(114.38)	-	(114.38)
Net increase/decrease in cash and cash equivalents		**0.78**	**-**	**0.78**
Cash and cash equivalents as on April 1, 2015		5.01	-	5.01
Cash and cash equivalents as on March 31, 2016		**5.79**	-	5.79

C: Notes to first-time adoption:

Note 1: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 1.27 lakhs. There is no impact on the total equity as at March 31, 2016

Note 2: Fair Valuation of Loans from Holding Companies

The loans given by Holding Company (Sterling Holiday Resorts Limited) have been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company's cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the parent considering the substance of the transaction. Consequently an amount of Rs. 111.78 lakhs has been considered to fair value the borrowings in the books of the company as on April 1, 2015 by debiting the borrowing and crediting the other reserves accordingly an amount of Rs. 16.86 lakhs has been recognised as interest expense for the year ended March 31, 2016.

Note 3: Barter Transaction with Holding Company

Under Property Time Share Agreement, the Holding Company owns property time share weeks in the Property that is being maintained by the Company. Pursuant to the Agreement with the holding company, the Company can rent out weeks sold to property timeshare members and unsold weeks retained by the Company which are vacant and earn revenue from it. Further, by virtue of the exchange clause in the agreement, the holding company's timeshare members are to be accommodated in the property maintained by the Company. The above arrangement has been considered as a barter transaction under Ind AS 18 and accordingly the fair value of services received amounting to Rs. 12.39 lakhs for the year ended March 31, 2016 (April 01, 2015: Nil) has been recognised as miscellaneous income and expenses in the financials.

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

For and on behalf of the Board of Directors

B Udhay Shankar
Director

M Balasubramaniyan
Director

Place: Chennai
Date: May 02, 2017

STERLING HOLIDAY RESORTS (KODAIKANAL) LTD CHENNAI

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STERLING HOLIDAYS (OOTY) LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Sterling Holidays (Ooty) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 Ind AS financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 24, 2016 and April 28, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

d) In our opinion, the aforesaid 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 as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N / N500016
Chennai

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

   i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its Ind AS financial statements – Refer Note 31;

   ii. The Company has long-term contracts for which there were no material foreseeable losses but does not have derivative contracts as on March 31, 2017;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 37.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

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

1. We have audited the internal financial controls over financial reporting of Sterling Holidays (Ooty) Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Price Waterhouse Chartered Accountants LLP
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Chennai

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The Company does not own any immovable properties as disclosed in Note 3 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, value added tax and luxury tax though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including employee state insurance, works contract tax, sales tax, provident fund, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2017 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Due date	Date of Payment
The Income Tax Act, 1961	Fringe Benefit Tax	0.36	Assessment Years 2008-09 to 2009-10	March 31, 2008 and March 31, 2009	Yet to be paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax which have not been deposited on account of any dispute.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
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Chennai

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Money raised by way of term loans have been applied, on an overall basis, for the purposes for which they have been obtained.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/ provided for any managerial remuneration during the year and accordingly the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard - 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

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

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

Sterling Holidays (Ooty) Limited
Balance Sheet as at March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

Assets	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current assets				
Property, plant and equipment	3	4.49	4.56	5.04
Financial assets				
i. Other financial assets	4	20.32	11.18	11.27
Total non-current assets		**24.81**	**15.74**	**16.31**
Current assets				
Inventories	5	5.48	4.61	7.46
Financial assets				
i. Trade receivables	6	40.48	11.64	11.41
ii. Cash and cash equivalents	7	0.73	4.13	5.01
iii. Other financial assets	4	5.85	1.67	0.79
Other current assets	8	10.69	14.16	2.76
Total current assets		**63.23**	**36.21**	**27.43**
Total Assets		**88.04**	**51.95**	**43.74**
Equity and liabilities				
Equity				
Equity share capital	9	5.00	5.00	5.00
Other equity				
Reserves and surplus	10	(624.80)	(640.62)	(621.51)
Other reserves	11	68.58	68.58	68.58
Total equity		**(551.21)**	**(567.04)**	**(547.93)**
Liabilities				
Non-current liabilities				
Financial liabilities				
i. Borrowings	12	25.38	399.61	406.70
Deferred tax liabilities (net)	13	-	-	-
Employee benefit obligations	14	13.62	10.48	9.05
Total non-current liabilities		**39.00**	**410.09**	**415.75**
Current liabilities				
Financial liabilities				
i. Trade payables	15	74.86	40.55	35.75
ii. Other financial liabilities	16	508.88	159.86	129.61
Provisions	17	0.36	0.36	0.36
Employee benefit obligations	14	4.07	2.57	1.18
Other current liabilities	18	12.09	5.56	9.02
Total current liabilities		**600.26**	**208.90**	**175.92**
Total liabilities		**639.26**	**618.99**	**591.67**
Total equity and liabilities		**88.04**	**51.95**	**43.74**

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

For and on behalf of the Board of Directors

B Udhay Shankar
Director

M Balasubramaniyan
Director

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

Place: Chennai
Date: May 02, 2017

Sterling Holidays (Ooty) Limited
Statement of Profit and Loss for the year ended March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	19	1,135.77	578.62
Other income	20	13.21	9.15
Total income		**1,148.98**	**587.77**
Expenses			
Cost of materials consumed	21	127.08	58.81
Employee benefit expenses	22	310.16	235.76
Finance costs	23	70.16	68.56
Depreciation	24	0.55	0.85
Other expenses	25	624.79	242.39
Total expenses		**1,132.74**	**606.37**
Profit/(loss) before tax		**16.24**	**(18.60)**
Income tax expense			
Current tax	26	-	-
Deferred tax		-	-
Profit/loss for the year		**16.24**	**(18.60)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(0.41)	(0.51)
Other comprehensive income for the year, net of tax		**(0.41)**	**(0.51)**
Total comprehensive income for the year		**15.82**	**(19.11)**
Earnings per equity share			
Basic and diluted earnings per share	36	32.48	(37.19)

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

B Udhay Shankar
Director

M Balasubramaniyan
Director

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

Place: Chennai
Date: May 24, 2017

Place: Chennai
Date: May 02, 2017

Sterling Holidays (Ooty) Limited
Statement of cash flows for the year ended March 31, 2017
(All amounts in Rs. lakhs, unless otherwise stated)

	Notes	As at March 31, 2017	As at March 31, 2016
Cash flow from operating activities			
Profit before income tax		**16.24**	**(18.60)**
Adjustments for			
Depreciation	24	0.55	0.85
Provision for bad debts	25	4.06	-
Provision no longer required written back	20	-	(0.27)
Finance costs	23	70.16	68.56
Operating cashflow before working capital changes		**91.01**	**50.54**
Change in operating assets and liabilities			
(Increase)/Decrease in trade receivables	6	(32.90)	0.04
(Increase)/Decrease in inventories	5	(0.87)	2.85
Increase in trade payables	15	34.31	4.80
(Increase) in other financial assets	0	(13.32)	(0.79)
Increase in other financial liabilities		22.87	1.37
(Increase)/decrease in other current assets	8	3.47	(11.40)
Increase in employee benefit obligations		4.23	2.31
Increase/(decrease) in other current liabilities	18	6.53	(3.46)
Net cash inflow from operating activities		**115.33**	**46.26**
Cash flows from investing activities			
Payments for property, plant and equipment		(0.48)	(0.37)
Net cash outflow from investing activities		**(0.48)**	**(0.37)**
Cash flows from financing activities			
Loan received from Holding Company		1,252.81	691.28
Repayment of loan from holding company		(1,322.41)	(648.48)
Interest paid		(48.65)	(89.57)
Net cash inflow/(outflow) from financing activities		**(118.25)**	**(46.77)**
Net increase (decrease) in cash and cash equivalents		(3.40)	(0.88)
Cash and cash equivalents at the beginning of the financial year	7	4.13	5.01
Cash and cash equivalents at end of the year		**0.73**	**4.13**
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents comprise of the following			
Cash and cash equivalents	7	0.73	4.13
Balance as per statement of cash flows		0.73	4.13
The accompanying notes are an integral part of these financial statements			

In terms of our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

B Udhay Shankar
Director

M Balasubramaniyan
Director

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

Place: Chennai
Date: May 24, 2017

Place: Chennai
Date: May 02, 2017

Sterling Holidays (Ooty) Limited
Statement of changes in equity
(All amounts in Rs. lakhs, unless otherwise stated)

I) Equity Share Capital

	Notes	Amount
Balance as at April 1, 2015		5.00
Changes in equity share capital during the year	9	-
Balance as at March 31, 2016		5.00
Changes in equity share capital during the year	9	-
Balance as at March 31, 2017		5.00

II) Other equity

	Notes	Retained earnings	Other reserves - Contribution from Holding Company	Total
Balance as at April 1, 2015		(621.51)	68.58	(552.93)
Loss for the year	10	(18.60)	-	(18.60)
Other comprehensive income	10	(0.51)	-	(0.51)
Balance as at March 31, 2016		(640.62)	68.58	(572.04)
Profit for the year	10	16.24	-	16.24
Other comprehensive income	10	(0.41)	-	(0.41)
Balance as at March 31, 2017		(624.79)	68.58	(556.21)

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

B Udhay Shankar
Director

M Balasubramaniyan
Director

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

Place: Chennai
Date: May 24, 2017

Place: Chennai
Date: May 02, 2017

1.1. General Information :

Sterling Holidays (Ooty) Limited (the "Company") is engaged in providing resort operations and maintenance services [being leisure hospitality services]. Sterling Holiday Resorts Limited holds 98 % of the share capital. The ultimate holding company is Fairfax Financial Holdings Limited, Canada.

1.2. Summary of significant accounting policies

1.2.1. Basis of Preparation

Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 are prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 38 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Historical cost convention

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

- certain financial assets and liabilities are measured at fair value
- defined benefit plans – plan assets measured at fair value;

1.2.2. Revenue Recognition

Sale of services

Income from resort operations and maintenance services comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and when services are rendered.

1.2.3. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 Chennai

1.2.4. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.2.5. Inventories

Inventories comprising of provisions, perishables, beverages and operating supplies are stated at lower of cost and net realizable value. Cost is determined using the first-in-first out (FIFO) method. The cost comprise of purchase price, non-refundable taxes and delivery handling cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down for slow moving / non-moving items, wherever necessary.

1.2.6. Investments and other financial assets

a) Classification:

The Company classifies its financial assets in the following measurement categories:

a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or 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 and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28(A) details how the Company determines whether there has been a significant increase in credit risk.

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Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N / N500016 Chennai

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

d) Derecognition of financial assets:

A financial asset is derecognised only when

i. The Company has transferred the rights to receive cash flows from the financial asset or

ii. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

1.2.7. Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Based on technical evaluation carried out, depreciation on tangible assets is provided, on a pro-rata basis, on Straight Line Method (SLM) over the estimated useful lives of the assets, which equates to the useful lives prescribed under Schedule II to the Companies Act, 2013, as follows:

Asset Class	**Useful life adopted by the Company (years)**
Plant and Machinery	15
Furniture and Fixtures – General	10
Furniture and Fixtures – Others	8
Office Equipment	5
Computer and data processing units – Servers & Network	6
Computer and data processing units – Desktop, Laptop and end user items	3

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

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N / N500016
Chennai

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

1.2.8. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.2.9. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.2.10. Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

1.2.11. Employee Benefits

a) Provident Fund

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

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b) Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

c) Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) by an independent actuary at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.2.12. Earnings Per Share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 36).

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.2.13. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off and presented in lakhs with decimals as per the requirement of Schedule III, unless otherwise stated.

2. Recent accounting pronouncements

Standards issued but not yet effective

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

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Amendment to Ind AS 7:

The amendment of Ind AS 7 requires the entities to provide disclosures that enable users of financials statements to evaluate changes in liabilities arising from financing activities, including

both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

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

Amendment to Ind AS 102:

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

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

The amendment to Ind AS 102 will not have an impact on the financials statements of the Company since the Company has not issued any cash settled awards.

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3 Property, plant and equipment

The changes in the carrying value of fixed assets for the year ended March 31, 2016 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	Deemed Cost as at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	Disposals	As at March 31, 2016	As at April 01, 2015	As at March 31, 2016
Plant and Machinery	4.20	0.13	-	4.33	-	0.33	-	0.33	4.20	4.00
Furniture and Fixtures	0.01	0.24	-	0.25	-	0.02	-	0.02	0.01	0.23
Office Equipment	0.79	-	-	0.79	-	0.48	-	0.48	0.79	0.31
Computer Equipment	0.04	-	-	0.04	-	0.02	-	0.02	0.04	0.02
Total	**5.04**	**0.37**	**-**	**5.41**	**-**	**0.85**	**-**	**0.85**	**5.04**	**4.56**

The changes in the carrying value of fixed assets for the year ended March 31, 2017 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation for the year	Disposals	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
Plant and Machinery	4.33	0.09	-	4.42	0.33	0.31	-	0.64	4.00	3.78
Furniture and Fixtures	0.25	-	-	0.25	0.02	0.03	-	0.05	0.23	0.20
Office Equipment	0.79	-	-	0.79	0.48	0.18	-	0.66	0.31	0.13
Electrical Installations	-	0.39	-	0.39	-	0.02	-	0.02	-	0.37
Computer Equipment	0.04	-	-	0.04	0.02	0.01	-	0.03	0.02	0.01
Total	**5.41**	**0.48**	**-**	**5.89**	**0.85**	**0.55**	**-**	**1.40**	**4.56**	**4.49**

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	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
4 Other financial assets						
Security deposits	-	20.32	-	11.18	-	11.27
Unbilled revenue	5.85	-	1.67	-	0.79	-
Total	**5.85**	**20.32**	**1.67**	**11.18**	**0.79**	**11.27**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5 Inventories			
Food and beverages	2.41	1.82	2.12
Operating supplies	3.07	2.79	5.34
Total	**5.48**	**4.61**	**7.46**
6 Trade receivables			
Current - Unsecured			
Considered Good	40.48	11.64	11.41
Considered Doubtful	4.55	0.49	0.76
	45.03	**12.13**	**12.17**
Less: Allowances for doubtful receivables	(4.55)	(0.49)	(0.76)
Total	**40.48**	**11.64**	**11.41**
7 Cash and cash equivalents			
Balances with banks			
- in current accounts	0.11	3.78	4.25
Cash on hand	0.62	0.35	0.76
Total	**0.73**	**4.13**	**5.01**
8 Other current assets			
Prepaid expenses	8.11	12.02	2.59
Employee advances	2.25	1.88	0.13
Balances with Statutory Authorities	0.33	0.26	0.04
Total	**10.69**	**14.16**	**2.76**

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9 Equity share capital

Authorised equity share capital

	Number of shares	Amount
As at April 1, 2015	50,000	5.00
Increase during the year	-	-
As at March 31, 2016	50,000	5.00
Increase during the year	-	-
As at March 31, 2017	50,000	5.00

(i) Movements in equity share capital

	Number of shares	Equity share capital
As at April 1, 2015	50,000	5.00
Increase during the year	-	-
As at March 31, 2016	50,000	5.00
Increase during the year	-	-
As at March 31, 2017	50,000	5.00

Terms and rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

(ii) Shares of the company held by holding company

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Sterling Holiday Resorts Limited	49,000	4.90	49,000	4.90	49,000	4.90
	49,000	4.90	49,000	4.90	49,000	4.90

(iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Sterling Holiday Resorts Limited	49,000	98%	49,000	98%	49,000	98%
	49,000	98%	49,000	98%	49,000	98%

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	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
10 **Reserves and surplus**			
Retained earnings	(624.80)	(640.62)	(621.51)
Total reserves and surplus	**(624.80)**	**(640.62)**	**(621.51)**

Movement in Reserves and surplus balances is as follows :

	As at March 31, 2017	As at March 31, 2016
(a) **Retained earnings**		
Opening balance	(640.62)	(621.51)
Profit/Loss for the year	16.24	(18.60)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.41)	(0.51)
Closing balance	**(624.80)**	**(640.62)**

11 **Other Reserves**	**Contribution from Holding Company**
As at April 1, 2015	68.58
Additions during the year	-
As at March 31, 2016	68.58
Additions during the year	-
As at March 31, 2017	68.58

Other Reserves
The loan received from Holding Company has been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company' cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the parent considering the substance of the transaction.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
12 **Borrowings**			
Unsecured loan from holding company	25.37	399.61	406.70
Total borrowings	**25.37**	**399.61**	**406.70**
Loan from Holding Company			

Unsecured loan amounting to Rs. 430.26 lakhs (Previous year: Rs. 499.86 lakhs; as on April 01, 2015: Rs. 457.06 lakhs) outstanding as on March 31, 2017 from Holding Company - Sterling Holiday Resorts Limited, carries an interest rate of 10% and does not have a fixed repayment schedule.

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13 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets			
Property, plant and equipment	0.48	0.61	0.51
Unabsorbed depreciation allowance and business loss carried forward	37.86	46.47	39.91
Provision for employee benefits	5.52	3.38	3.92
Provision for doubtful debts	1.48	0.16	0.25
Net deferred tax asset/ liability as per the balance sheet	-	-	-
Unrecognised deferred tax assets	**45.34**	**50.62**	**44.59**

Movement in deferred tax assets

	Property, plant and equipment	Unabsorbed depreciation allowance and business loss carried forward	Provision for employee benefits	Provision for doubtful debts	Total
At April 1, 2015	0.51	39.91	3.92	0.25	44.59
Movement in unrecognised deferred tax assets	0.10	6.56	(0.54)	(0.09)	6.03
At March 31, 2016	**0.61**	**46.47**	**3.38**	**0.16**	**50.62**
Movement in unrecognised deferred tax assets	(0.13)	(8.61)	2.14	1.32	(5.28)
At March 31, 2017	**0.48**	**37.86**	**5.52**	**1.48**	**45.34**

In the absence of reasonable certainty that the Company will be able to use the deferred tax asset in the future, the deferred tax assets have not been recognised.

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14 **Employee benefit obligations**

	March 31, 2017			March 31, 2016			April 1, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Leave obligations	1.51	3.70	5.21	0.94	3.00	3.94	0.45	2.57	3.02
Gratuity	2.56	9.92	12.48	1.63	7.48	9.11	0.73	6.48	7.21
Total employee benefit obligations	**4.07**	**13.62**	**17.69**	**2.57**	**10.48**	**13.05**	**1.18**	**9.05**	**10.23**

(i) Leave obligations

	March 31, 2017	March 31, 2016	April 1, 2015
Current leave obligations expected to be settled within the next 12 months	1.51	0.94	0.45

(ii) Post employment obligations - Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

	March 31, 2017	March 31, 2016
Opening Present value of obligation	**9.11**	**7.21**
Current service cost	2.23	1.46
Past service cost	-	-
Interest expense/(income)	0.73	0.61
Total amount recognised in profit or loss	**2.96**	**2.07**
Remeasurements		
(Gain)/loss from change in demographic assumptions	(1.06)	0.03
(Gain)/loss from change in financial assumptions	1.95	0.24
Experience (gains)/losses	(0.48)	0.24
Total amount recognised in other comprehensive income	**0.41**	**0.51**
Benefit payments	-	(0.68)
Closing Present value of obligation	**12.48**	**9.11**

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The net liability disclosed above relates to unfunded plans are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligations			
Unfunded plans	12.48	9.11	7.21
Deficit of gratuity plan	**12.48**	**9.11**	**7.21**

(iii) Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs.14.49 lakhs (Previous year Rs.11.52 lakhs)

(iv) Principal actuarial assumptions used in valuation of Gratuity

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	6.88%	7.77%	8%
Salary growth rate	7%	5%	5%
Attrition rate	27%	20%	12%

Estimates of future salary increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market

(v) Sensitivity Analysis

The below table summarises the impact of movement in key assumptions on the present value obligation as at the balance sheet date

a) Gratuity

	March 31, 2017	March 31, 2016
Discount Rate:		
+ 100 basis points	(1.10)	(0.81)
- 100 basis points	1.15	0.84
Salary Escalation Rate:		
+ 100 basis points	0.98	0.72
- 100 basis points	(0.90)	(0.66)

b) Leave Encashment

	March 31, 2017	March 31, 2016
Discount Rate:		
+ 100 basis points	(0.44)	(0.35)
- 100 basis points	0.46	0.32
Salary Escalation Rate:		
+ 100 basis points	0.40	0.30
- 100 basis points	(0.37)	(0.28)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumption may be correlated. When calculating the sensitivity of the defined benefit obligation to the significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability in the balance sheet.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

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	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
15 Trade payables			
Current			
Total outstanding dues of creditors other than micro and small enterprises (Refer Note 34)	74.86	40.55	35.75
Total	**74.86**	**40.55**	**35.75**
16 Other financial liabilities			
Current			
Current Maturities of long-term borrowings (Refer Note 12)	404.89	100.25	50.36
Interest accrued but not due on borrowings	46.81	25.30	46.31
Employee benefits payable	36.68	13.81	12.24
Security Deposits	20.25	20.25	20.45
Share application money	0.25	0.25	0.25
Total	**508.88**	**159.86**	**129.61**
17 Provisions			
Provision for Fringe Benefit Tax	0.36	0.36	0.36
Total	**0.36**	**0.36**	**0.36**
18 Other current liabilities			
Statutory tax payable	12.09	5.50	9.02
Advance received from customers	-	0.06	-
Total	**12.09**	**5.56**	**9.02**

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	Year ended March 31, 2017	Year ended March 31, 2016
19 Revenue from operations		
Sale of products (Resort operations)		
Food and beverages	375.83	193.27
Sale of services		
Income from resorts:		
- Room rentals (Refer Note 32)	663.34	342.85
- Others	72.44	30.26
Other operating revenues		
Service charges	24.16	12.24
Total	**1,135.77**	**578.62**
20 Other income		
Scrap Sales	0.40	2.68
Provision/liabilities no longer required written back	-	0.27
Miscellaneous income	12.81	6.20
Total	**13.21**	**9.15**
21 Cost of Materials Consumed		
Cost of Food, Beverages and Operating supplies consumed	127.08	58.81
Total	**127.08**	**58.81**
22 Employee benefit expense		
Salaries, wages and bonus	224.69	175.37
Leave compensation	1.31	1.27
Contribution to provident and other funds	14.49	11.52
Gratuity	2.96	2.07
Staff welfare expenses	66.71	45.53
Total	**310.16**	**235.76**
23 Finance Cost		
Interest and Finance Charges on Financial Liabilities not at Fair Value through Profit and Loss	70.16	68.56
Total	**70.16**	**68.56**
24 Depreciation		
Depreciation of property, plant and equipment	0.55	0.85
Total	**0.55**	**0.85**
25 Other expenses		
Consumption of Stores and spares	33.07	13.54
Power and fuel	114.50	77.91
Rent	25.48	15.28
Repairs and Maintenance:		
-Building	10.88	4.90
-Plant and Machinery	20.66	6.90
-Others	3.91	2.23
Insurance	0.10	0.22
Rates and taxes	21.75	22.92
Guest supplies	22.62	11.80
Laundry expenses	16.19	9.42
Communication	24.09	4.86
Recruitment and training	2.10	2.51
Travel and tours	26.22	14.05
Legal and professional	0.61	1.64
Management Fees	225.54	-
Payment to Statutory Auditors:		
As Auditor:		
- Statutory audit	4.00	4.00
Travel and conveyance	5.38	5.01
Security charges	16.15	14.64
Water charges	21.49	13.88
Sales promotion	6.67	2.12
Bank charges	4.72	2.42
Provision for doubtful debts	4.06	-
Miscellaneous expenses	14.60	12.14
Total	**624.79**	**242.39**

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	Year ended March 31, 2017	Year ended March 31, 2016
26 a) Income Tax expense		
Current tax		
Current tax for the year	-	-
Total	-	-
Deferred tax expense		
(Increase)/Decrease in deferred tax assets	-	-
Increase/(Decrease) in deferred tax liabilities	-	-
Total	-	-
b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate:		
Profit before income tax expense	16.24	(18.60)
Tax at the Indian tax rate of 32.45%	5.27	(6.03)
Net tax effects of temporary differences which are (deductible)/disallowed in calculating taxable income	3.33	-
Previously unrecognised tax losses now recouped to reduce profit	(8.60)	-
Tax impact of unrecognised tax losses	-	6.04
Income Tax expense	-	-
c) Tax Losses		
Amount of deductible temporary differences on which no deferred tax assets has been recognised	23.05	12.78
Unused tax losses for which no deferred tax assets have been recognised	116.69	143.22
Potential tax benefit at 32.445%	**45.34**	**50.61**

Tax losses on account of unrecognised deferred tax assets

Date of Expiry to Carry Forward	March 31, 2017	March 31, 2016
31-Mar-19	47.60	74.13
31-Mar-21	37.87	37.87
31-Mar-22	8.87	8.87
Indefinite period to carry forward	22.35	22.35
Total	**116.69**	**143.22**

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27 Fair value measurements

Financial instruments by category

	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Trade receivables	-	-	40.48	-	-	11.64	-	-	11.41
Cash and cash equivalents	-	-	0.73	-	-	4.13	-	-	5.01
Security deposits	-	-	20.32	-	-	11.18	-	-	11.27
Unbilled revenue	-	-	5.85	-	-	1.67	-	-	0.79
Total financial assets	-	-	**67.38**	-	-	**28.62**	-	-	**28.48**
Financial liabilities									
Borrowings	-	-	430.26	-	-	499.86	-	-	457.06
Interest accrued and not due on borrowings	-	-	46.81	-	-	25.30	-	-	46.31
Trade payables	-	-	74.86	-	-	40.55	-	-	35.75
Security deposits	-	-	20.25	-	-	20.25	-	-	20.45
Share application money	-	-	0.25	-	-	0.25	-	-	0.25
Employee related liabilities	-	-	36.68	-	-	13.81	-	-	12.24
Employee benefit obligations	-	-	17.69	-	-	13.05	-	-	10.23
Total financial liabilities	-	-	**626.80**	-	-	**613.07**	-	-	**582.29**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. There are no financial instruments that are measured at fair value through OCI or PL. 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 accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	12	-	-	430.26	**430.26**
Interest accrued and not due on borrowings	16	-	-	46.81	**46.81**
Total financial liabilities		-	-	**477.07**	**477.07**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At March 31, 2016	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	12	-	-	499.86	**499.86**
Interest accrued and not due on borrowings	16	-	-	25.30	**25.30**
Total financial liabilities		-	-	**525.16**	**525.16**

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Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Borrowings	12	-	-	457.06	**457.06**
Interest accrued and not due on borrowings	16	-	-	46.31	**46.31**
Total financial liabilities		-	-	503.37	503.37

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-17		31-Mar-16		01-Apr-15	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities						
Borrowings	430.26	430.26	499.86	499.86	457.06	457.06
Interest accrued and not due on borrowings	46.81	46.81	25.30	25.30	46.31	46.31
Total financial liabilities	477.07	477.07	525.16	525.16	503.37	503.37

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities are considered to be the same as their fair values, due to their short-term nature. The carrying amounts of borrowings and interest accrued are carried at effective interest rate of 15% which is determined based on the risk and other factors applicable to the Company's cashflows. Hence the carrying amount is considered as the fair value.

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28 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines. The borrowings are from the holding company and there are no fixed repayment schedule

The company's risk management is carried out by a central treasury department under policies approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

For other financial assets, The company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed on a company basis for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

C1 : High-quality assets, negligible credit risk
C2 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information and the company majorly manages the credit risk through internal credit rating system.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 180 days past due.
A default on a financial asset is when the counterparty fails to make contractual payments as and when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

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(ii) Provision for expected credit losses
The company provides for expected credit loss based on the following:

Internal rating	Category	Description of category	Basis for recognition of expected credit loss provision	
			Trade receivables	Others
C1	High quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	Life-time expected credit losses	12-month expected credit losses
C2	Doubtful assets, credit-impaired	Assets are provided for when there is no reasonable expectation of recovery. The company categorises a receivable or provisioning when the debtor fails to make the contractual payment within 180 days from the date they become due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Asset is provided for fully	Asset is provided for fully

As at April 01, 2015 and for the Year ended March 31, 2016 and March 31, 2017:

(a) Expected credit loss for deposits
The estimated gross carrying amount at default is Nil (March 2016: Nil, April 2015: Nil) for deposits. Consequently there are no expected credit loss recognised for these financial assets.

(b) Expected credit loss for trade receivables under simplified approach
As at March 31, 2017

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	40.48	4.55	45.03
Expected loss rate	-	100%	100%
Expected credit losses (Loss allowance provision)	-	4.55	4.55

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As at March 31, 2016

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	11.65	0.49	12.14
Expected loss rate	-	100%	100%
Expected credit losses (Loss allowance	-	0.49	0.49

As at April 1, 2015:

Ageing	Upto 180 days past due	More than 180 days past due	Total
Gross carrying amount	11.40	0.77	12.17
Expected loss rate	-	100%	100%
Expected credit losses (Loss allowance provision)	-	0.77	0.77

(c) Reconciliation of loss allowance provision- Trade receivables

Loss allowance on April 1, 2015	**0.76**
Changes in loss allowances due to	
Write-offs	-
Recoveries	(0.27)
Loss allowance on March 31, 2016	**0.49**
Changes in loss allowances due to	
Provision made in the year	4.06
Recoveries	-
Loss allowance on March 31, 2017	**4.55**

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(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company also manages its financing requirements through borrowings from the Holding Company which does not have any fixed repayment schedule.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

	Less than 3 months	Within one year	Between 1 and 2 years	Between 2 and 5 years	Total
March 31, 2017					
Non-derivatives					
Borrowings	-	465.62	33.55	-	499.17
Trade payables	74.86	-	-	-	74.86
Other financial liabilities	57.18	-	-	-	57.18
Total non-derivative liabilities	**132.04**	**465.62**	**33.55**	**-**	**631.21**
March 31, 2016					
Non-derivatives					
Borrowings	-	115.29	193.39	405.33	714.01
Trade payables	40.55	-	-	-	40.55
Other financial liabilities	59.61	-	-	-	59.61
Total non-derivative liabilities	**100.16**	**115.29**	**193.39**	**405.33**	**814.17**
April 1, 2015					
Non-derivatives					
Borrowings	-	57.92	115.29	542.47	715.68
Trade payables	35.75	-	-	-	35.75
Other financial liabilities	32.94	-	-	-	32.94
Total non-derivative liabilities	**68.69**	**57.92**	**115.29**	**542.47**	**784.37**

29 Capital management

Risk management

The company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company borrows from the holding company at 10% per annum in order to meet its capital requirements. As at March 31, 2017, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. It is also fully supported by the holding company for funding.

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30 Related party transactions

(a) Parent entities

The Company is controlled by following entity:

Name of entity	Type	Place of business	Ownership interest held by the group		
			March 31, 2017	March 31, 2016	April 1, 2015
Fairfax Financial Holdings Limited, Canada (w.e.f. September 3, 2014)	Ultimate Holding Company	Canada	-	-	-
Thomas Cook (India) Limited (w.e.f. September 3, 2014)	Intermediate Holding Company	India	-	-	-
Sterling Holiday Resorts Limited (w.e.f. September 3, 2014)	Holding Company	India	98%	98%	98%

Fellow subsidiaries with whom transactions have been entered into during the year

Sterling Holiday Resorts (Kodaikanal) Limited
SOTC Travel Services Private Limited
Nature Trails Resorts Private Limited
(from March 15, 2016)

(b)Transactions with related parties

The following transactions occurred with related parties:

	March 31, 2017	March 31, 2016
Sale of Services		
Thomas Cook (India) Limited	6.51	6.88
SOTC Travel Services Private Limited	-	0.43
Lease Rent Expenses		
Sterling Holiday Resorts Limited	12.81	6.20
Miscellaneous income		
Sterling Holiday Resorts Limited	12.81	6.20
Management Fees		
Sterling Holiday Resorts Limited	225.54	-
Interest on Borrowings		
Sterling Holiday Resorts Limited (Refer Note 23)	70.16	68.56
Loans and Advances granted		
Sterling Holiday Resorts Limited (Refer Note 12)	1,252.81	691.28
Loans repaid		
Sterling Holiday Resorts Limited (Refer Note 12)	1,322.41	648.48

(c) Outstanding balances as at year end

The following balances are outstanding at the end of the reporting period in relation to transactionswith related parties:

	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables			
SOTC Travel Services Private Limited	0.36	-	-
Thomas Cook (India) Limited	0.30	-	-
Sterling Holiday Resorts Limited (Refer Note 12)	-	2.56	-
Total	**0.66**	**2.56**	**-**
Interest Accrued but not due			
Sterling Holiday Resorts Limited (Refer Note 16)	46.81	25.30	46.31
Total	**46.81**	**25.30**	**46.31**

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings			
Sterling Holiday Resorts Limited (Refer Note 12)	430.26	499.86	457.06

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31 Contingent liabilities and contingent assets

(a) Contingent liabilities	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Claims against the Company not acknowledged as debt:			
Luxury tax related demands under appeal	196.38	196.38	196.38

32 Sterling Holiday Resorts Limited (SHRL) holds 98% equity shares in the Company and the Company is responsible for maintaining the property Ooty Elkhill, pursuant to the property timeshare agreement with the property timeshare members. However, certain property timeshare weeks are unsold and retained by the SHRL. Pursuant to the necessary approvals obtained by the Company as required under the Companies Act, 2013, the Company is permitted to rent out weeks sold to property timeshare members and unsold weeks retained by SHRL which are vacant and earn revenue from it. The property timeshare members and SHRL shall have no claim on the revenue generated by the Company. Further, pursuant to the exchange clause under property timeshare agreement, property timeshare members of the said property are also eligible to utilize facilities at SHRL's other resorts.

33 The Company has identified only one reportable segment. The entire Company's business is from Leisure Hospitality Services (earlier called resort operation) and there are no other reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation during the year are all as reflected in the Financial Statement as at and for the year ended March 31, 2017.

34 There are no outstanding dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

35 As at March 31, 2017, the net-worth of the Company has been fully eroded. The Company has shown improvement in operating results due to increase in occupancy rate and tariffs. The Company expects higher growth and profitability in future due to increase in occupancy rates and tariffs from property which was recently refurbished. Considering the future financial projections approved by the Board of Directors which reflect positive cash flow from operations, these financial statements are prepared on a going concern basis.

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36 Earnings per share	March 31, 2017	March 31, 2016
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	16.24	(18.60)
Weighted average number of equity shares outstanding	50,000	50,000
Basic & Diluted Earnings Per Share	32.48	(37.19)

37 Details of Specified Bank Notes* and Transactions between November 8, 2016 to December 30, 2016

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing Cash in Hand as on November 8, 2016	**0.89**	**0.18**	**1.07**
(+) Permitted Receipts	-	24.12	24.12
(-) Permitted Payments	-	4.76	4.76
(-) Amount Deposited in Banks	0.89	19.07	19.96
Closing Cash in Hand as on December 30, 2016	-	**0.47**	**0.47**

* Specified Bank Notes (SBNs) mean bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated November 8, 2016.

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38 Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected The company's financial position, financial performance and cash flows is set out in the following tables and notes.

A1. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, The company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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	Notes to first time adoption	Previous GAAP	Adjustments	IND AS
B1 **Reconciliation of equity as at date of transition (April 1, 2015)**				
Assets				
Non-current assets				
Property, plant and equipment		5.04	-	5.04
Financial assets				
i. Other financial assets		11.27	-	11.27
Total non-current assets		**16.31**	**-**	**16.31**
Current assets				
Inventories		7.46	-	7.46
Financial assets				
i. Trade receivables		11.41	-	11.41
ii. Cash and cash equivalents		5.01	-	5.01
iii. Other financial assets		0.79	-	0.79
Other current assets		2.76	-	2.76
Assets classified as held for sale				
Total current assets		**27.43**	**-**	**27.43**
Total Assets		**43.74**	**-**	**43.74**
Equity and liabilities				
Equity				
Equity share capital		5.00	-	5.00
Other equity				
Reserves and surplus		(621.51)	-	(621.51)
Other reserves	2	-	68.58	68.58
Total equity		**(616.51)**	**68.58**	**(547.93)**
Liabilities				
Non-current liabilities				
Financial liabilities				
i. Borrowings	2	330.00	76.70	406.70
Employee benefit obligations		9.05	-	9.05
Total non-current liabilities		**339.05**	**76.70**	**415.75**
Current liabilities				
Financial liabilities				
Borrowings				
i. Trade payables		35.75	-	35.75
ii. Other financial liabilities	2	274.89	(145.28)	129.61
Provisions		0.36	-	0.36
Employee benefit obligations		1.18	-	1.18
Other current liabilities		9.02	-	9.02
Total current liabilities		**321.20**	**(145.28)**	**175.92**
Total liabilities		**660.25**	**(68.58)**	**591.67**
Total equity and liabilities		**43.74**	**-**	**43.74**

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		Notes to first time adoption	Previous GAAP	Adjustments	IND AS
B2	**Reconciliation of Equity as at March 31, 2016**				
	Assets				
	Non-current assets				
	Property, plant and equipment		4.56	-	4.56
	Financial assets				-
	i. Other financial assets		11.18	-	11.18
	Total non-current assets		**15.74**	-	**15.74**
	Current assets				
	Inventories		4.61	-	4.61
	Financial assets				
	i. Trade receivables		11.64	-	11.64
	ii. Cash and cash equivalents		4.13	-	4.13
	iii. Other financial assets		1.67	-	1.67
	Other current assets		14.16	-	14.16
	Total current assets		**36.21**	-	**36.21**
	Total Assets		**51.95**	-	**51.95**
	Equity and liabilities				
	Equity				
	Equity share capital		5.00	-	5.00
	Other equity		-	-	
	Reserves and surplus	2	(629.36)	(11.26)	(640.62)
	Other reserves	2	-	68.58	68.58
	Total equity		**(624.36)**	**57.32**	**(567.04)**
	Liabilities				
	Non-current liabilities				
	Financial liabilities				
	i. Borrowings	2	516.88	(117.27)	399.61
	Employee benefit obligations		10.48	-	10.48
	Total non-current liabilities		**527.36**	**(117.27)**	**410.09**
	Current liabilities				
	Financial liabilities				
	i. Trade payables		40.55	-	40.55
	ii. Other financial liabilities	2	99.91	59.95	159.86
	Provisions		0.36	-	0.36
	Employee benefit obligations		2.57	-	2.57
	Other current liabilities		5.56	-	5.56
	Total current liabilities		**148.95**	**59.95**	**208.90**
	Total liabilities		**676.31**	**(57.32)**	**618.99**
	Total equity and liabilities		**51.95**	-	**51.95**

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B3 Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first time adoption	Previous GAAP	Adjustments	IND AS
Income				
Revenue from operations		578.62	-	578.62
Other income	3	2.95	6.20	9.15
Total income		**581.57**	**6.20**	**587.77**
Expenses				
Cost of materials consumed		58.81	-	58.81
Employee benefit expenses	1	236.27	(0.51)	235.76
Depreciation and amortisation expense		0.85	-	0.85
Other expenses	3	236.19	6.20	242.39
Finance costs	2	57.30	11.26	68.56
Total expenses		**589.42**	**16.95**	**606.37**
Profit before tax		**(7.85)**	**(10.75)**	**(18.60)**
Income tax expense				
Current tax		-	-	-
Deferred tax		-	-	-
Profit for the year		**(7.85)**	**(10.75)**	**(18.60)**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefit obligations	1	-	(0.51)	(0.51)
Change in fair value of FVOCI equity instruments				
Income tax relating to these items				
Items that will be reclassified to profit or loss				
Change in fair value of FVOCI debt instruments				
Income tax relating to these items				
Other comprehensive income for the year, net of tax		-	**(0.51)**	**(0.51)**
Total comprehensive income for the year		**(7.85)**	**(11.26)**	**(19.11)**

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(All amounts in Rs. lakhs, unless otherwise stated)

B4 Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Notes	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP		**(624.36)**	**(616.51)**
Adjustments:			
Fair valuation of borrowings from Holding Company	2	68.58	68.58
Differential interest on borrowing charged based on effective interest rate	2	(11.26)	-
Total adjustments		**57.32**	**68.58**
Total equity as per Ind AS		**(567.04)**	**(547.93)**

II) Reconciliation of total comprehensive income for the year ended March 31, 2016

Profit after tax as per previous GAAP		**(7.85)**
Adjustments		
Differential interest expense on restatement of loan from holding Company valued at fair value	2	(11.26)
Actuarial Gain or Loss charged to OCI	1	0.51
Total adjustments		**(10.75)**
Profit / (Loss) after tax as per Ind AS		**(18.60)**
Other comprehensive income	1	(0.51)
Total comprehensive income as per Ind AS		**(19.11)**

B5 Impact of Ind AS adoption on the Financial Statements of the cash flows for the year ended March 31, 2016:

	Notes to first time adoption	Previous GAAP	Adjustments	IND AS
Net cash flow from operating activities		46.26	-	46.26
Net cash flow from investing activities		(0.37)	-	(0.37)
Net cash flow from financing activities		(46.77)	-	(46.77)
Net increase/decrease in cash and cash equivalents		**(0.88)**	**-**	**(0.88)**
Cash and cash equivalents as on April 1, 2015		5.01	-	5.01
Cash and cash equivalents as on March 31, 2016		**4.13**	**-**	**4.13**

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N / N500016 Chennai

C: Notes to first-time adoption:

Note 1: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 0.51 lakhs. There is no impact on the total equity as at March 31, 2016

Note 2: Fair Valuation of Loans from Holding Companies

The loans given by Holding Company (Sterling Holiday Resorts Limited) have been measured at fair value by discounting the expected future cashflows at a discount rate based on the risk and other factors applicable to the Company's cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the parent considering the substance of the transaction. Consequently an amount of Rs. 68.58 lakhs has been considered to fair value the borrowings in the books of the company as on April 01, 2015 by debiting the borrowing and crediting the other reserves accordingly an amount of Rs. 11.26 lakhs has been recognised as interest expense for the year ended March 31, 2016.

Note 3: Barter Transaction with Holding Company

Under Property Time Share Agreement, the Holding Company owns property time share weeks in the Property that is being maintained by the Company. Pursuant to the Agreement with the holding company, the Company can rent out weeks sold to property timeshare members and unsold weeks retained by the Company which are vacant and earn revenue from it. Further, by virtue of the exchange clause in the agreement, the holding company's timeshare members are to be accommodated in the property maintained by the Company. The above arrangement has been considered as a barter transaction under Ind AS 18 and accordingly the fair value of services received amounting to Rs. 6.20 lakhs for the year ended March 31, 2016 (April 01, 2015: Nil) has been recognised as miscellaneous income and expenses in the financials.

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Baskar Pannerselvam
Partner
Membership Number: 213126

Place: Chennai
Date: May 24, 2017

For and on behalf of the Board of Directors

B Udhay Shankar
Director

M Balasubramaniyan
Director

Place: Chennai
Date: May 02, 2017

STERLING HOLIDAYS (OOTY) LTD. CHENNAI

KPMG

Travel Circle International Limited

(Formerly Horizon Travel Holdings (Hong Kong) Private Limited and Luxe Asia Travel (China) Limited)

圜之旅有限公司

(前稱 Horizon Travel Holdings (Hong Kong) Private Limited 及臻萃旅運有限公司)

Period from 10 September 2015 (date of incorporation) to 31 December 2016

Directors' Report

The directors have pleasure to submit herewith their annual report together with the audited financial statements for the period from 10 September 2015 (date of incorporation) to 31 December 2016.

Incorporation

Travel Circle International Limited (formerly Horizon Travel Holdings (Hong Kong) Private Limited and Luxe Asia Travel (China) Limited) ("the company") was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 10 September 2015.

Principal place of business

The company is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 30/F, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Hong Kong.

Principal activities

The principal activities of the company are to act as a travel agent and tour operator.

Change of company's name

The name of the company was changed from Horizon Travel Holdings (Hong Kong) Private Limited to Luxe Asia Travel (China) Limited (臻萃旅運有限公司), and then to Travel Circle International Limited (圜之旅有限公司) with effective dates of 11 March 2016 and 3 October 2016 respectively by passing special resolutions.

Recommended dividend

An interim dividend of HK$0.3024 per share was paid on 25 January 2016.

The directors do not recommend the payment of a final dividend in respect of the period ended 31 December 2016.

Charitable donations

Charitable donations made by the company during the period amounted to HK$766,421.

Share capital

Details of the movement in share capital of the company during the period are set out in note 16(c) to the financial statements. 59,523,801 shares were issued during the period to provide the initial capital of the company.

Directors

The directors during the financial period were:

MYY Ng	(appointed on 1 February 2016)
MK Menon	(appointed on 10 September 2015)
H Raghavan	(appointed on 10 September 2015)
JF Paton	(appointed on 31 October 2016)

There being no provision in the company's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

At no time during the period was the company, or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this period.

Directors' interests in transactions, arrangements or contracts

No contract of significance to which the company, or any of its holding companies or fellow subsidiaries was a party, and in which a director of the company had a material interest, subsisted at the end of the period or at any time during the period.

Auditors

KPMG were first appointed as auditor of the company in 2016.

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

MK Menon

Hong Kong, 27 APR 2017

KPMG

Independent auditor's report to the sole member of Travel Circle International Limited (Formerly Horizon Travel Holdings (Hong Kong) Private Limited and Luxe Asia Travel (China) Limited)

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Travel Circle International Limited (formerly Horizon Travel Holdings (Hong Kong) Private Limited and Luxe Asia Travel (China) Limited) ("the company") set out on pages 7 to 41, which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the period from 10 September 2015 (date of incorporation) to 31 December 2016 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2016 and of its financial performance and its cash flows for the period from 10 September 2015 (date of incorporation) to 31 December 2016 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Independent auditor's report to the sole member of Travel Circle International Limited (Formerly Horizon Travel Holdings (Hong Kong) Private Limited and Luxe Asia Travel (China) Limited) (continued)

(Incorporated in Hong Kong with limited liability)

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

KPMG

Independent auditor's report to the sole member of Travel Circle International Limited (Formerly Horizon Travel Holdings (Hong Kong) Private Limited and Luxe Asia Travel (China) Limited) (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

KPMG

Independent auditor's report to the sole member of Travel Circle International Limited (Formerly Horizon Travel Holdings (Hong Kong) Private Limited and Luxe Asia Travel (China) Limited) (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 APR 2017

Statement of profit or loss and other comprehensive income for the period from 10 September 2015 (date of incorporation) to 31 December 2016

(Expressed in Hong Kong dollars)

	Note	*Period from 10 September 2015 (date of incorporation) to 31 December 2016*
Revenue	3	$ 625,765,829
Cost of sales		(503,068,115)
Gross profit		$ 122,697,714
Other revenue	4(a)	6,334
Other net loss	4(b)	(1,481,615)
Administrative expenses		(81,683,180)
Other operating expenses		(20,307,566)
Profit from operations		$ 19,231,687
Finance costs	5(a)	(7,804,790)
Profit before taxation	5	$ 11,426,897
Income tax	6(a)	(3,839,434)
Profit for the period		$ 7,587,463
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit obligation	10	$ 1,751,000
Other comprehensive income for the period		$ 1,751,000
Total comprehensive income for the period		$ 9,338,463

There is no tax effect relating to the above component of other comprehensive income.

The notes on pages 13 to 41 form part of these financial statements. Details of dividends payable to equity shareholder of the company attributable to the profit for the period are set out in note 16(b).

Statement of financial position at 31 December 2016

(Expressed in Hong Kong dollars)

	Note	2016
Non-current assets		
Property, plant and equipment	8	$ 3,140,763
Goodwill	9	202,493,573
		$ 205,634,336
Current assets		
Trade and other receivables	11	$ 57,312,623
Pledged bank deposit		13,500,000
Cash and cash equivalents		111,972,449
		$ 182,785,072
Current liabilities		
Trade and other payables	13	$ 165,968,903
Current taxation	15(a)	946,092
Bank loans	14	27,428,582
		$ 194,343,577
Net current liabilities		$ (11,558,505)
Total assets less current liabilities		$ 194,075,831
Non-current liabilities		
Bank loans	14	$ 141,231,567
Employee defined benefit retirement liability	10	1,982,000
		$ 143,213,567
NET ASSETS		$ 50,862,264

Statement of financial position at 31 December 2016 (continued)

(Expressed in Hong Kong dollars)

	Note	*2016*
CAPITAL AND RESERVE	16	
Share capital		$ 59,523,801
Accumulated losses		(8,661,537)
TOTAL EQUITY		$ 50,862,264

Approved and authorised for issue by the board of directors on 27 APR 2017

MK Menon) Directors

MYY Ng)

The notes on pages 13 to 41 form part of these financial statements.

Statement of changes in equity for the period from 10 September 2015 (date of incorporation) 31 December 2016

(Expressed in Hong Kong dollars)

	Note	*Share capital*	*Accumulated losses*	*Total*
Balance at 10 September 2015 (date of incorporation)		$ -	$ -	$ -
Changes in equity for the period:				
Profit for the period		$ -	$ 7,587,463	$ 7,587,463
Other comprehensive income		-	1,751,000	1,751,000
Total comprehensive income for the period		$ -	$ 9,338,463	$ 9,338,463
Issue of shares	16(c)	$ 59,523,801	$ -	$ 59,523,801
Dividend declared and paid in respect of current period	16(b)	$ -	$ (18,000,000)	$ (18,000,000)
Balance at 31 December 2016		$ 59,523,801	$ (8,661,537)	$ 50,862,264

The notes on pages 13 to 41 form part of these financial statements.

Cash flow statement for the period from 10 September 2015 (date of incorporation) to 31 December 2016

(Expressed in Hong Kong dollars)

	Note	*Period from 10 September 2015 (date of incorporation) to 31 December 2016*
Operating activities		
Cash generated from operations	12(a)	$ 46,816,663
Hong Kong Profits Tax paid		(8,593,323)
Net cash generated from operating activities		$ 38,223,340
Investing activities		
Payment for purchase of property, plant and equipment		$ (1,050,186)
Payment for acquisition of a subsidiary (net of cash acquired of $136,108,547)	12(b)	(113,891,453)
Increase in pledged bank deposit		(13,500,000)
Interest received		6,334
Net cash used in investing activities		$ (128,435,305)
Financing activities		
Issue of shares	16(c)	$ 59,523,801
Proceeds from new bank loans		196,660,149
Repayment of bank loans		(28,000,000)
Interest paid		(7,804,790)
Dividend paid		(18,000,000)
Net cash generated from financing activities		$ 202,379,160

Cash flow statement
for the period from 10 September 2015
(date of incorporation) to 31 December 2016 (continued)
(Expressed in Hong Kong dollars)

	Note	*Period from 10 September 2015 (date of incorporation) to 31 December 2016*
Net increase in cash and cash equivalents		$ 112,167,195
Cash and cash equivalents at 10 September 2015 (date of incorporation)		-
Effect of foreign exchange rate changes		(194,746)
Cash and cash equivalents at 31 December 2016		$ 111,972,449
Analysis of the balance of cash and cash equivalents		
Cash at bank and in hand		$ 111,972,449

The notes on pages 13 to 41 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise stated)

1 Status of the company

The company was incorporated in Hong Kong on 10 September 2015.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting periods of the company.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of preparation of the financial statements

(i) Going concern

The company had net current liabilities of HK$11,558,505 as at 31 December 2016. The financial statements have been prepared on a going concern basis in view of the fact that the company's intermediate holding company, Thomas Cook (India) Limited, has given an undertaking to provide adequate financial support to maintain the company as a going concern and to enable it to meet its liabilities as and when they full due for the foreseeable future. After having taken into account this factor, the directors consider it appropriate to prepare the financial statements on a going concern basis notwithstanding that the company had net current liabilities as at 31 December 2016.

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

(ii) Measurement basis

Subsequent to the sales and purchase agreement entered into by the intermediate holding company and an independent third party, the company acquired 100% equity interest in Travel Circle International Services Limited ("TCISL", formerly Kuoni Travel (China) Limited) at a consideration of $250 million. The acquisition was completed on 9 November 2015 upon the fulfillment of the terms and conditions of the sale and purchase agreement. On 4 November 2016, a written special resolution of the company was passed to resolve that the company and TCISL be approved to amalgamate and continue as one company under section 680 of the Hong Kong Companies Ordinance, with the company becoming the amalgamated company. The amalgamation took effect from 13 December 2016. Under Division 3 of Part 13 of the Hong Kong Companies Ordinance, starting from the effective date (i.e. 13 December 2016), the company and TCISL cease to exist as a separate entity from the amalgamated company and the amalgamated company succeeds to all the property, rights and privileges, and all the liabilities and obligations, of the company and TCISL.

These financial statements have been prepared on the basis of merger accounting as if the amalgamation had been existence from the date that common control was obtained (i.e. 9 November 2015). The net assets of the company were increased by the amount of the net assets of TCISL, less the cost of investment in TCISL that was previously recognised by the company immediately prior to the amalgamation. There is no change in calculation of the goodwill which arose from the acquisition of TCISL. The accumulated losses of the company were decreased to the extent that the profits arose after TCISL was acquired by the company.

The measurement basis used in the preparation of the financial statements is the historical cost basis expect where stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 22.

2 Significant accounting policies (continued)

(c) *Subsidiaries*

Subsidiaries are entities controlled by the company. The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the company has power, only substantive rights (held by the company and other parties) are considered.

(d) *Goodwill*

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the company's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(f)).

(e) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(f)). Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Leasehold improvements	Five years or, if shorter, over the remaining lease terms
– Motor vehicles	Four to five years
– Computer equipment	Three to five years
– Furniture, fixtures and equipment	Five years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 Significant accounting policies (continued)

(f) Impairment of assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

2 Significant accounting policies (continued)

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the company

Assets that are held by the company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

(ii) Operating lease charges

Where the company has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the company about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for trade receivables included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the company is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 Significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 Significant accounting policies (continued)

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of tours

Revenue arising from sales of tours is recognised when a substantial amount of the work has been performed in relation to the tours, the tours have departed/arrived and receipt of the revenue is reasonably certain, after making due allowance for contingencies.

The expected excess of actual income over estimated income for tours which have departed/arrived before the end of the reporting period is recognised once the amounts have been reliably determined.

Deferred income, in this respect, represents the invoiced value of tours departing/arriving after the end of the reporting period.

(ii) Commission earned

Commission earned is recognised when the work in relation to the tickets sold or hotels booked has been substantially completed, the passenger has departed or checked in and receipt of the revenue is reasonably certain.

Other commission income is recognised when the related services are rendered and receipt of the revenue is reasonably certain.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 Significant accounting policies (continued)

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plan and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement plan obligations

The company's net obligation in respect of its defined benefit retirement plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss and allocated by function as part of "administrative expenses". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment is recognised as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the company's obligations.

Remeasurements arising from defined benefit retirement plans are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

2 Significant accounting policies (continued)

(o) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 Significant accounting policies (continued)

(p) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or the company's parent.

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(q) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(r) Translation of foreign currencies

Foreign currency transactions during the year translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

3 Revenue

The principal activities of the company are to act as a travel agent and tour operator.

Revenue represents the sales of tours and commission earned, analysed as follows:

	Period from 10 September 2015 (date of incorporation) to 31 December 2016
Sales of tours	$ 599,096,609
Commission earned	26,669,220
	$ 625,765,829

4 Other revenue and other net loss

		Period from 10 September 2015 (date of incorporation) to 31 December 2016
(a)	***Other revenue***	
	Interest income	$ 6,334
(b)	***Other net loss***	
	Net exchange loss	$ (5,072,328)
	Others	3,590,713
		$ (1,481,615)

5 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	Period from 10 September 2015 (date of incorporation) to 31 December 2016
Interest on bank loans	$ 7,804,790

(b) Staff costs

	Period from 10 September 2015 (date of incorporation) to 31 December 2016
Contributions to defined contribution pension plan	$ 2,219,121
Expense recognised in respect of employee defined benefit retirement plan (see note 10(e))	1,115,000
Retirement costs	$ 3,334,121
Salaries, wages and other benefits	49,682,343
	$ 53,016,464

(c) Other items

	Period from 10 September 2015 (date of incorporation) to 31 December 2016
Auditor's remuneration	$ 1,120,601
Depreciation	3,375,390
Minimum payment for rental of properties under operating leases	12,622,066

6 Income tax in the statement of profit or loss and other comprehensive income

(a) *Taxation charged to profit or loss:*

		Period from 10 September 2015 (date of incorporation) to 31 December 2016
Current tax - Hong Kong Profits Tax		
Provision for the period	$	3,839,434

The provision for Hong Kong Profits Tax for the period from 10 September 2015 (date of incorporation) to 31 December 2016 is calculated at 16.5% of the estimated assessable profits for the period.

(b) *Reconciliation between tax expense and accounting profit at applicable tax rates:*

		Period from 10 September 2015 (date of incorporation) to 31 December 2016
Profit before taxation	$	11,426,897
Notional tax on profit before taxation	$	1,885,438
Tax effect of non-deductible expenses		1,605,052
Tax effect of non-taxable income		(1,045)
Tax effect of temporary differences not recognised		349,989
Actual tax expense	$	3,839,434

7 Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Period from 10 September 2015 (date of incorporation) to 31 December 2016
Fees	$ 45,000
Salaries, allowances and benefits in kind	1,858,990
Discretionary bonus	1,839,101
Retirement scheme contributions	204,489
	$ 3,947,580

8 Property, plant and equipment

	Leasehold improvements	*Motor vehicles*	*Computer equipment*	*Furniture, fixtures and equipment*	*Total*
Cost:					
At 10 September 2015 (date of incorporation)	$ -	$ -	$ -	$ -	$ -
Additions					
– amalgamation with a subsidiary	3,974,883	274,304	566,997	765,274	5,581,458
– others	174,298	-	631,721	244,167	1,050,186
Disposals	(615,491)	-	(30,100)	(97,443)	(743,034)
At 31 December 2016	$ 3,533,690	$ 274,304	$ 1,168,618	$ 911,998	$ 5,888,610
Accumulated depreciation:					
At 10 September 2015 (date of incorporation)	$ -	$ -	$ -	$ -	$ -
Charge for the period	2,585,861	120,008	374,538	294,983	3,375,390
Written back on disposals	(500,000)	-	(30,100)	(97,443)	(627,543)
At 31 December 2016	$ 2,085,861	$ 120,008	$ 344,438	$ 197,540	$ 2,747,847
Net book value:					
At 31 December 2016	$ 1,447,829	$ 154,296	$ 824,180	$ 714,458	$ 3,140,763

9 Goodwill

Goodwill arose from the acquisition of TCISL on 9 November 2015 (see note 12(b)). At 31 December 2016, management determined that there is no impairment of the goodwill.

Impairment tests for goodwill

The recoverable amount of the goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rate below. The growth rates used do not exceed the long-term average growth rates for the business in which the cash generating unit operates.

Key assumptions used for value-in-use calculations:

	2016
– Long-term growth rate	3%
– Discount rate	13.4%

Management determined the estimated long-term growth rate based on past performance and its expectations for market development. The discount rate used is post-tax and reflects specific risks relating to the business.

10 Employee defined benefit retirement plan

The company makes contributions to a defined benefit retirement plan which covers 9% of the company's employees and provides pension benefits for employees upon retirement. The plan is administered by an independent trustee with its assets held separately from those of the company.

(a) The amounts recognised in the statement of financial position are as follows:

	2016
Present value of funded obligations	$ 25,220,000
Fair value of plan assets	(23,238,000)
	$ 1,982,000

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

10 Employee defined benefit retirement plan (continued)

(b) *Plan assets consist of the following:*

		2016
Equity securities	$	16,541,000
Debt securities/bonds		6,069,000
Cash and others		628,000
	$	23,238,000

(c) *Movements in the present value of the defined benefit obligation:*

At 10 September 2015 (date of incorporation)		$	-
Amalgamation with a subsidiary			25,422,000
Remeasurements:			
- Actuarial losses arising from changes in liability experience	$ 342,000		
- Actuarial gains arising from changes in financial assumptions	(1,962,000)		
- Actuarial gains arising from changes in demographic assumptions	(81,000)		
		$	(1,701,000)
Actual employee contributions			276,000
Current service cost			894,000
Interest cost			329,000
At 31 December 2016		$	25,220,000

The weighted average duration of the defined benefit obligation is 6.13 years.

(d) *Movements in plan assets*

At 10 September 2015 (date of incorporation)	$	-
Amalgamation with a subsidiary		22,147,000
Company's contributions paid to the plan		933,000
Interest income		283,000
Return on plan assets, excluding interest income		50,000
Administrative expense paid		(175,000)
At 31 December 2016	$	23,238,000

10 Employee defined benefit retirement plan (continued)

(e) *Amounts recognised in the statement of profit or loss and other comprehensive income are as follows:*

	Period from 10 September 2015 (date of incorporation) to 31 December 2016
Current service cost	$ 894,000
Net interest cost on net defined benefit liability	46,000
Administrative expense paid	175,000
Total amounts recognised in profit or loss	$ 1,115,000
Actuarial gains	$ (1,701,000)
Return on plan assets, excluding interest income	(50,000)
Total amounts recognised in other comprehensive income	$ (1,751,000)
Total defined benefit gains	$ (636,000)

The current service cost, net interest cost/income on net defined benefit liability and administrative expenses are recognised in administrative expenses in profit or loss.

(f) *Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:*

	2016
Discount rate	1.7%
Future salary increases	3%

The below analysis shows how the defined benefit obligation as at 31 December 2016 would have increased/(decreased) as a result of 0.25% change in the significant actuarial assumptions:

	Increase in 0.25%	*Decrease in 0.25%*
Discount rate	$ (293,000)	$ 298,000
Future salary increases	$ 294,000	$ (290,000)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

10 Employee defined benefit retirement plan (continued)

(g) Defined contribution retirement plan

The company also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

11 Trade and other receivables

	2016
Trade receivables	$ 16,959,305
Other receivables	40,353,318
	$ 57,312,623

Except for refundable deposits of $4,402,942 that expected to be recovered after more than one year, all of the trade and other receivables are expected to be recovered or recognised as expense within twelve months of the end of the reporting period.

Trade receivables are due within 15-30 days from the date of billing. Further details on the company's credit policy are set out in note 17(a).

At 31 December 2016, none of the company's trade receivables was individually determined to be impaired.

Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2016
Neither past due nor impaired	$ 9,722,782
Less than 1 month past due	$ 6,258,606
1 to 3 months past due	977,917
	$ 7,236,523
	$ 16,959,305

11 Trade and other receivables (continued)

Trade receivables that are not impaired (continued)

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The company does not hold any collateral over these balances.

12 Cash and cash equivalents

(a) Reconciliation of profit before taxation to cash generated from operations:

	Note	*Period from 10 September 2015 (date of incorporation) to 31 December 2016*
Operating activities		
Profit before taxation		$ 11,426,897
Adjustments for:		
Interest income	4(a)	(6,334)
Depreciation	5(c)	3,375,390
Finance costs	5(a)	7,804,790
Expense recognised in respect of employee defined benefit retirement plan	5(b)	1,115,000
Foreign exchange gain		(88,889)
Changes in working capital:		
Decrease in trade and other receivables		13,838,168
Increase in creditors and accruals		9,514,730
Increase in amount due to the intermediate holding company		493,911
Contributions under employee defined benefit retirement plan		(657,000)
Cash generated from operations		$ 46,816,663

12 Cash and cash equivalents (continued)

(b) Acquisition of subsidiary

Subsequent to the sales and purchase agreement entered into by the intermediate holding company and an independent third party, the company acquired 100% equity interest in TCISL at a consideration of $250 million. TCISL became a wholly-owned subsidiary of the company following the completion of the transaction on 9 November 2015.

The net assets acquired and the goodwill arising from the transaction are as follows:

	Fair value on date of acquisition
Property, plant and equipment	$ 5,581,458
Trade and other receivables	71,238,423
Cash and cash equivalents	136,108,547
Trade and other payables	(156,447,020)
Current taxation	(5,699,981)
Employee defined retirement benefit liability	(3,275,000)
Total identifiable net assets at fair value	$ 47,506,427
Net assets acquired	$ 47,506,427
Goodwill recognised	202,493,573
	$ 250,000,000
Cash consideration	$ (250,000,000)
Cash acquired	136,108,547
Net cash outflow	$ (113,891,453)

The company incurred transaction costs of $1,538,878 for this acquisition. These costs have been expensed and included in "Administrative expenses" in the statement of profit or loss and other comprehensive income.

13 Trade and other payables

	2016
Creditors and accruals	$ 58,251,539
Amount due to the intermediate holding company	493,911
Receipts in advance	188,150
Deferred income	107,035,303
	$ 165,968,903

Except for the reinstatement cost provision of $2,755,459 which are expected to be settled after more than one year after the end of the reporting period, all of the trade and other payables are expected to be recognised as income or settled within twelve months of the end of the reporting period or are repayable on demand.

Amount due to the intermediate holding company is unsecured, non-interest bearing and repayable on demand.

14 Bank loans

	Effective interest rate	*2016*
Bank loans - secured	3.36%	$ 168,660,149
Less: repayable within 1 year or on demand		(27,428,582)
Repayable after 1 year		$ 141,231,567

At 31 December 2016, the banking facilities of the company amounted to $200,000,000 were secured by corporate guarantee given by the intermediate holding company, pledge of shares of the company and first charge on the current assets of the company. The facilities were utilised to the extent of $172,000,000.

Another banking facilities amounted to EUR2,500,000 were secured by corporate guarantee given by the intermediate holding company and pledged bank deposit of the company of $13,500,000. None was utilised during the period.

The bank loans are subject to the fulfillment of covenants relating to certain of the company's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the company was to breach the covenants the drawn down facilities would become payable on demand. The company regularly monitors its compliance with these covenants. Further details of the company's management of liquidity risk are set out in note 17(b). As at 31 December 2016, none of the covenants relating to drawn down loans had been breached.

15 Income tax in the statement of financial position

(a) *Current taxation in the statement of financial position represents:*

		2016
Provision for Hong Kong Profits Tax for the period	$	3,839,434
Provisional Profits Tax paid		(2,893,342)
	$	946,092

(b) No provision for deferred tax has been made as the effect of the temporary differences is immaterial to the company.

16 Capital and reserve

(a) *Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the company's equity is set out in the statement of changes in equity.

(b) *Dividends*

Dividends payable to equity shareholders of the company attributable to the period:

		Period from 10 September 2015 (date of incorporation) to 31 December 2016
Interim dividend declared of $0.3024 per share	$	18,000,000

The interim dividend was paid on 25 January 2016 out of the accumulated realised profits of the company as at that date.

(c) *Share capital*

	No. of shares		*Amount*
Ordinary shares, issued and fully paid:			
At 10 September 2015 (date of incorporation)	-	$	-
Issue of shares	59,523,801		59,523,801
At 31 December 2016	59,523,801	$	59,523,801

The company was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 10 September 2015 with 59,523,801 ordinary shares issued to provide the initial share capital of the company.

16 Capital and reserve (continued)

(c) Share capital (continued)

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the company do not have a par value.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

(d) Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern and to continue to provide returns to shareholder. As the company is part of a larger group, the company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The company defines "capital" as including all components of equity and borrowings from group companies with no fixed terms of repayment. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the company as capital. On this basis, the amount of capital employed at 31 December 2016 was $50,862,264.

The company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the company or the group, to the extent that these do not conflict with the directors' fiduciary duties towards the company or the requirements of the Hong Kong Companies Ordinance. The results of the directors review of the company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The company is not subject to externally imposed capital requirements in the current period.

17 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the company's business. The company's exposure to these risks and the financial management policies and practices used by the company to manage these risks are described below.

(a) Credit risk

The company's credit risk is primarily attributable to trade and other receivables and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The company does not have significant concentration of credit risk.

17 Financial risk management and fair values (continued)

(a) Credit risk (continued)

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations take into account the customers' past payment history, financial position and other factors. The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Deposits with financial institutions are made with those with sound credit ratings to minimise the credit exposure.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

Further quantitative disclosures in respect of the company's exposure to credit risk arising from trade and other receivables are set out in note 11.

(b) Liquidity risk

The company regularly monitors its current and future funding requirements. The company maintains sufficient reserves of cash and maintains adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The contractual undiscounted cash flows comprise of creditors and accruals, bank loans and amounts due to the intermediate holding company, totalling $230,745,450 of which $83,989,991 are payable within twelve months of the end of the reporting period.

(c) Interest rate risk

The company's interest rate risk arises primarily from bank loans. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the company's variable rate borrowings (as defined above) at the end of the reporting period:

	2016	
	Effective interest rate	*Amount*
Variable rate borrowings		
Bank loans	HIBOR + 2.5%	$ 168,660,149

17 Financial risk management and fair values (continued)

(c) *Interest rate risk (continued)*

(ii) Sensitivity analysis

At 31 December 2016, it is estimated that an increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the company's profit after tax and increase/decrease the company's accumulated losses by approximately $1,687,000. Other components of equity would not be affected by changes in the interest rates.

The sensitivity analysis above indicates the instantaneous change in the company's profit after tax and accumulated losses that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the company which expose the company to interest rate risk at the end of the reporting period.

(d) *Currency risk*

The company's functional currency is Hong Kong dollars ("HKD"). The company is exposed to currency risk primarily through sales and purchases giving rise to trade and other receivables, cash and cash equivalents, creditors and accruals that are denominated in other currencies, being primarily United States dollars ("USD"), Australian dollars ("AUD"), Euros ("EUR"), Renminbi ("RMB"), Swiss franc ("CHF") and New Zealand dollars ("NZD").

As the HKD is pegged to the USD, the company considers the risk of movements in exchange rates between the HKD and the USD to be insignificant. In respect of balances denominated in AUD, EUR, RMB, CHF and NZD, the company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates or entering into short term foreign currency forward contracts where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the company's functional currency of HKD. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date.

	2016					
	Exposure to foreign currencies (expressed in Hong Kong dollars)					
	United States dollars	*Australian dollars*	*Euros*	*Renminbi*	*Swiss franc*	*New Zealand dollars*
Trade and other receivables	$ 6,818,651	$ 74,950	$ 310,351	$ 161,569	$ 5,661	$ -
Cash and cash equivalents	1,289,586	45,597	3,817,609	6,303	180,333	157,222
Creditors and accruals	(1,026,573)	(3,629,124)	(5,919,228)	(110,310)	(452,126)	(2,600,917)
Net exposure to currency risk	$ 7,081,664	$ (3,508,577)	$ (1,791,268)	$ 57,562	$ (266,132)	$ (2,443,695)

17 Financial risk management and fair values (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change on the company's profit after tax and accumulated losses that would arise if foreign exchange rates to which the company has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. No other components of equity would be affected by changes in foreign exchange rates. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

		2016	
	Increase/ (decrease) in foreign exchange rates		*(Decrease)/ increase in profit after tax and (increase)/ decrease in accumulated losses*
Australian dollars	3%	$	(87,890)
	(3)%		87,890
Euros	3%		(44,871)
	(3)%		44,871
Renminbi	3%		1,442
	(3)%		(1,442)
Swiss franc	3%		(6,667)
	(3)%		6,667
New Zealand dollars	3%		(61,215)
	(3)%		61,215

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on loss after tax and accumulated losses measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the company which expose the company to currency risk at the end of the reporting period.

(e) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2016.

18 Commitments

At 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016 Properties
Within one year	$ 10,634,736
After one year but within five years	16,291,944
	$ 26,926,680

The company is the lessee in respect of a number of properties. The leases typically run for an initial period of 2 to 3 years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

19 Contingent liabilities

In February 2013, an accident occurred during one of the TCISL's tours. On 17 June 2015, a Writ of Summons was issued by the High Court of Hong Kong against TCISL by the administrators of six of the deceased in the accident. They claim for damages arising from the death of the six deceased as a consequences of the negligent or breaches of statutory duty of TCISL in the accident but they have not yet specified the amount and the grounds of claims as at 31 December 2016. Having reviewed the case and taken into account legal advice received, the directors of the company consider that it is too early to evaluate the outcome of the case and that the amounts cannot be reliably estimated at this point of time. Accordingly, no provision in respect of this case has been made in the financial statements at the end of the reporting period.

20 Material related party transactions

During the period, the company entered into the following transactions in the ordinary and usual course of business:

	Period from 10 September 2015 (date of incorporation) to 31 December 2016
Travel services purchased from a fellow subsidiary	$ 454,000
Insurance paid to a fellow subsidiary	23,000
Management fee to intermediate holding company	2,661,447

All members of key management personnel are directors of the company, and their remunerations is disclosed in note 7 to the financial statements.

21 Immediate and ultimate controlling party

At 31 December 2016, the directors consider the immediate parent and ultimate controlling party of the company to be Travel Corporation (India) Limited, incorporated in India, and Fairfax Financial Holdings Limited, incorporated in Canada, respectively. Fairfax Financial Holdings Limited is listed and produces financial statements available for public use.

22 Critical accounting judgement and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made the following judgement that has significant effect on the amounts recognised in the financial statements.

(a) Sales of tours and commission earned

The company evaluates its responsibilities for the delivery of goods and services and other relevant facts and circumstances, and determines it is acting as a principal of sales of tours and agent of commission earned. Accordingly, revenue arising from sales of tours is stated at its gross amounts receivable for the operator and travel services rendered by the company and is measured before deducting related costs in accordance with the accounting policy set out in note 2(m). Commission earned is stated at its net amounts receivable in relation to the ticket sold or hotels booked in accordance with the accounting policy set out in note 2(m).

(b) Assessment of impairment of goodwill

The company has performed an impairment test for goodwill in accordance with the accounting policy stated in note 2(f) to the financial statements. For the purposes of impairment testing, goodwill acquired is reviewed for impairment based on forecast operating performance and cash flows. Cash flow projections are prepared on the basis of reasonable assumptions reflective of prevailing and future market conditions, and are discounted appropriately.

23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 31 December 2016

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the period ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. The company is unable to disclose the impact that adopting the amendments and new standards will have on its financial statements when such amendments and new standards are adopted.

Consolidated Financial Statements of

BRAINHUNTER SYSTEMS LTD.

Year ended March 31, 2017

KPMG

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Brainhunter Systems Ltd.

We have audited the accompanying consolidated financial statements of Brainhunter Systems Ltd., which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statements of operations and deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

KPMG

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brainhunter Systems Ltd. as at March 31, 2017, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 in the consolidated financial statements, which indicates that Brainhunter Systems Ltd. has experienced losses and had a shareholders' deficiency as at March 31, 2017. These conditions, along with other matters as set forth in note 1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Brainhunter Systems Ltd.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 12, 2017
Vaughan, Canada

BRAINHUNTER SYSTEMS LTD.

Consolidated Balance Sheet

March 31, 2017, with comparative information for 2016

		2017		2016
Assets				
Current assets:				
Cash and cash equivalents (note 3)	$	875,878	$	274,848
Accounts receivable		11,440,248		12,553,317
Prepaid expenses		324,529		193,617
		12,640,655		13,021,782
Deposits		82,928		73,126
Property and equipment (note 4)		622,863		129,223
	$	13,346,446	$	13,224,131
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Bank indebtedness (note 5)	$	8,047,672	$	7,413,776
Accounts payable and accrued liabilities (note 6)		7,064,276		8,051,214
Due to related parties (note 7)		4,014,389		1,917,865
Deferred revenue		384,591		173,114
		19,510,928		17,555,969
Long-term liabilities:				
Bank indebtedness (note 5)		2,002,000		3,334,000
Shareholders' deficiency:				
Capital stock (note 10)		4,514,502		4,514,502
Deficit		(12,680,984)		(12,180,340)
		(8,166,482)		(7,665,838)
Going concern (note 1)				
Commitments (note 12)				
	$	13,346,446	$	13,224,131

See accompanying notes to consolidated financial statements.

BRAINHUNTER SYSTEMS LTD.

Consolidated Statement of Operations and Deficit

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Revenue (note 11)	$ 68,487,622	$ 74,722,472
Cost of sales	59,047,856	65,316,466
Gross margin	9,439,766	9,406,006
Expenses:		
Salaries and benefits	6,837,250	7,833,440
Office and general	2,262,582	2,944,605
	9,099,832	10,778,045
Income (loss) before the undernoted items	339,934	(1,372,039)
Other expenses (income):		
Amortization of property and equipment (note 4)	212,041	125,266
Interest (note 5)	400,595	398,084
Financing costs	194,013	133,619
Loss (gain) on foreign exchange	33,929	(29,903)
	840,578	627,066
Loss for the year	(500,644)	(1,999,105)
Deficit, beginning of year	(12,180,340)	(10,181,235)
Deficit, end of year	$ (12,680,984)	$ (12,180,340)

See accompanying notes to consolidated financial statements.

BRAINHUNTER SYSTEMS LTD.

Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (500,644)	$ (1,999,105)
Items not involving cash:		
Amortization of property and equipment	212,041	125,266
Accrued interest on bank indebtedness	33,351	202,633
Accrued interest on loans from related parties	58,698	–
Change in non-cash operating working capital:		
Accounts receivable	1,113,069	(1,324,197)
Prepaid expenses	(130,912)	(47,886)
Deposits	(9,802)	8,358
Accounts payable and accrued liabilities	(986,938)	(297,565)
Deferred revenue	211,477	(11,707)
	340	(3,344,203)
Financing activities:		
Increase (decrease) in bank indebtedness	(731,455)	550,000
Loans from related parties	2,037,826	1,235,322
Issuance of capital stock	–	104,252
	1,306,371	1,889,574
Investing activities:		
Purchase of property and equipment	(705,681)	(46,188)
Proceeds from maturity of term deposits	45,000	45,000
Investment in term deposits	(45,000)	(45,000)
	(705,681)	(46,188)
Increase (decrease) in cash and cash equivalents	601,030	(1,500,817)
Cash and cash equivalents, beginning of year	274,848	1,775,665
Cash and cash equivalents, end of year	$ 875,878	$ 274,848
Supplemental cash flow information:		
Interest paid on bank indebtedness	$ 308,546	$ 195,451
Income taxes paid	–	168

See accompanying notes to consolidated financial statements.

Nature of operations:

The operations of Brainhunter Systems Ltd. (the "Company") primarily consists of staffing and consulting services in the information technology and engineering sectors. The Company was incorporated on October 2, 2009 under the Ontario Business Corporations Act.

Pursuant to a share purchase agreement dated September 17, 2014, Quess Corp Limited ("Quess" or the "Parent"), acquired 7,000,100 common shares of Zylog Systems (Canada) Ltd., representing all the issued and outstanding shares. Subsequent to the acquisition described above, the Company changed its legal name to Brainhunter Systems Ltd.

1. Going concern:

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. However, a material uncertainty exists that may cast significant doubt about the appropriateness of the use of the going concern assumption because the Company experienced losses in the years ended March 31, 2017 and 2016, and had a shareholders' deficiency as at March 31, 2017.

The ability of the Company to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon the continued support from its Parent and on its ability to restore and maintain profitable operations in the future.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and the balance sheet classifications used to reflect these on a liquidation basis which could differ from accounting principles applicable to a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), and are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements include all the accounts of the Company and its wholly owned subsidiaries, Mindwire Systems Ltd. and Brainhunter Companies LLC. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Property and equipment:

Property and equipment are recorded at cost. Amortization is provided annually on a straight-line basis over their estimated useful lives using the following annual rates:

Computer equipment	30%
Office furniture and fixtures	20%
Computer software	100%
Leasehold improvements	Term of lease

(c) Revenue recognition:

Revenue is generated from information technology and engineering staffing and consulting services.

Revenue from staffing services includes temporary and permanent placement fees. Revenue from temporary placement fees are recognized once the services have been rendered, collection is reasonably assured, and all significant obligations have been fulfilled. Revenue from permanent placement fees are based on a percentage of annual salaries and are recognized once the employees have been placed, collection is reasonably assured, and all significant obligations have been fulfilled.

2. Significant accounting policies (continued):

The Company enters into contracts with customers to complete software consulting projects. Customer billings are prepared monthly based on hours worked and agreed rates, at which time revenue is recognized. To a significantly lesser degree, certain other contracts are fixed price, for which revenue is recorded monthly using the percentage-of-completion basis, whereby revenue is recorded at the estimated net realizable value of the work completed to date.

The Company earns revenue from software licenses for in-house developed software that is deferred and recognized over the term of the license. Software customization revenue is recognized in the year the customization is completed.

(d) Deferred financing costs:

Financing costs relating to the long-term debt and bank indebtedness are deferred and amortized using the effective interest method over the expected term of the corresponding loans. As the loans are repaid, the corresponding financial costs are charged to net income. Deferred financing costs are presented under bank indebtedness and long-term debt in the consolidated balance sheet and the related amortization under financing costs in the consolidated statement of operations and deficit.

(e) Income taxes:

The Company accounts for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined by reference to the temporary differences between carrying values and the tax basis of assets and liabilities. The future income tax assets or liabilities are measured using the income tax rates and laws that are anticipated to apply when these differences are expected to be recovered or settled. Future income tax assets are recognized to the extent that realization of such benefits are considered more likely than not. The effect on future income tax assets and liabilities of a change in income tax rates is recognized into net income in the year that includes the enactment date.

2. **Significant accounting policies (continued):**

(f) Use of estimates:

The preparation of financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(i) Allowance for doubtful accounts:

The Company makes a provision to allow for potentially uncollectible amounts owed from customers. The allowance is reviewed by management periodically based on an analysis of the age of the outstanding accounts receivable. At March 31, 2017, an allowance of $77,123 (2016 - $57,630) has been included in the consolidated balance sheet.

(ii) Accrued liabilities:

Accrued liabilities, including those pertaining to commissions, bonuses and professional fees are established by management based on their best estimate of the actual obligation. Management believes that the estimates used in establishing these accrued liabilities are accurate.

(iii) Impairment of assets:

Property and equipment, goodwill and intangible assets are tested for impairment for each business unit should an event or circumstance indicate that their fair value has fallen below their carrying value. Should any negative variances occur in the comparison, an impairment representing the excess is made to the goodwill and then to intangible assets.

(iv) Income taxes:

The Company estimates its Canadian federal income taxes based on interpretation of tax rules and regulations. The Company is also subject to audits from the Canada Revenue Agency and the outcome of such audits may differ from original estimates. Management believes that a sufficient amount has been accrued for income taxes.

2. Significant accounting policies (continued):

(g) Foreign currency translation:

Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the consolidated balance sheet date. Property and equipment and related amortization are translated at rates prevailing at the dates of acquisition. Revenue and expenses, other than amortization, are translated at the average rate of exchange in effect during the month that the transaction occurred. All exchange gains and losses are recognized in the current year's net income.

(h) Intangible assets and goodwill:

The Company classifies intangible assets, obtained through acquisitions or developed internally, as definite-lived and indefinite-lived intangible assets, as well as goodwill. Definite-lived intangibles are amortized on a straight-line basis over the asset's useful life while indefinite-lived intangibles and goodwill are not amortized but are tested for impairment annually, or more frequently, if events or circumstances indicate that they might be impaired. The impairment test consists of allocating indefinite-lived intangibles and goodwill to reporting units and then comparing the book value of the reporting units, including indefinite-lived intangibles and goodwill, to their fair values. The Company determines fair value by using discounted future cash flows for reporting units. The excess of carrying value over fair value, if any, is recorded as an impairment charge to the consolidated statement of operations and deficit in the year in which the impairment is determined. Subsequent reversals of impairment are prohibited.

(i) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months from the date of acquisition.

2. Significant accounting policies (continued):

(j) Related party transactions:

Monetary-related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

3. Cash and cash equivalents:

	2017	2016
Cash	$ 830,878	$ 229,848
Term deposits, bearing interest at 0.45% per annum	45,000	45,000
	$ 875,878	$ 274,848

At year end, the carrying value of cash and cash equivalents approximated fair market value due to the short-term nature of the investments.

4. Property and equipment:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 1,082,346	$ 1,019,753	$ 62,593	$ 80,496
Office furniture and fixtures	408,184	305,928	102,256	10,798
Computer software	204,587	164,709	39,878	–
Leasehold improvements	716,468	298,332	418,136	37,929
	$ 2,411,585	$ 1,788,722	$ 622,863	$ 129,223

The amortization of property and equipment totaled $212,041 in 2017 (2016 - $125,266).

5. Bank indebtedness:

	2017	2016
ICICI Bank of Canada working capital credit facility, bearing interest at the Canadian Dealer Offered Rate ("CDOR") plus 2.25% (2016 - 2.25%)	$ 6,715,672	$ 6,724,793
ICICI Bank of Canada term loan, bearing interest at CDOR plus 2.5% (2016 - 2.5%)	3,334,000	4,022,983
	10,049,672	10,747,776
Less current portion	8,047,672	7,413,776
	$ 2,002,000	$ 3,334,000

On October 15, 2015, the Company completed the refinancing of its prior credit facility with ICICI Bank of Canada and signed an amendment to its working capital credit facility agreement. The outstanding bank indebtedness was refinanced to include the following two facilities: (a) a $4,000,000 term loan facility and (b) a $6,700,000 working capital facility. Interest on the term loan facility was payable quarterly at a rate of 2.50% plus CDOR per annum, increasing by 0.25% per annum commencing six months from the date of the refinancing and, thereafter, at the beginning of each subsequent three-month period. Quarterly principal repayments on the term loan facility of $333,000 commenced on December 1, 2016. Interest on the working capital facility was payable monthly at a rate of 2.25% plus CDOR per annum, increasing by 0.25% per annum commencing six months from the date of the refinancing and, thereafter, at the beginning of each subsequent three-month period. The working capital facility must be repaid 12 months after the date of the refinancing unless extended by ICICI Bank of Canada.

On November 10, 2016 the Company amended its existing facility with ICICI Bank of Canada. As part of the amendment, the term for the working capital facility was extended to January 31, 2017. Under the amendment, interest on the working capital facility is payable monthly at a rate of 2.25% plus CDOR per annum and interest on the term loan is payable quarterly at a rate of 2.5% plus CDOR per annum.

The facilities under the amended agreement are subject to certain financial covenants which will are not required to be tested until March 31, 2018. Both facilities are guaranteed by Quess.

During the year ended March 31, 2017, the Company recognized $341,897 (2016 - $398,084) in interest expense on the facilities.

6. Accounts payable and accrued liabilities:

	2017	2016
Trade and accrued liabilities	$ 3,646,304	$ 7,068,296
Salaries and commissions payable	3,417,972	982,918
	$ 7,064,276	$ 8,051,214

Included in accounts payable and accrued liabilities as at March 31, 2017 are government remittances payable of $104,429 (2016 - $168,972) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

7. Due to (from) related parties:

The following balances are due on demand:

	2017	2016
Fairfax Financial Holdings Ltd., bearing interest at 3.0% per annum (2016 - nil)	$ 1,022,591	$ 1,000,000
Quess Corp (US) Inc., bearing interest at 2.42% per annum (2016 - nil)	2,452,027	671,905
MFX, bearing interest at nil per annum (2016 - nil)	597,742	–
Quess Corp - India	(52,000)	247,712
Other	(5,971)	–
Magna Infotech Ltd., bearing interest at nil per annum (2016 - nil)	–	(1,752)
	$ 4,014,389	$ 1,917,865

The balances payable to FairFax Financial Holdings Ltd. of $1,022,591 (2016 - $1,000,000), MFX of $597,742 (2016 - nil) and Quess Corp (US) Inc. of $2,452,027 (2016 - $671,905) represent funds received to support the Company's operating activities. The amounts receivable from Quess Corp - India in the amount of ($52,000) (2016 - payable $247,712), represent funds transferred to related parties. All of the related party balances are recorded at their carrying amounts.

During the year ended March 31, 2017, the Company recognized $58,698 (2016 - nil) in interest expense on the amounts due (from) related parties.

8. Future income taxes:

	2017	2016
Future income tax assets (liabilities):		
Non-capital losses	$ 2,711,410	$ 2,363,185
Property and equipment	(38,684)	6,749
Deferred lease allowance	55,454	–
Other temporary differences	41,258	65,584
	2,769,438	2,435,518
Less valuation allowance	2,769,438	2,435,518
Net future income tax asset	$ –	$ –

For the years ended March 31, 2017 and 2016, the future realization of income tax assets did not meet the test of being more likely than not to occur, so no net asset was recognized. As at March 31, 2017, the Company has non-capital losses in Canada and the U.S. which can be used to reduce taxable income of future years and expire as follows:

Canada:

2034	$ 2,199,936
2035	489,173
2036	2,642,515
2037	1,526,579
	$ 6,858,203

United States:

2033	$ 81,349
2034	337,349
2035	791,679
2036	767,795
2037	575,861
	$ 2,554,033

9. Income taxes:

The Company pays income taxes at a statutory rate of 26.5% (2016 - 26.5%). The difference between the Company's reported income tax expense on operating income and the expense that would otherwise result with the application of the applicable rate is as follows:

	2017	2016
Loss before income taxes	$ (500,644)	$ (1,999,105)
Expected provision for income taxes	$ (132,031)	$ (529,763)
Increase (decrease) in income taxes resulting from:		
Permanent differences	12,113	14,761
Change in valuation allowance	333,920	573,474
Book-to-return	(172,580)	–
Tax rate differential in foreign subsidiary	(48,948)	(65,672)
Other	7,526	7,200
	$ –	$ –

10. Capital stock:

	2017	2016
Authorized:		
Unlimited common shares		
Issued:		
14,300,100 common shares (2016 - 14,300,100)	$ 4,514,502	$ 4,514,502

On April 15, 2015, the Company issued 7,300,000 common shares to Magna Infotech Inc., an associated corporation, at the aggregate subscription price of $104,252.

11. Revenue:

The main sources of revenue for the Company are as follows:

	2017	2016
Staffing services	$ 68,487,622	$ 72,365,431
Professional services	–	2,357,041
	$ 68,487,622	$ 74,722,472

12. Commitments:

The Company has entered into leases for office space. As at March 31, 2017, the Company has contractual obligations for basic rent payments as follows:

2018	$ 939,723
2019-2022	1,449,795
2023 & thereafter	883,370
	$ 3,272,888

13. Financial risks and concentration of risk:

Financial instruments are initially recorded at fair value. Financial instruments that are short-term investments are written down when their carrying amounts exceed their quoted market values. All other financial instrument assets are written down when their carrying amounts exceed their estimated market values and this condition is expected to be other than temporary.

The Company's financial instruments recognized in the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, due to related parties, accounts payable and accrued liabilities and bank indebtedness. The fair values of cash and cash equivalents, accounts receivable, due to related parties, accounts payable and accrued liabilities approximate their recorded amounts due to the short-term receipt or payment of cash or determinable cash flow streams. The carrying value of the bank indebtedness approximates fair value because the interest rates approximate market rates.

13. Financial risks and concentration of risk (continued):

(a) Credit risk:

The Company grants credit to its customers in the normal course of business. The consolidated financial statements take into account an allowance for bad debts. The Company is exposed to credit risk from their customers but the concentration of the risk is minimized because of the large customer base. There has been no change to the risk exposure from fiscal 2016.

(b) Interest rate risk:

The Company is financed through bank debt which bears interest at rates tied to the Canadian bankers' acceptance rates. Consequently, the Company is exposed to the risk of increases in the bankers' acceptance rates. There has been no change to the risk exposure from fiscal 2016.

(c) Foreign exchange risk:

The Company carries out some transactions in U.S. dollars and, as such, is exposed to fluctuations in exchange rates. Approximately 2% of the Company's sales and purchases are in U.S. dollars (2016 - 2%). The Company has not entered into derivative instruments to mitigate these risks. During the year ended March 31, 2017, the Company recorded a foreign exchange loss of $33,929 (foreign exchange gain in 2016 - $29,903). There has been no change to the risk exposure from fiscal 2016.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk mainly with respect to its bank indebtedness. Refer to note 1 on the going concern assessment. There has been no change to the risk exposure from fiscal 2016.

14. Contingencies:

On December 13, 2016, the Company received a Notice of Assessment from the Ontario Ministry of Finance regarding an employer health tax ("EHT") audit related to calendar years 2012 to 2015. The amount in the Notice of Assessment is approximately $576,000. In the opinion of management, this assessment is without substantial merit and the Company is in the process of filing a notice of objection related to the assessment. The Company has not made any payments and no provision has been recorded as at March 31, 2017. Following the issuance of the Notice of Assessment, the Ontario Ministry of Finance has placed liens on various assets owned by the Company in the amount of $581,923.

On November 10, 2016, the Company received a Notice of Assessment from the Canada Revenue Agency ("CRA") regarding its disagreement with amounts deducted by the Company within its October 22, 2014 income tax return of one of its subsidiaries. The Notice of Assessment, which includes imposed penalties, is for approximately $372,000. In the opinion of management, this assessment is without substantial merit and the Company has filed a notice of objection in relation to the assessment. No provision has been recorded as at March 31, 2017. As required by the CRA upon filing the notice of objection, the Company has made certain prepayments to the CRA of $126,200 which has been recorded in prepaid expenses at March 31, 2017.

Independent Auditor's Report

To The Members of **Sita Holidays (India) Private Limited**

1. **Report on the Ind AS financial statements**

   We have audited the accompanying Ind AS financial statements of **Sita Holidays (India) Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

2. **Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

3. **Auditor's Responsibility**

   Our responsibility is to express an opinion on these 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 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 Ind AS financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are

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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 Ind AS financial statements.

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

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

II. As required by Section143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid 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 as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The Company has no transactions in cash and hence the requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 to the Ind AS financial statements is not applicable to the Company.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure A as referred to in Paragraph 5(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Sita Holidays (India) Private Limited on the financial statements for the year ended 31 March 2017.

i. The Company does not have any fixed assets; hence the requirement of clause (i) of paragraph 3 of the Order is not applicable.

ii. Considering the nature of business activity carried out by the Company, the Company does not have any inventory. Hence the requirement of the clause (ii) of paragraph 3 of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

iv. According to the records of the Company, examined by us and information and explanations given to us, the Company has neither given any loans/guarantees, made investments nor have provided securities within the provisions of Sections 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.

vii. According to the records of the Company, examined by us and information and explanations given to us:

a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.

viii. The Company has not taken any loan from banks/financial institutions/government or issued debentures during the year.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not taken any term loan during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

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xi. According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

xiii. According to the records examined by us, and information and explanations given to us, transactions with the related parties are in compliance with Sections 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the accounting standards. Further, as explained to us, the provisions of Section 177 are not applicable to the Company.

xiv. According to the records of the Company examined by us, and information and explanations given to us, 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 records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure - B 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") as referred to in paragraph 5(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company on the Ind AS financial statements for the year ended 31 March, 2017.

We have audited the internal financial controls over financial reporting of **Sita Holidays (India) Private Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Sita Holidays (India) Private Limited

Balance sheet as at 31 March, 2017

(In Rup

	Notes	As at 31 March , 2017	As at 31 March , 2016	As at Apri 2015
ASSETS				
Current Assets				
Financial assets				
- Cash and cash equivalents	3A	54,475	74,340	52,
- Other bank balances	3B	500,000	490,000	490,
- Other financial assets	4	29,589	28,743	32,
Total current assets		584,064	593,083	575,
TOTAL ASSETS		**584,064**	**593,083**	**575,**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	5A	500,000	500,000	500,
Other equity	5B	77,164	81,897	63,
Total equity		**577,164**	**581,897**	**563,**
Current liabilities				
Other financial liabilities				
- Other payables	6	6,900	6,870	6,
Income tax liabilities (net)	7	-	4,316	6,
Total Current liabilities		**6,900**	**11,186**	**12,**
TOTAL EQUITY AND LIABILITIES		**584,064**	**593,083**	**575,**

As per our attached report of even date **1-16**

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Holidays (India) Private Limited

Statement of profit and loss for the year ended 31 March, 2017

(In Rupees)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
Revenue from Operations		-	-
Interest income	7	37,894	41,087
Total Income		**37,894**	**41,087**
Expenses			
Other Expenses	8	42,628	13,758
Total Expenses		**42,628**	**13,758**
Profit / (loss) before tax		**(4,733)**	**27,329**
Less: Tax expense			
Current Tax		-	8,445
Deferred Tax		-	-
Profit / (Loss) after tax		**(4,733)**	**18,884**
Other comprehensive income		-	-
Total comprehensive income		**(4,733)**	**18,884**
Earnings per equity share			
Basic and diluted		(0.47)	1.89

As per our attached report of even date **1-16**

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Holidays (India) Private Limited

Statement of changes in equity

(In Rupees)

a) Share Capital	31-Mar-17		31-Mar-16	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	50,000	500,000	50,000	500,000
Changes during the year	-	-	-	-
Balance at the end of the year	50,000	500,000	50,000	500,000

b) Reserves and Surplus	Retained earnings	Total Equity
Balance at 1 April , 2015	**63,013**	**63,013**
Profit for the year	18,884	18,884
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**18,884**	**18,884**
Balance at 31 March, 2016	**81,897**	**81,897**
Profit for the year	(4,733)	(4,733)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(4,733)**	**(4,733)**
Balance at 31 March, 2017	**77,164**	**77,164**

As per our attached report of even date

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Holidays (India) Private Limited
Statement of cash flows for the year ended March 31, 2017

(In Rupees)

	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax from continuing operations	(4,733)	27,329
Profit before tax	(4,733)	27,329
Adjustments for		
Interest income	(37,894)	(41,087)
	(42,628)	(13,758)
Operating profit before working capital changes		
Increase/ (Decrease) in trade and other payables	30	128
	(42,598)	(13,630)
Direct Taxes paid (net)	(4,315)	(10,223)
Net cash used in operating activities	(46,913)	(23,853)
Cash flow from investing activities		
Interest received	37,050	45,300
Investment in bank deposits for more than 3 months	(10,000)	-
Net cash flows from investing activities	27,050	45,300
Cash flow from financing activities	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(19,863)	21,447
Cash and cash equivalents at the beginning of the year	74,340	52,893
Effect of exchanges rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	54,477	74,340

Notes to Cash Flow Statements
The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Holidays (India) Private Limited

Notes forming part of financial statements

1 **Corporate information**

The Company is a wholly owned subsidiry of SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited').

2.1 **Significant accounting policies**

(a) **Basis of preparation of financial statements**

These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value and the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the period ending on 31 March 2017. This being the first financial statements, post incorporation, previous year comparatives are not available.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Revenue recognition**

Interest income

Interest income is recognised using effective interest rate basis taking into account the amount outstanding and the applicable interest rate.

(c) **Accounting for taxes on income**

Tax expenses comprises of current tax and deferred tax

i) **Current tax**

Current tax is recognized in the statement of profit and loss except to the extent that the tax relates to items recognized directly in other comprehensive income or directly in equity. Current tax for current and prior periods is recognized 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 balance sheet date.

ii) **Deferred tax**

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of transition. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred 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.

(d) **Transactions in foreign currencies**

The functional currency of the Company is Indian Rupees ("Rs."). The financial statements are presented in Indian Rupees

i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.

ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

iii) Non-monetary foreign currency items are carried at historical cost, at the exchange rate prevelant at the date of the transaction.

(e) **Financial Instruments**

Financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Initial Recognition**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

ii) **Subsequent Measurement**

(a) Financial assets

Financial assets are classified into the following specified categories: Amortised cost, Fair value through other comprehensive income (FVTOCI), Fair value through profit or loss' (FVTPL). The classification depends on the Company's business model for managing the and the contractual terms of cash flows.

Debt Instruments

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition of financial assets

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised, is recognized as an impairment gain or loss in the statement of profit or loss.

(b) Financial liabilities

Amortised Cost

Financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the statement of profit or loss.

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

(e) **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the reporting date.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised but are disclosed in the notes unless the likelihood of their crystallizing is remote.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

(f) **Earnings per share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.

(g) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(h) **Use of estimate**

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities . Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

(i) **Critical accounting judgment and estimates**

i) **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

ii) **Impairment testing**

a. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

b. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

iii) **Tax**

a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

Sita Holidays (India) Private Limited

Notes forming part of the financial statements

(In Rupees)

		31-Mar-17	31-Mar-16	1 April , 2015
3A	**Cash and cash equivalents**			
	Balance with bank in current account	54,475	74,340	52,893
		54,475	74,340	52,893
3B	**Other bank balances**			
	Deposits with original maturity upto twelve months	500,000	490,000	490,000
		500,000	490,000	490,000
4	**Other financial assets**			
	Interest receivable	29,589	28,743	32,956
		29,589	28,743	32,956

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Sita Holidays (India) Private Limited

Notes forming part of the financial statements

	31-Mar-17	31-Mar-16
7 Other Income		
Interest Income	37,894	41,087
	37,894	**41,087**
8 Other Expenses		
Rates and Taxes	-	2,800
Payment to Auditors- Audit fees	6,900	6,870
Legal and Professional Charges	35,728	4,088
	42,628	**13,758**

mgb&co LLP CHARTERED ACCOUNTANTS

Notes forming part of the financial statements

(In Rupees)

		31-Mar-17	31-Mar-16	1 April, 2015
5A	**Share Capital**			
a	Authorised : Equity Shares of Rs. 10 each 50,000 shares (2016:50,000; 2015: 50000) Equity shares	500,000	500,000	500,000
		500,000	500,000	500,000
b	**Issued and Subscribed and Paid up:** 10,000 shares (2016:10,000; 2015: 10000) Equity shares fully paid up	500,000	500,000	500,000
		500,000	500,000	500,000

c **Reconciliation of number of equity shares outstanding at the beginning and end of the year**

	31-Mar-17	31-Mar-16	1 April, 2015
Outstanding at the beginning of the year	50,000	50,000	50,000
Outstanding at the end of the year	50,000	50,000	50,000

d **Terms / Rights attached to each classes of shares**

1. Terms / Rights attached to Equity shares

The Company has only one class of equity shares with voting rights having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	50,000	500,000	50,000	500,000	50,000	500,000

f **Shareholders holding more than 5% shares in the company is set out below:**

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	50,000	500,000	50,000	500,000	50,000	500,000

g No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceeding 31 March, 2017

5B Other equity

(In Rupees)

	31-Mar-17	31-Mar-16
Retained earnings		
Balance at beginning of the year	81,897	63,013
Profit/(Loss) attributable to owners of the Company	(4,733)	18,884
Other comprehensive income arising from	-	-
	77,163	**81,897**

		31-Mar-17	31-Mar-16	1 April 2015
6	**Other financial liabilities**			
	Other payables	6,900	6,870	6,742
		6,900	**6,870**	**6,742**

		31-Mar-17	31-Mar-16	1 April 2015
7	**Other liabilities**			
	Income Tax Liabilites Net	-	4,316	6,094
		-	**4,316**	**6,094**

mgb&co LLP CHARTERED ACCOUNTANTS

Sita Holidays (India) Private Limited

Notes forming part of the financial statements

9 The Composite Scheme of Arrangement and Amalgamation 'Composite Scheme' which was approved by the Board in its meeting on 28 May 2016 and which was subsequently amended and approved by the Board in its meeting on 21 July 2016) to consolidate the Outbound Business Division of SOTC Travel Services Private Ltd. into SOTC Travel Private Limited by way of a slump exchange, and thereafter to consolidate the residual SOTC Travel Services Private Ltd. (i.e. post segregation of Outbound Business Division) including its subsidiaries (i.e. Distant Frontiers Tours Private Limited, SITA Beach Resorts Private Limited, SITA Destination Management Private Limited, SITA Holidays (India) Private Limited, SITA Holidays Resorts Private Limited and SITA Incoming (India) Private Limited) into Travel Corporation (India) Limited by way of amalgamation has been filed with the High Court Of Judicature at Bombay on 11 August 2016 and the same was admitted by the High Court of Judicature at Bombay on 16 August 2016. Pursuant to the relevant Scheme all the assets and liabilities of the Company will be transferred and vest with the Transferee company. Pending approval of the High Court, effect of the same has not been considered in these financial statements

10 There are no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2017

11 **Taxes on Income**

(a) In the absence of taxable income during the year, provision for current tax is not required

(b) There are no timing differences as per AS 22 "Accounting for Taxes on Income" issued by ICAI, hence deferred tax assets / liabilities are not accounted for.

12 **Related party disclosures**

Holding Company- SOTC Travel Services Private Limited (formerly Kuoni Travel (India) Private Limited)

Distant Frontiers Tours Private Limited, KAT Management Consulting (Shanghai) Company Limited,KTI Support Services (India) Private Limited#, Sita Destination Management Private Limited, Sita Beach Resorts Private Limited, SOTC Travel Private Limited (Formerly Sita Travel Private Limited) , Sita Incoming (India) Private Limited, SOTC Travel Management Private Limited (formerly Sita Travels and Tours Private Limited), Sita Holiday Resorts Private Limited, Sita World Travel Lanka (Private) Limited, Sita World Travel (Nepal) Private Limited.

(#ceased w.e.f. 15 December 2015)

Key Management Personnel -Vishal Suri, Dipak Deva, Sanjay Shroff

Transactions with related parties during the year.

	31-Mar-17	31-Mar-16
Short-term borrowings		
Holding Company	200,000	-
Repayment of short-term borrowings		
Holding Company	200,000	-

There are no outstanding balances with related parties during the year.

13 **First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.
Company has not applied any exemption for retrospective application given under Ind AS 101.

14 **Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Profit attributable to Equity shareholders (In Rupees)

	31-Mar-17	31-Mar-16
Profit / (loss) after tax	(4,733)	18,884
Weighted average number of equity shares	10,000	10,000
Nominal value per share	10	10
Basic and Diluted earnings per share	(0.47)	1.89

15 **Financial Instruments**

The Company does not have any financial assets and liablities, except, cash, short-term deposits, Interest accrued, and fees paybles which arise directly from its operations. The Company's financial assets and liability dose not exposed to a variety of financial risks, hence the requisite disclosures are not required.

No transactions are done during the year hence the other disclosures are not required.

16 Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this years classification. Figures in brackets pertain to previous year.

mgb&co LLP CHARTERED ACCOUNTANTS

Independent Auditor's Report

To The Members of **Sita Destination Management Private Limited**

1. Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **Sita Destination Management Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

2. Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are

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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 Ind AS financial statements.

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

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

II. As required by Section143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid 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 as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

mgb&co LLP
chartered accountants

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The Company has no transactions in cash and hence the requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 to the Ind AS financial statements is not applicable to the Company.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure A as referred to in Paragraph 5(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Sita Destination Management Private Limited on the financial statements for the year ended 31 March 2017.

i. The Company does not have any fixed assets; hence the requirement of clause (i) of paragraph 3 of the Order is not applicable.

ii. Considering the nature of business activity carried out by the Company, the Company does not have any inventory. Hence the requirement of the clause (ii) of paragraph 3 of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

iv. According to the records of the Company, examined by us and information and explanations given to us, the Company has neither given any loans/guarantees, made investments nor have provided securities within the provisions of Sections 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.

vii. According to the records of the Company, examined by us and information and explanations given to us:

   a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

   b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.

viii. The Company has not taken any loan from banks/financial institutions/government or issued debentures during the year.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not taken any term loan during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

xi. According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

xiii. According to the records examined by us, and information and explanations given to us, transactions with the related parties are in compliance with Sections 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the accounting standards. Further, as explained to us, the provisions of Section 177 are not applicable to the Company.

xiv. According to the records of the Company examined by us, and information and explanations given to us, 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 records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure - B 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") as referred to in paragraph 5(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company on the Ind AS financial statements for the year ended 31 March, 2017.

We have audited the internal financial controls over financial reporting of **Sita Destination ManagementPrivate Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Sita Destination Management Private Limited

Balance sheet as at March 31, 2017

(In Rupees)

	Notes	As at 31 March , 2017	As at 31 March , 2016	As at April 1, 2015
ASSETS				
Current Assets				
Financial assets				
- Cash and cash equivalents	3A	2,309	7,105	1,347
- Other bank balances	3B	50,000	80,000	90,000
- Other financial assets	4	2,854	5,232	6,725
Total current assets		55,163	92,337	98,072
TOTAL ASSETS		**55,163**	**92,337**	**98,072**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	5A	100,000	100,000	100,000
Other equity	5B	(51,737)	(14,533)	(8,670)
Total equity		**48,263**	**85,467**	**91,330**
Current liabilities				
Other financial liabilities				
- Other payables	6	6,900	6,870	6,742
Total Current liabilities		**6,900**	**6,870**	**6,742**
TOTAL EQUITY AND LIABILITIES		**55,163**	**92,337**	**98,072**

As per our attached report of even date **1-16**

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Destination Management Private Limited

Statement of profit and loss for the year ended March 31, 2017 (In Rupees)

	Notes	Year ended 31 March, 2017	Year ended 31 March, 2016
Revenue			
Revenue from Operations		-	-
Interest income	7	5,392	7,195
Total Income		**5,392**	**7,195**
Expenses			
Other Expenses	8	42,596	13,058
Total Expenses		**42,596**	**13,058**
Profit / (loss) before tax		**(37,204)**	**(5,864)**
Less: Tax expense			
Current Tax		-	-
Deferred Tax		-	-
Profit / (Loss) after tax		**(37,204)**	**(5,864)**
Other comprehensive income		-	-
Total comprehensive income		**(37,204)**	**(5,864)**
Earnings per equity share			
Basic and diluted		(3.72)	(0.59)

As per our attached report of even date **1-16**

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Destination Management Private Limited

Statement of changes in equity

(In Rupees)

a) Share Capital	31-Mar-17		31-Mar-16	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	10,000	100,000	10,000	100,000
Changes during the year	-	-	-	-
Balance at the end of the year	10,000	100,000	10,000	100,000

b) Reserves and Surplus	Retained earnings	Total Equity
Balance at 1 April , 2015	**(8,670)**	**(8,670)**
Profit for the year	(5,863)	**(5,863)**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(5,863)**	**(5,863)**
Balance at 31 March, 2016	**(14,533)**	**(14,533)**
Profit for the year	(37,204)	(37,204)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(37,204)**	**(37,204)**
Balance at 31 March, 2017	**(51,736)**	**(51,736)**

As per our attached report of even date

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Destination Management Private Limited

Statement of cash flows for the year ended March 31, 2017

	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax from continuing operations	(37,204)	(5,864)
Profit before tax	**(37,204)**	**(5,864)**
Adjustments for		
Interest income	(5,392)	(7,195)
	(42,596)	**(13,058)**
Operating profit before working capital changes		
Increase/ (Decrease) in trade and other payables	30	127
	(42,566)	**(12,931)**
Direct Taxes paid (net)	-	-
Net cash used in operating activities	**(42,566)**	**(12,931)**
Cash flow from investing activities		
Interest received	7,770	8,688
Investment in bank deposits for more than 3 months	30,000	10,000
Net cash flows from investing activities	**37,770**	**18,688**
Cash flow from financing activities	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(4,796)	5,757
Cash and cash equivalents at the beginning of the year	7,105	1,348
Effect of exchanges rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	**2,309**	**7,105**

Notes to Cash Flow Statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Notes forming part of financial statements

1 **Corporate information**
The Company is a wholly owned subsidiry of SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')

2.1 **Significant accounting policies**

(a) **Basis of preparation of financial statements**
These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value and the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the period ending on 31 March 2017. This being the first financial statements, post incorporation, previous year comparatives are not available.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Revenue recognition**
Interest income
Interest income is recognised using effective interest rate basis taking into account the amount outstanding and the applicable interest rate.

(c) **Accounting for taxes on income**
Tax expenses comprises of current tax and deferred tax
i) **Current tax**
Current tax is recognized in the statement of profit and loss except to the extent that the tax relates to items recognized directly in other comprehensive income or directly in equity. Current tax for current and prior periods is recognized 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 balance sheet date.

ii) **Deferred tax**
Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of transition. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred 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.

(d) **Transactions in foreign currencies**
The functional currency of the Company is Indian Rupees ("Rs."). The financial statements are presented in Indian Rupees

i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.

ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

iii) Non-monetary foreign currency items are carried at historical cost, at the exchange rate prevelant at the date of the transaction.

(e) **Financial Instruments**
Financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Initial Recognition**
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

ii) **Subsequent Measurement**
(a) Financial assets
Financial assets are classified into the following specified categories: Amortised cost, Fair value through other comprehensive income (FVTOCI), Fair value through profit or loss' (FVTPL). The classification depends on the Company's business model for managing the and the contractual terms of cash flows.

Debt Instruments

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition of financial assets

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised, is recognized as an impairment gain or loss in the statement of profit or loss.

(b) Financial liabilities

Amortised Cost

Financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the statement of profit or loss.

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

(e) **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the reporting date.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised but are disclosed in the notes unless the likelihood of their crystallizing is remote.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

(f) **Earnings per share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.

(g) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(h) **Use of estimate**

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

(i) **Critical accounting judgment and estimates**

i) **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

ii) **Impairment testing**

a. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

b. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

iii) **Tax**

a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

Standards issued but not yet effective :

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

Amendment to Ind AS 7:

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

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

Amendment to Ind AS 102

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

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

The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

mgb&co

Sita Destination Management Private Limited

Notes forming part of the financial statements

(In Rupees)

		31-Mar-17	31-Mar-16	1 April , 2015
3A	**Cash and cash equivalents**			
	Balance with bank in current account	2,309	7,105	1,347
		2,309	**7,105**	**1,347**
3B	**Other bank balances**			
	Deposits with original maturity upto twelve months	50,000	80,000	90,000
		50,000	**80,000**	**90,000**
4	**Other financial assets**			
	Interest receivable	2,854	5,232	6,725
		2,854	**5,232**	**6,725**

Sita Destination Management Private Limited

Notes forming part of the financial statements

(In Rupees)

	31-Mar-17	31-Mar-16	1 April, 2015
5A Share Capital			
a Authorised :			
Equity Shares of Rs. 10 each 10,000 shares (2016:10,000; 2015: 10000) Equity shares	100,000	100,000	100,000
	100,000	100,000	100,000
b Issued and Subscribed and Paid up:			
10,000 shares (2016:10,000; 2015: 10000) Equity shares fully paid up	100,000	100,000	100,000
	100,000	100,000	100,000

c Reconciliation of number of equity shares outstanding at the beginning and end of the year

	31-Mar-17	31-Mar-16	1 April, 2015
Outstanding at the beginning of the year	10,000	10,000	10,000
Outstanding at the end of the year	10,000	10,000	10,000

d Terms / Rights attached to each classes of shares

1. Terms / Rights attached to Equity shares

The Company has only one class of equity shares with voting rights having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

f Shareholders holding more than 5% shares in the company is set out below:

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

g No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceeding 31 March, 2017.

5B Other equity

(In Rupees)

	31-Mar-17	31-Mar-16
Retained earnings		
Balance at beginning of the year	(14,533)	(8,670)
Profit/(Loss) attributable to owners of the Company	(37,204)	(5,863)
Other comprehensive income arising from	-	-
	(51,737)	(14,533)

	31-Mar-17	31-Mar-16	1 April 2015
6 **Other financial liabilities**			
Other payables	6,900	6,870	6,742
	6,900	6,870	6,742

mgb&co LLP CHARTERED ACCOUNTANTS

Independent Auditor's Report

To The Members of **Sita Holidays (India) Resorts Private Limited**

1. Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **Sita Holidays (India) Resorts Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

2. Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are

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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 Ind AS financial statements.

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

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

II. As required by Section143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid 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 as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The Company has no transactions in cash and hence the requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 to the Ind AS financial statements is not applicable to the Company.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure A as referred to in Paragraph 5(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Sita Holidays (India) Resorts Private Limited on the financial statements for the year ended 31 March 2017.

i. The Company does not have any fixed assets; hence the requirement of clause (i) of paragraph 3 of the Order is not applicable.

ii. Considering the nature of business activity carried out by the Company, the Company does not have any inventory. Hence the requirement of the clause (ii) of paragraph 3 of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

iv. According to the records of the Company, examined by us and information and explanations given to us, the Company has neither given any loans/guarantees, made investments nor have provided securities within the provisions of Sections 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.

vii. According to the records of the Company, examined by us and information and explanations given to us:

a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.

viii. The Company has not taken any loan from banks/financial institutions/government or issued debentures during the year.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not taken any term loan during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

xi. According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

xiii. According to the records examined by us, and information and explanations given to us, transactions with the related parties are in compliance with Sections 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the accounting standards. Further, as explained to us, the provisions of Section 177 are not applicable to the Company.

xiv. According to the records of the Company examined by us, and information and explanations given to us, 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 records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

mgb&co LLP
chartered accountants

Annexure - B 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") as referred to in paragraph 5(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company on the Ind AS financial statements for the year ended 31 March, 2017.

We have audited the internal financial controls over financial reporting of **Sita Holidays (India) Resorts Private Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Sita Holidays (India) Resorts Private Limited

Balance sheet as at 31 March, 2017

(In Rupe

	Notes	As at 31 March , 2017	As at 31 March , 2016	As at April 2015
ASSETS				
Current Assets				
Financial assets				
- Cash and cash equivalents	3A	2,309	7,105	1,3
- Other bank balances	3B	50,000	80,000	90,0
- Other financial assets	4	2,854	5,233	6,7
Total current assets		55,164	92,338	98,0
TOTAL ASSETS		**55,164**	**92,338**	**98,0**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	5A	100,000	100,000	100,0
Other equity	5B	(51,736)	(14,533)	(8,6
Total equity		**48,264**	**85,467**	**91,3**
Current liabilities				
Other financial liabilities				
- Other payables	6	6,900	6,871	6,7
Income tax liabilities (net)		-	-	-
Total Current liabilities		**6,900**	**6,871**	**6,7**
TOTAL EQUITY AND LIABILITIES		**55,164**	**92,338**	**98,0**
		-	-	0.

As per our attached report of even date

1-16

For MGB & Co. LLP

Chartered Accountants

Firm Registration Number 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

Place: Mumbai

Date: May 17,2017

For and on behalf of the Board

Dipak Deva

Director

Sanjay Shroff

Director

Sita Holidays (India) Resorts Private Limited

Statement of profit and loss for the year ended 31 March, 2017 (In Rupees)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
Revenue from Operations		-	-
Interest income	7	5,392	7,195
Total Income		**5,392**	**7,195**
Expenses			
Other Expenses	8	42,596	13,058
Total Expenses		**42,596**	**13,058**
Profit / (loss) before tax		**(37,204)**	**(5,863)**
Less: Tax expense			
Current Tax		-	-
Deferred Tax		-	-
Profit / (Loss) after tax		**(37,204)**	**(5,863)**
Other comprehensive income		-	-
Total comprehensive income		**(37,204)**	**(5,863)**
Earnings per equity share			
Basic and diluted		(3.72)	(0.59)

As per our attached report of even date 1-16

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Holidays (India) Resorts Private Limited

Statement of changes in equity

(In Rupees)

a) Share Capital	31-Mar-17		31-Mar-16	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	10,000	100,000	10,000	100,000
Changes during the year	-	-	-	-
Balance at the end of the year	10,000	100,000	10,000	100,000

b) Reserves and Surplus	Retained earnings	Total Equity
Balance at 1 April , 2015	**(8,670)**	**(8,670)**
Profit for the year	(5,863)	(5,863)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(5,863)**	**(5,863)**
Balance at 31 March, 2016	**(14,533)**	**(14,533)**
Profit for the year	(37,204)	(37,204)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(37,204)**	**(37,204)**
Balance at 31 March, 2017	**(51,736)**	**(51,736)**

As per our attached report of even date

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Holidays (India) Resorts Private Limited

Statement of cash flows for the year ended March 31, 2017

(In Rupees)

	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax from continuing operations	(37,204)	(5,863)
Profit before tax	(37,204)	(5,863)
Adjustments for		
Interest income	(5,392)	(7,195)
	(42,596)	(13,058)
Operating profit before working capital changes		
Increase/ (Decrease) in trade and other payables	28	129
	(42,568)	(12,929)
Direct Taxes paid (net)	-	-
Net cash used in operating activities	(42,568)	(12,929)
Cash flow from investing activities		
Interest received	7,772	8,687
Investment in bank deposits for more than 3 months	30,000	10,000
Net cash flows from investing activities	37,772	18,687
Cash flow from financing activities	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(4,796)	5,758
Cash and cash equivalents at the beginning of the year	7,105	1,347
Effect of exchanges rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	2,309	7,105

Notes to Cash Flow Statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Holidays (India) Resorts Private Limited

Notes Forming part of Financial Statements

1 **Corporate information**

The Company is a wholly owned subsidiry of SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited').

2.1 **Significant accounting policies**

(a) **Basis of preparation of financial statements**

These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value and the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the period ending on 31 March 2017. This being the first financial statements, post incorporation, previous year comparatives are not available.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Revenue recognition**

Interest income

Interest income is recognised using effective interest rate basis taking into account the amount outstanding and the applicable interest rate.

(c) **Accounting for taxes on income**

Tax expenses comprises of current tax and deferred tax

i) **Current tax**

Current tax is recognized in the statement of profit and loss except to the extent that the tax relates to items recognized directly in other comprehensive income or directly in equity. Current tax for current and prior periods is recognized 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 balance sheet date.

ii) **Deferred tax**

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of transition. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred 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.

(d) **Transactions in foreign currencies**

The functional currency of the Company is Indian Rupees ("Rs."). The financial statements are presented in Indian Rupees

i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.

ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

iii) Non-monetary foreign currency items are carried at historical cost, at the exchange rate prevelant at the date of the transaction.

(e) **Financial Instruments**

Financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Initial Recognition**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

ii) **Subsequent Measurement**

(a) Financial assets

Financial assets are classified into the following specified categories: Amortised cost, Fair value through other comprehensive income (FVTOCI), Fair value through profit or loss' (FVTPL). The classification depends on the Company's business model for managing the and the contractual terms of cash flows.

Debt Instruments

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition of financial assets

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised, is recognized as an impairment gain or loss in the statement of profit or loss.

(b) Financial liabilities

Amortised Cost

Financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the statement of profit or loss.

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

(e) **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a probable present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the reporting date.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised but are disclosed in the notes unless the likelihood of their crystallizing is remote.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

(f) **Earnings per share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.

(g) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(h) **Use of estimate**

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

(i) **Critical accounting judgment and estimates**

i) **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

ii) **Impairment testing**

a. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

b. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

iii) **Tax**

a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

Standards issued but not yet effective :
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from 1 April 2017.

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

Amendment to Ind AS 102
The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.
It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.
The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

Sita Holidays (India) Resorts Private Limited

Notes forming part of the financial statements

(In Rupees)

		31-Mar-17	31-Mar-16	1 April , 2015
3A	**Cash and cash equivalents**			
	Balance with bank in current account	2,309	7,105	1,347
		2,309	**7,105**	**1,347**
3B	**Other bank balances**			
	Deposits with original maturity upto twelve months	50,000	80,000	90,000
		50,000	**80,000**	**90,000**
4	**Other financial assets**			
	Interest receivable	2,854	5,233	6,725
		2,854	**5,233**	**6,725**

mgb&co LLP CHARTERED ACCOUNTANTS

Notes forming part of the financial statements

(In Rupees)

	31-Mar-17	31-Mar-16	1 April, 2015
5A Share Capital			
a **Authorised :**			
Equity Shares of Rs. 10 each 10,000 shares (2016:10,000; 2015: 10000) Equity shares	100,000	100,000	100,000
	100,000	100,000	100,000
b **Issued and Subscribed and Paid up:**			
10,000 shares (2016:10,000; 2015: 10000) Equity shares fully paid up	100,000	100,000	100,000
	100,000	100,000	100,000

c **Reconciliation of number of equity shares outstanding at the beginning and end of the year**

	31-Mar-17	31-Mar-16	1 April, 2015
Outstanding at the beginning of the year	10,000	10,000	10,000
Outstanding at the end of the year	10,000	10,000	10,000

d **Terms / Rights attached to each classes of shares**

1. Terms / Rights attached to Equity shares

The Company has only one class of equity shares with voting rights having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

f **Shareholders holding more than 5% shares in the company is set out below:**

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

g No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceeding 31 March, 2017.

5B Other equity

(In Rupees)

	31-Mar-17	31-Mar-16
Retained earnings		
Balance at beginning of the year	(14,533)	(8,670)
Profit/(Loss) attributable to owners of the Company	(37,204)	(5,863)
Other comprehensive income arising from	-	-
	(51,737)	(14,533)

	31-Mar-17	31-Mar-16	1 April 2015
6 **Other financial liabilities**			
Other payables	6,900	6,870	6,742
	6,900	6,870	6,742

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Sita Holidays (India) Resorts Private Limited

Notes forming part of the financial statements

		31-Mar-17	31-Mar-16
7	**Other Income**		
	Interest Income	5,392	7,195
		5,392	**7,195**
8	**Other Expenses**		
	Rates and Taxes	-	2,100
	Payment to Auditors- Audit fees	6,900	6,870
	Legal and Professional Charges	35,696	4,088
		42,596	**13,058**

mgb & co LLP CHARTERED ACCOUNTANTS

Sita Holidays (India) Resorts Private Limited

Notes forming part of the financial statements

9 The Composite Scheme of Arrangement and Amalgamation 'Composite Scheme' which was approved by the Board in its meeting on 28 May 2016 and which was subsequently amended and approved by the Board in its meeting on 21 July 2016) to consolidate the Outbound Business Division of SOTC Travel Services Private Ltd. into SOTC Travel Private Limited by way of a slump exchange, and thereafter to consolidate the residual SOTC Travel Services Private Ltd. (i.e. post segregation of Outbound Business Division) including its subsidiaries (i.e. Distant Frontiers Tours Private Limited, SITA Beach Resorts Private Limited, SITA Destination Management Private Limited, SITA Holidays (India) Private Limited, SITA Holidays Resorts Private Limited and SITA Incoming (India) Private Limited) into Travel Corporation (India) Limited by way of amalgamation has been filed with the High Court Of Judicature at Bombay on 11 August 2016 and the same was admitted by the High Court of Judicature at Bombay on 16 August 2016. Pursuant to the relevant Scheme all the assets and liabilities of the Company will be transferred and vest with the Transferee company. Pending approval of the High Court, effect of the same has not been considered in these financial statements

10 There are no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2017

11 **Taxes on Income**

(a) In the absence of taxable income during the year, provision for current tax is not required

(b) There are no timing differences as per AS 22 "Accounting for Taxes on Income" issued by ICAI, hence deferred tax assets / liabilities are not accounted for.

12 **Related party disclosures**

Holding Company- SOTC Travel Services Private Limited (formerly Kuoni Travel (India) Private Limited)

Distant Frontiers Tours Private Limited, KAT Management Consulting (Shanghai) Company Limited,KTI Support Services (India) Private Limited#, Sita Destination Management Private Limited, Sita Beach Resorts Private Limited, SOTC Travel Private Limited (Formerly Sita Travel Private Limited) , Sita Incoming (India) Private Limited, SOTC Travel Management Private Limited (formerly Sita Travels and Tours Private Limited), Sita Holiday India Private Limited, Sita World Travel Lanka (Private) Limited, Sita World Travel (Nepal) Private Limited

(#ceased w.e.f. 15 December 2015)

Key Management Personnel -Vishal Suri, Dipak Deva, Sanjay Shroff

Transactions with related parties during the year.

	31-Mar-17	31-Mar-16
Short-term borrowings		
Holding Company	200,000	-
Repayment of short-term borrowings		
Holding Company	200,000	-

There are no outstanding balances with related parties during the year.

13 **First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.
Company has not applied any exemption for retrospective application given under Ind AS 101.

14 **Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Profit attributable to Equity shareholders (In Rupees)

	31-Mar-17	31-Mar-16
Profit / (loss) after tax	(37,204)	(5,863)
Weighted average number of equity shares	10,000	10,000
Nominal value per share	10	10
Basic and Diluted earnings per share	(3.72)	(0.59)

15 **Financial Instruments**

The Company does not have any financial assets and liablities, except, cash, short-term deposits, Interest accrued, and fees paybles which arise directly from its operations. The Company's financial assets and liability dose not exposed to a variety of financial risks, hence the requisite disclosures are not required.

No transactions are done during the year hence the other disclosures are not required.

16 Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this years classification. Figures in brackets pertain to previous year.

mgb&co LLP CHARTERED ACCOUNTANTS

Independent Auditor's Report

To The Members of **Sita Incoming (India) Private Limited**

1. **Report on the Ind AS financial statements**

   We have audited the accompanying Ind AS financial statements of **Sita Incoming (India) Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

2. **Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

3. **Auditor's Responsibility**

   Our responsibility is to express an opinion on these 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 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 Ind AS financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are

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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 Ind AS financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

II. As required by Section143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid 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 as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The Company has no transactions in cash and hence the requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 to the Ind AS financial statements is not applicable to the Company.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure A as referred to in Paragraph 5(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Sita Incoming (India) Private Limited on the financial statements for the year ended 31 March 2017.

i. The Company does not have any fixed assets; hence the requirement of clause (i) of paragraph 3 of the Order is not applicable.

ii. Considering the nature of business activity carried out by the Company, the Company does not have any inventory. Hence the requirement of the clause (ii) of paragraph 3 of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

iv. According to the records of the Company, examined by us and information and explanations given to us, the Company has neither given any loans/guarantees, made investments nor have provided securities within the provisions of Sections 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.

vii. According to the records of the Company, examined by us and information and explanations given to us:

a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.

viii. The Company has not taken any loan from banks/financial institutions/government or issued debentures during the year.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not taken any term loan during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

xi. According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

xiii. According to the records examined by us, and information and explanations given to us, transactions with the related parties are in compliance with Sections 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the accounting standards. Further, as explained to us, the provisions of Section 177 are not applicable to the Company.

xiv. According to the records of the Company examined by us, and information and explanations given to us, 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 records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

mgb&co LLP
chartered accountants

Annexure - B 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") as referred to in paragraph 5(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company on the Ind AS financial statements for the year ended 31 March, 2017.

We have audited the internal financial controls over financial reporting of **Sita Incoming (India) Private Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Sita Incoming (India) Private Limited

Balance sheet as at 31 March, 2017

(In Rupees)

	Notes	As at 31 March , 2017	As at 31 March , 2016	As at April 1, 2015
ASSETS				
Current Assets				
Financial assets				
- Cash and cash equivalents	3A	53,732	74,317	53,082
- Other bank balances	3B	500,000	490,000	490,000
- Other financial assets	4	29,588	28,743	32,958
Total current assets		583,321	593,060	576,040
TOTAL ASSETS		**583,321**	**593,060**	**576,040**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	5A	500,000	500,000	500,000
Other equity	5B	76,421	81,895	63,056
Total equity		**576,421**	**581,895**	**563,056**
Current liabilities				
Other financial liabilities				
- Other payables	6	6,900	6,870	6,742
Income tax liabilities (net)	7	-	4,295	6,242
Total Current liabilities		**6,900**	**11,165**	**12,984**
TOTAL EQUITY AND LIABILITIES		**583,321**	**593,060**	**576,040**

As per our attached report of even date

1-16

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Incoming (India) Private Limited

Statement of profit and loss for the year ended 31 March, 2017 (In Rupees)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
Revenue from Operations		-	-
Interest income	7	37,894	41,021
Total Income		**37,894**	**41,021**
Expenses			
Other Expenses	8	43,369	13,758
Total Expenses		**43,369**	**13,758**
Profit / (loss) before tax		**(5,475)**	**27,263**
Less: Tax expense			
Current Tax		-	8,424
Deferred Tax		-	-
Profit / (Loss) after tax		**(5,475)**	**18,839**
Other comprehensive income		-	-
Total comprehensive income		**(5,475)**	**18,839**
Earnings per equity share			
Basic and diluted		(0.55)	1.88

As per our attached report of even date **1-16**

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Incoming (India) Private Limited

Statement of changes in equity

(In Rupees)

a) Share Capital	31-Mar-17		31-Mar-16	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	10,000	100,000	10,000	100,000
Changes during the year	-	-	-	-
Balance at the end of the year	10,000	100,000	10,000	100,000

b) Reserves and Surplus	Retained earnings	Total Equity
Balance at 1 April , 2015	**63,056**	**63,056**
Profit for the year	18,839	18,839
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**18,839**	**18,839**
Balance at 31 March, 2016	**81,895**	**81,895**
Profit for the year	(5,475)	(5,475)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(5,475)**	**(5,475)**
Balance at 31 March, 2017	**76,421**	**76,421**

As per our attached report of even date

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Incoming (India) Private Limited

Statement of cash flows for the year ended March 31, 2017

(In Rupees)

	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax from continuing operations	(5,475)	27,263
Profit before tax	(5,475)	27,263
Adjustments for		
Interest income	(37,894)	(41,021)
	(43,369)	(13,758)
Operating profit before working capital changes		
Increase/ (Decrease) in trade and other payables	30	128
	(43,339)	(13,630)
Direct Taxes paid (net)	(4,295)	(10,371)
Net cash used in operating activities	(47,634)	(24,001)
Cash flow from investing activities		
Interest received	37,049	45,236
Investment in bank deposits for more than 3 months	(10,000)	-
Net cash flows from investing activities	27,049	45,236
Cash flow from financing activities	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(20,585)	21,235
Cash and cash equivalents at the beginning of the year	74,317	53,082
Effect of exchanges rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	53,732	74,317

Notes to Cash Flow Statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Incoming (India) Private Limited

Notes forming part of financial statements

1 **Corporate information**

The Company is a wholly owned subsidiry of SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited').

2.1 **Significant accounting policies**

(a) **Basis of preparation of financial statements**

These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value and the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the period ending on 31 March 2017. This being the first financial statements, post incorporation, previous year comparatives are not available.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Revenue recognition**

Interest income

Interest income is recognised using effective interest rate basis taking into account the amount outstanding and the applicable interest rate.

(c) **Accounting for taxes on income**

Tax expenses comprises of current tax and deferred tax

i) **Current tax**

Current tax is recognized in the statement of profit and loss except to the extent that the tax relates to items recognized directly in other comprehensive income or directly in equity. Current tax for current and prior periods is recognized 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 balance sheet date.

ii) **Deferred tax**

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of transition. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred 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.

(d) **Transactions in foreign currencies**

The functional currency of the Company is Indian Rupees ("Rs."). The financial statements are presented in Indian Rupees.

i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.

ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

iii) Non-monetary foreign currency items are carried at historical cost, at the exchange rate prevelant at the date of the transaction.

(e) **Financial Instruments**

Financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Initial Recognition**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

ii) **Subsequent Measurement**

(a) Financial assets

Financial assets are classified into the following specified categories: Amortised cost, Fair value through other comprehensive income (FVTOCI), Fair value through profit or loss' (FVTPL). The classification depends on the Company's business model for managing the and the contractual terms of cash flows.

Debt Instruments

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition of financial assets

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised, is recognized as an impairment gain or loss in the statement of profit or loss.

(b) Financial liabilities

Amortised Cost

Financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the statement of profit or loss.

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

(e) **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the reporting date.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised but are disclosed in the notes unless the likelihood of their crystallizing is remote.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

(f) **Earnings per share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.

(g) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(h) **Use of estimate**

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities . Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

(i) **Critical accounting judgment and estimates**

i) **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

ii) **Impairment testing**

a. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

b. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

iii) **Tax**

a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

Standards issued but not yet effective :

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

Amendment to Ind AS 7:

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

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

Amendment to Ind AS 102

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

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

The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

Sita Incoming (India) Private Limited

Notes forming part of the financial statements

(In Rupees)

		31-Mar-17	31-Mar-16	1 April , 2015
3A	**Cash and cash equivalents**			
	Balance with bank in current account	53,732	74,317	53,082
		53,732	**74,317**	**53,082**
3B	**Other bank balances**			
	Deposits with original maturity upto twelve months	500,000	490,000	490,000
		500,000	**490,000**	**490,000**
4	**Other financial assets**			
	Interest receivable	29,588	28,743	32,958
		29,588	**28,743**	**32,958**

mgb&co LLP CHARTERED ACCOUNTANTS

Sita Incoming (India) Private Limited

Notes forming part of the financial statements

	31-Mar-17	31-Mar-16
7 **Other Income**		
Interest Income	37,894	41,021
	37,894	**41,021**
8 **Other Expenses**		
Rates and Taxes	-	2,800
Payment to Auditors- Audit fees	6,900	6,870
Legal and Professional Charges	36,469	4,088
	43,369	**13,758**

Sita Incoming (India) Private Limited

Notes forming part of the financial statements

(In Rupees)

	31-Mar-17	31-Mar-16	1 April, 2015
5A Share Capital			
a **Authorised :**			
Equity Shares of Rs. 10 each 50,000 shares (2016:50,000; 2015: 50000) Equity shares	100,000	100,000	100,000
	100,000	100,000	100,000
b **Issued and Subscribed and Paid up:**			
10,000 shares (2016:10,000; 2015: 10000) Equity shares fully paid up	500,000	500,000	500,000
	500,000	500,000	500,000

c **Reconciliation of number of equity shares outstanding at the beginning and end of the year**

	31-Mar-17	31-Mar-16	1 April, 2015
Outstanding at the beginning of the year	10,000	10,000	10,000
Outstanding at the end of the year	10,000	10,000	10,000

d **Terms / Rights attached to each classes of shares**

1. **Terms / Rights attached to Equity shares**

The Company has only one class of equity shares with voting rights having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

f **Shareholders holding more than 5% shares in the company is set out below:**

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

g No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceeding 31 March, 2017

5B Other equity

(In Rupees)

	31-Mar-17	31-Mar-16
Retained earnings		
Balance at beginning of the year	81,895	63,056
Profit/(Loss) attributable to owners of the Company	(5,475)	18,839
Other comprehensive income arising from	-	-
	76,420	**81,895**

	31-Mar-17	31-Mar-16	1 April 2015
6 **Other financial liabilities**			
Other payables	6,900	6,870	6,742
	6,900	**6,870**	**6,742**

	31-Mar-17	31-Mar-16	1 April 2015
7 **Other Tax liability**			
Other Tax	-	4,295	6,243
	-	**4,295**	**6,243**

Sita Incoming (India) Private Limited

Notes forming part of the financial statements

9 The Composite Scheme of Arrangement and Amalgamation 'Composite Scheme' which was approved by the Board in its meeting on 28 May 2016 and which was subsequently amended and approved by the Board in its meeting on 21 July 2016) to consolidate the Outbound Business Division of SOTC Travel Services Private Ltd. into SOTC Travel Private Limited by way of a slump exchange; and thereafter to consolidate the residual SOTC Travel Services Private Ltd. (i.e. post segregation of Outbound Business Division) including its subsidiaries (i.e. Distant Frontiers Tours Private Limited, SITA Beach Resorts Private Limited, SITA Destination Management Private Limited, SITA Holidays (India) Private Limited, SITA Holidays Resorts Private Limited and SITA Incoming (India) Private Limited) into Travel Corporation (India) Limited by way of amalgamation has been filed with the High Court Of Judicature at Bombay on 11 August 2016 and the same was admitted by the High Court of Judicature at Bombay on 16 August 2016. Pursuant to the relevant Scheme all the assets and liabilities of the Company will be transferred and vest with the Transferee company. Pending approval of the High Court, effect of the same has not been considered in these financial statements

10 There are no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2017

11 **Taxes on Income**

(a) In the absence of taxable income during the year, provision for current tax is not required

(b) There are no timing differences as per AS 22 "Accounting for Taxes on Income" issued by ICAI, hence deferred tax assets / liabilities are not accounted for

12 **Related party disclosures**

Holding Company- SOTC Travel Services Private Limited (formerly Kuoni Travel (India) Private Limited)

Distant Frontiers Tours Private Limited, KAT Management Consulting (Shanghai) Company Limited,KTI Support Services (India) Private Limited#, Sita Destination Management Private Limited, Sita Beach Resorts Private Limited, SOTC Travel Private Limited (Formerly Sita Travel Private Limited) , Sita Beach Resorts Private Limited, SOTC Travel Management Private Limited (formerly Sita Travels and Tours Private Limited), Sita Holiday Resorts Private Limited, Sita World Travel Lanka (Private) Limited, Sita World Travel (Nepal) Private Limited

(#ceased w.e.f. 15 December 2015)

Key Management Personnel -Vishal Suri, Dipak Deva, Sanjay Shroff

Transactions with related parties during the year

	31-Mar-17	31-Mar-16
Short-term borrowings		
Holding Company	200,000	-
Repayment of short-term borrowings		
Holding Company	200,000	-

There are no outstanding balances with related parties during the year.

13 **First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.
Company has not applied any exemption for retrospective application given under Ind AS 101

14 **Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Profit attributable to Equity shareholders	31-Mar-17	(In Rupees) 31-Mar-16
Profit / (loss) after tax	(5,475)	18,839
Weighted average number of equity shares	10,000	10,000
Nominal value per share	10	10
Basic and Diluted earnings per share	(0.55)	1.88

15 **Financial Instruments**

The Company does not have any financial assets and liablities, except, cash, short-term deposits, Interest accrued, and fees paybles which arise directly from its operations. The Company's financial assets and liability dose not exposed to a variety of financial risks, hence the requisite disclosures are not required.

No transactions are done during the year hence the other disclosures are not required.

16 Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this years classification. Figures in brackets pertain to previous year.

mgb&co LLP CHARTERED ACCOUNTANTS

Independent Auditor's Report

To The Members of **SOTC Travel Management Private Limited**
(formerly Sita Travels and Tours Private Limited)

1. Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **SOTC Travel Management Private Limited (formerly Sita Travels and Tours Private Limited)** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

2. Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the

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auditor considers internal financial control relevant to the Company's preparation of the 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 Ind AS financial statements.

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

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

II. As required by Section143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid 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 as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The Company has no transactions in cash and hence the requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 to the Ind AS financial statements is not applicable to the Company.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure A as referred to in Paragraph 5(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of SOTC Travel Management Private Limited (formerly Sita Travels and Tours Private Limited) on the financial statements for the year ended 31 March 2017.

i. The Company does not have any fixed assets; hence the requirement of clause (i) of paragraph 3 of the Order is not applicable.

ii. Considering the nature of business activity carried out by the Company, the Company does not have any inventory. Hence the requirement of the clause (ii) of paragraph 3 of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

iv. According to the records of the Company, examined by us and information and explanations given to us, the Company has neither given any loans/guarantees, made investments nor have provided securities within the provisions of Sections 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.

vii. According to the records of the Company, examined by us and information and explanations given to us:

a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.

viii. The Company has not taken any loan from banks/financial institutions/government or issued debentures during the year.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not taken any term loan during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

xi. According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

xiii. According to the records examined by us, and information and explanations given to us, transactions with the related parties are in compliance with Sections 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the accounting standards. Further, as explained to us, the provisions of Section 177 are not applicable to the Company.

xiv. According to the records of the Company examined by us, and information and explanations given to us, 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 records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure - B 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") as referred to in paragraph 5(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company on the Ind AS financial statements for the year ended 31 March, 2017.

We have audited the internal financial controls over financial reporting of **SOTC Travel Management Private Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)
Balance sheet as at 31 March, 2017

(In Rupees)

	Notes	As at 31 March , 2017	As at 31 March , 2016	As at April 1, 2015
ASSETS				
Current Assets				
Financial assets				
- Cash and cash equivalents	3A	1,988	7,036	1,347
- Other bank balances	3B	50,000	80,000	90,000
- Other financial assets	4	2,855	5,231	6,725
Total current assets		54,843	92,267	98,072
TOTAL ASSETS		**54,843**	**92,267**	**98,072**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	5A	100,000	100,000	100,000
Other equity	5B	(52,057)	(14,603)	(8,670)
Total equity		**47,943**	**85,397**	**91,330**
Current liabilities				
Other financial liabilities				
- Other payables	6	6,900	6,870	6,742
Total Current liabilities		**6,900**	**6,870**	**6,742**
TOTAL EQUITY AND LIABILITIES		**54,843**	**92,267**	**98,072**
		-	-	

As per our attached report of even date — 1-16

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)
Statement of profit and loss for the year ended 31 March, 2017

(In Rupees)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
Revenue from Operations		-	-
Interest income	7	5,390	7,195
Total Income		**5,390**	**7,195**
Expenses			
Other Expenses	8	42,844	13,128
Total Expenses		**42,844**	**13,128**
Profit / (loss) before tax		**(37,454)**	**(5,933)**
Less: Tax expense			
Current Tax		-	-
Deferred Tax		-	-
Profit / (Loss) after tax		**(37,454)**	**(5,933)**
Other comprehensive income		-	-
Total comprehensive income		**(37,454)**	**(5,933)**
Earnings per equity share			
Basic and diluted		(3.75)	(0.59)

As per our attached report of even date **1-16**

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)

Statement of changes in equity

(In Rupees)

a) Share Capital	31-Mar-17		31-Mar-16	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	10,000	100,000	10,000	100,000
Changes during the year	-	-	-	-
Balance at the end of the year	10,000	100,000	10,000	100,000

b) Reserves and Surplus	Retained earnings	Total Equity
Balance at 1 April , 2015	**(8,670)**	**(8,670)**
Profit for the year	(5,933)	(5,933)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(5,933)**	**(5,933)**
Balance at 31 March, 2016	**(14,603)**	**(14,603)**
Profit for the year	(37,454)	(37,454)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(37,454)**	**(37,454)**
Balance at 31 March, 2017	**(52,057)**	**(52,057)**

As per our attached report of even date

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

SOTC Travel Management Private Limited

(Formerly known as Sita Travels and Tours Private Limited)

Statement of cash flows for the year ended March 31, 2017

(In Rupees)

	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax from continuing operations	(37,454)	(5,933)
Profit before tax	(37,454)	(5,933)
Adjustments for		
Interest income	(5,390)	(7,195)
	(42,844)	(13,128)
Operating profit before working capital changes		
Increase/ (Decrease) in trade and other payables	30	128
	(42,814)	(13,000)
Direct Taxes paid (net)	-	-
Net cash used in operating activities	(42,814)	(13,000)
Cash flow from investing activities		
Interest received	7,766	8,689
Investment in bank deposits for more than 3 months	30,000	10,000
Net cash flows from investing activities	37,766	18,689
Cash flow from financing activities	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(5,048)	5,689
Cash and cash equivalents at the beginning of the year	7,036	1,347
Effect of exchanges rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	1,988	7,036

Notes to Cash Flow Statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)

Notes forming part of financial statements

1 **Corporate information**

The Company is a wholly owned subsidiry of SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited').

2.1 **Significant accounting policies**

(a) **Basis of preparation of financial statements**

These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value and the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the period ending on 31 March 2017. This being the first financial statements, post incorporation, previous year comparatives are not available.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Revenue recognition**

Interest income

Interest income is recognised using effective interest rate basis taking into account the amount outstanding and the applicable interest rate.

(c) **Accounting for taxes on income**

Tax expenses comprises of current tax and deferred tax

i) **Current tax**

Current tax is recognized in the statement of profit and loss except to the extent that the tax relates to items recognized directly in other comprehensive income or directly in equity. Current tax for current and prior periods is recognized 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 balance sheet date.

ii) **Deferred tax**

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of transition. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred 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.

(d) **Transactions in foreign currencies**

The functional currency of the Company is Indian Rupees ("Rs."). The financial statements are presented in Indian Rupees.

i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.

ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

iii) Non-monetary foreign currency items are carried at historical cost, at the exchange rate prevelant at the date of the transaction.

(e) **Financial Instruments**

Financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Initial Recognition**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

ii) **Subsequent Measurement**

(a) Financial assets

Financial assets are classified into the following specified categories: Amortised cost, Fair value through other comprehensive income (FVTOCI), Fair value through profit or loss' (FVTPL). The classification depends on the Company's business model for managing the and the contractual terms of cash flows.

Debt Instruments

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition of financial assets

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised, is recognized as an impairment gain or loss in the statement of profit or loss.

(b) Financial liabilities

Amortised Cost

Financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the statement of profit or loss.

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

(e) **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the reporting date.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised but are disclosed in the notes unless the likelihood of their crystallizing is remote.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

(f) **Earnings per share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.

(g) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(h) **Use of estimate**

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

(i) **Critical accounting judgment and estimates**

i) **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

ii) **Impairment testing**

a. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

b. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

iii) **Tax**

a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

Standards issued but not yet effective :
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from 1 April 2017.

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

Amendment to Ind AS 102
The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.
It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.
The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)
Notes forming part of the financial statements

(In Rupees)

		31-Mar-17	31-Mar-16	1 April , 2015
3A	**Cash and cash equivalents**			
	Balance with bank in current account	1,988	7,036	1,347
		1,988	**7,036**	**1,347**
3B	**Other bank balances**			
	Deposits with original maturity upto twelve months	50,000	80,000	90,000
		50,000	**80,000**	**90,000**
4	**Other financial assets**			
	Interest receivable	2,855	5,231	6,725
		2,855	**5,231**	**6,725**

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)

Notes forming part of the financial statements

	31-Mar-17	31-Mar-16
7 **Other Income**		
Interest Income	5,390	7,195
	5,390	**7,195**
8 **Other Expenses**		
Rates and Taxes	113	2,170
Payment to Auditors- Audit fees	6,900	6,870
Legal and Professional Charges	35,831	4,088
	42,844	**13,128**

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)

Notes forming part of the financial statements

(In Rupees)

	31-Mar-17	31-Mar-16	1 April, 2015
5A Share Capital			
a **Authorised :** Equity Shares of Rs. 10 each 50,000 shares (2016:50,000; 2015: 50000) Equity shares	100,000	100,000	100,000
	100,000	100,000	100,000
b **Issued and Subscribed and Paid up:** 10,000 shares (2016:10,000; 2015: 10000) Equity shares fully paid up	100,000	100,000	100,000
	100,000	100,000	100,000

c **Reconciliation of number of equity shares outstanding at the beginning and end of the year**

	31-Mar-17	31-Mar-16	1 April, 2015
Outstanding at the beginning of the year	10,000	10,000	10,000
Outstanding at the end of the year	10,000	10,000	10,000

d **Terms / Rights attached to each classes of shares**

1. Terms / Rights attached to Equity shares
The Company has only one class of equity shares with voting rights having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

f **Shareholders holding more than 5% shares in the company is set out below:**

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

g No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceeding 31 March, 2017.

5B Other equity

(In Rupees)

	31-Mar-17	31-Mar-16
Retained earnings		
Balance at beginning of the year	(14,603)	(8,670)
Profit/(Loss) attributable to owners of the Company	(37,454)	(5,933)
Other comprehensive income arising from	-	-
	(52,057)	(14,603)

	31-Mar-17	31-Mar-16	1 April 2015
6 **Other financial liabilities**			
Other payables	6,900	6,870	6,742
	6,900	6,870	6,742

SOTC Travel Management Private Limited
(Formerly known as Sita Travels and Tours Private Limited)

Notes forming part of the financial statements

9 The Board of Directors as per resolution dated 28 May 2016 and subsequently approved by the members in the extraordinary general meeting held on 15 July 2016 have approved the change in the name of the Company. Accordingly, the name of the company has been changed to SOTC Travel Management Private Limited as per revised Certificate of Incorporation dated 15th Aug 2016 issued by the Registrar of Companies, Maharashtra.

10 There are no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2017

11 **Taxes on Income**

(a) In the absence of taxable income during the year, provision for current tax is not required

(b) There are no timing differences as per AS 22 "Accounting for Taxes on Income" issued by ICAI, hence deferred tax assets / liabilities are not accounted for.

12 **Related party disclosures**

Holding Company- SOTC Travel Services Private Limited (formerly Kuoni Travel (India) Private Limited)

Distant Frontiers Tours Private Limited, KAT Management Consulting (Shanghai) Company Limited,KTI Support Services (India) Private Limited#, Sita Destination Management Private Limited, Sita Beach Resorts Private Limited, SOTC Travel Private Limited (Formerly Sita Travel Private Limited) , Sita Incoming (India) Private Limited, Sita Holidays (India) Private Limited, Sita Holiday Resorts Private Limited, Sita World Travel Lanka (Private) Limited, Sita World Travel (Nepal) Private Limited.

(#ceased w.e.f. 15 December 2015)

Key Management Personnel -Vishal Suri, Dipak Deva, Sanjay Shroff

Transactions with related parties during the year.

	31-Mar-17	31-Mar-16
Short-term borrowings		
Holding Company	200,000	-
Repayment of short-term borrowings		
Holding Company	200,000	-

There are no outstanding balances with related parties during the year.

13 **First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.
Company has not applied any exemption for retrospective application given under Ind AS 101.

14 **Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Profit attributable to Equity shareholders **(In Rupees)**

	31-Mar-17	31-Mar-16
Profit / (loss) after tax	(37,454)	(5,933)
Weighted average number of equity shares	10,000	10,000
Nominal value per share	10	10
Basic and Diluted earnings per share	(3.75)	(0.59)

15 **Financial Instruments**

The Company does not have any financial assets and liablities, except, cash, short-term deposits, Interest accrued, and fees paybles which arise directly from its operations. The Company's financial assets and liability dose not exposed to a variety of financial risks, hence the requisite disclosures are not required.

No transactions are done during the year hence the other disclosures are not required.

16 Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this years classification. Figures in brackets pertain to previous year.

LDSA
ASSOCIATES
CHARTERED ACCOUNTANTS

Auditor's Report

To the Shareholders of Sita World Travel (Nepal) Pvt. Ltd

Financial statements and Management's responsibility
We have audited the accompanying Financial Statements of Sita World Travel (Nepal) Pvt. Ltd which comprise the balance sheet as of 31st March 2017, the income statement, statement of changes in equity, cash flow statement for the year then ended and significant accounting policies and notes to financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing and the auditing standards generally accepted in Nepal. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

Report on the requirements of Company Act 2063
We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the financial statements including the Balance Sheet, the Income Statement and Cash Flow Statements have been prepared in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the company and the accounts and records of the company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we did not come across cases where the Board of Directors or any office bearers of the company has acted contrary to the provisions of law or caused loss or damages to the company or committed any misappropriation of the funds of the company.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Company as of March 31, 2017 and its financial performance and cash flows for the year then ended is in accordance with Nepal Accounting Standards and Company Act 2063.

LD Mahat
Managing Partner
LDSA Associates
Chartered Accountants

Date: 28th April 2017
Place: Kathmandu, Nepal

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SITA World Travel (Nepal) Pvt Ltd
Jwagal-10, Lalitpur, Nepal

SITA WORLD TRAVEL (NEPAL) PVT. LTD

Balance Sheet

As at 31 March 2017

	Sch	As at 31-Mar-17	As at 31-Mar-16
			Amount in NPR
Capital and Liabilities			
Capital and Reserves			
Share capital	1	2,250,000	2,250,000
Reserves and surplus	2	133,355,050	199,584,477
Total		**135,605,050**	**201,834,477**
Assets			
Fixed assets	3	44,953,857	56,711,715
Less: Accumulated depreciation		(39,295,668)	(41,373,312)
		5,658,189	**15,338,403**
Investment	4	121,575,000	181,575,000
Current Assets, loan and advances			
Sundry debtors	5	101,962,440	18,203,420
Cash & bank balances	6	21,193,826	12,031,847
Loans and advances	7	144,202,841	115,446,074
Total current assets		**267,359,106**	**145,681,341**
Less: Current liabilities and provisions			
Current Liabilities	8	154,749,458	41,459,613
Provisions	9	107,558,765	103,172,708
Total current liabilities and provision		**262,308,223**	**144,632,321**
Net current assets		**5,050,883**	**1,049,020**
Deferred Tax Assets (Liability)	10	3,320,978	3,872,054
Total		**135,605,050**	**201,834,477**
Contingent liabilities	15	106,710,017	106,710,017

Significant Accounting Poliies and Notes to the Financial Statements *16*

(Schedule 1 to 10 and 15 & 16 form an integral part of this Balance Sheet)

As per our report of even date

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

(LD Mahat)
Managing Partner
LDSA Associates
Chartered Accountants

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date: 28/04/2017
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal-10, Lalitpur, Nepal

Income Statement

For the period ended 31 March 2017

	Sch	Current Year	Amount in NPR Previous Year
Income			
Sales & Services (Net of Cost)	11	38,820,335	12,359,905
Other business income	12	14,810,152	8,426,524
Total		**53,630,487**	**20,786,429**
Expenditure			
Personnel expenses	13	13,762,646	15,377,374
Administrative expenses	14	8,363,388	5,749,534
Profit from Operation		**31,504,453**	**(340,480)**
Depreciation and amortization	3	9,833,962	11,159,698.00
Foreign Exchange (Gain)/Loss		2,152,630	(1,182,444.00)
Provision for Staff Bonus		1,770,346	365,395.00
Profit before tax		**17,747,515**	**(10,683,128)**
Provision for current year tax		4,425,864	4,615,055
Deferred Tax Expenses/(Income) during the period		551,078	(416,931)
Less: Deferred tax credit previous year			
Profit After Tax for the year		**12,770,573**	**(14,881,252)**
Balance of Profit brought forward		199,584,477	214,465,729
Net Profit After Tax transferred to Balance Sheet		**212,355,050**	**199,584,477**
Basic Earnings per share of face value of Rs 100		568	(661)
Diluted Earnings per share of face value of Rs 100		568	(661)
Contingent Liabilities	15		
Significant Accounting Poliies and Notes to the Financial Statements	16		

(Schedule 3, 11 to 14 & 16 forms an integral part of this income statement)

As per our report of even date

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

(LD Mahat)
Managing Partner
LDSA Associates
Chartered Accountants

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date: 28/04/2017
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal, Kupondole, Lalitpur

Cash Flow Statement
for the Year Ended 31 March 2017

		Amoutnt in NPR
	Current Year	**Previous Year**
CASH FLOW FROM OPERATING ACTTIVITIES		
Profit and loss before taxation and extraordinary items	17,747,515	(10,683,128)
Adjustment for		
Depreciation	9,833,962	11,159,698
Provision for staff bonus	1,770,346	365,395
Interest Income	(6,007,005)	(8,338,026)
Profit on sale of fixed assets	(5,506,415)	-
Bad debts recovered	-	
Creditors balance W/o	(1,357,324)	-
Misc Income		
Foreign Currency Fluctuation	2,152,630	(1,182,444)
Operating Profit before change in working capital	**18,633,709**	**(8,678,506)**
Decrease/(Increase) in current assets	(113,709,222)	41,188,905
Increase/(Decrease) in current liability	114,647,169	(41,124,995)
Cash generated from operation	**19,571,656**	**(8,614,596)**
Payment from retirement benefit fund	39,809	-
Income Tax paid	959,194	6,210,951
Payment of staff bonus	1,770,346	2,537,340
Net cash flow from operatig activities (A)	**16,802,307**	**(17,362,887)**
CASH FLOW FORM INVESTING ACTIVITES		
Interest Received	6,007,005	8,573,004
Purchase of Fixed Assets	(888,041)	(566,000)
Proceeds from sale of assets	6,240,708	-
Decrease/(Increase) in investment	60,000,000	-
Net cash flow from investing activities (B)	**71,359,672**	**8,007,004**
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares		
Dividend paid	(79,000,000)	-
Net cash flow form financing activites ©	**(79,000,000)**	-
Net increase/(decrease) in cash (A+B+C)	**9,161,979**	**(9,355,884)**
Cash and cash equivalents at the beginning of the period	12,031,847	21,387,730
Cash and cash equivalents at the end of the period	**21,193,826**	**12,031,847**

As per our report of even date

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

(LD Mahat)
Managing Partner
LDSA Associates
Chartered Accountants

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date:
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal, Kupondole, Lalitpur

Statement of Changes in Equity
for the Year Ended 31 March 2017

Amount in NPR

Particulars	Note	Share capital	Share premium	Revaluation	Translation reserve	Accumulated Profit	Total
Balance at 1 April 2016		2,250,000	-	-	-	199,584,477	201,834,477
Changes in accounting policy		-	-	-	-	-	-
Restated balance at 1 April 2016		2,250,000	-	-	-	199,584,477	201,834,477
Surplus (deficit) on revaluation of properties		-	-	-		-	-
Surplus/ (deficit) on revaluation of investments		-	-	-	-	-	-
Currency translation differences		-	-	-	-	-	-
Net gains and losses not recognised in the income statement		-	-	-	-	-	-
Net profit for the period		-	-	-	-	12,770,573	12,770,573
Corporate tax in respect of earlier years		-	-	-	-	-	-
Dividend						(79,000,000)	(79,000,000)
Adjustment made during the year		-	-	-	-		
Issue of share capital		-	-	-	-	-	-
Balance at 31 March 2017		**2,250,000**	**-**	**-**	**-**	**133,355,050**	**135,605,050**

(Anil Ghimire)
Team Manager- Finance

(Suraj Lamichhane)
General Manager

As per our report of even date

(LD Mahat)
Managing Partner
LDSA Associates
Chartered Accountants

(Dipak Deva)
Director

(Sanjay Shroff)
Director

Date: 28/04/2017
Place: Kathmandu

Sita World Travel (Nepal) Pvt Ltd

Schedule 1 : Share Capital

	As at 31-Mar-17	As at 31-Mar-16
		Amount in NPR
A. Authorised		
60,000 (previous year 60,000) Equity shares of Rs 100 each	6,000,000	6,000,000
	6,000,000	**6,000,000**
B. Issued, subscribed and paid up		
22,500 (previous year 22,500) Equity shares of Rs 100 each fully paid up	2,250,000	2,250,000
Of the above 14,238 equity shares of Rs.100 each fully paid up have been issued to SOTC Travel Service India Pvt Ltd, the parent company		
Total	**2,250,000**	**2,250,000**

Schedule 2: Reserves & surplus

Balance brought forward	199,584,477	214,465,729
Less: Dividend decleared	(79,000,000)	
Accumulated Profit (Transferred from income statement)	12,770,573	(14,881,252)
Total	**133,355,050**	**199,584,477**

Sita World Travel (Nepal) Pvt Ltd

SITA WORLD ... (NEPAL) PVT. LTD.

Schedule 1 : Share Capital

	As at 31-Mar-17	As at 31-Mar-16
		Amount in NPR
A. Authorised		
60,000 (previous year 60,000) Equity shares of Rs 100 each	6,000,000	6,000,000
	6,000,000	**6,000,000**
B. Issued, subscribed and paid up		
22,500 (previous year 22,500) Equity shares of Rs 100 each fully paid up	2,250,000	2,250,000
Of the above 14,238 equity shares of Rs.100 each fully paid up have been issued to SOTC Travel Service India Pvt Ltd, the parent company		
Total	**2,250,000**	**2,250,000**

Schedule 2: Reserves & surplus

Balance brought forward	199,584,477	214,465,729
Less: Dividend decleared	(79,000,000)	
Accumulated Profit (Transferred from income statement)	12,770,573	(14,881,252)
Total	**133,355,050**	**199,584,477**

SITA World Travel (Nepal) Pvt Ltd

Schedule 3: Fixed Assets

Amount in NPR

	Cost				Accumulated Depreciation/Amortization				Net Value	
	As at 1-Apr-16	Addition during the period	sales/ adjustments	Total as at 31-Mar-17	As at 1-Apr-16	Charged for the period	Deduction	Total as at 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
Furniture and Fixtures	1,759,265			1,759,265	642,289	353,781		996,069.24	763,196	1,116,976
Office Equipment	4,017,001			4,017,001	2,981,168	694,211		3,675,379.34	341,622	1,035,833
Computers	3,824,183	24,778		3,848,961	2,837,931	547,460		3,385,390.66	463,571	986,252
Motorcycle and scooters	184,500			184,500	184,500			184,500.00	-	-
Vehicles	43,980,654	863,262	12,645,898	32,198,018	32,506,235	7,627,555	11,911,605	28,222,185.14	3,975,833	11,474,419
Leasehold Improvement	1,822,876			1,822,876	1,097,954	610,954	-	1,708,908.37	113,968	724,922
Computer Software	145,500			145,500	145,500			145,499.57	0	-
Tour and Trekking Gear	977,736			977,736	977,736			977,735.70	0	-
Total	**56,711,715**	**888,041**	**12,645,898**	**44,953,857**	**41,373,312**	**9,833,962**	**11,911,605**	**39,295,668**	**5,658,189**	**15,338,402**
Previous year	**56,711,715**	**566,000**	-	**56,711,715**	**30,213,614**	**11,159,698**	-	**41,373,312**	**15,338,402**	

SITA World Travel (Nepal) Pvt Ltd

		As at 31-Mar-17	As at 31-Mar-16
			Amount in NPR

Schedule 4 : Investments

		As at 31-Mar-17	As at 31-Mar-16
Fixed deposit with Nabil Bank Ltd.		575,000	575,000
Fixed deposit with Nepal SBI Bank Ltd.		121,000,000	181,000,000
	Total	**121,575,000**	**181,575,000**

Schedule 5 : Sundry Debtors

		As at 31-Mar-17	As at 31-Mar-16
A) Debts outstanding over six months			
- considered good			
- considered doubtful			
B) Other debts			
- considered good		101,962,440	18,203,420
- considered doubtful			
		101,962,440	**18,203,420**
Less :Doubtful Debts			
	Total	**101,962,440**	**18,203,420**

Schedule 6 : Cash and Bank Balances

		As at 31-Mar-17	As at 31-Mar-16
Cash in hand		542,109	132,837
Cash at Bank			
Current account balances		10,255,866	2,207,356
Foreign currency account balance		10,395,851	9,691,654
	Total	**21,193,826**	**12,031,847**

Schedule 7 : Loans and advances

	As at 31-Mar-17	As at 31-Mar-16
Advance for expenses	1,248,887	168,208
Advance tax	102,186,930	101,227,736
Deposits	36,843,270	6,483,600
Others	2,162,477	5,853,300
Prepaid expenses	1,761,277	1,713,230
	144,202,841	**115,446,074**

SITA World Travel (Nepal) Pvt Ltd

	As at 31-Mar-17	Amount in NPR As at 31-Mar-16
Schedule 8 : Current Liabilities		
Sundry creditors	33,062,140	15,427,757
TDS Payable	975,079	405,389
Other liabilities	115,648,216	25,626,467
VAT Payable	5,064,024	
Total	**154,749,458**	**41,459,613**
Schedule 9 : Provisions		
Retirement benefits	4,734,233	4,774,042
Provision for income tax	102,824,532	98,398,666
Total	**107,558,765**	**103,172,708**
Schedule 10 : Deferred Tax Assets		
Arising on account of timing difference in Retirement benefits and depreciation	3,320,978	3,872,054
Total	**3,320,978**	**3,872,054**

SITA World Travel (Nepal) Pvt Ltd

Amount in NPR

Schedule 11 : Sales and Services (Net of cost)

		Current Year		Previous Year
A. Tours Income		35,189,430		11,455,774
Tours Income	272,964,281		85,164,897	
Less: Cost of tours	(237,774,851)		(73,709,123)	
B. Coach Income		3,630,905		904,131
Coach Income	8,219,137		4,387,742	
Less: Coach expenses	(4,588,232)		(3,483,611)	
Total		**38,820,335**		**12,359,905**

Schedule 12 : Other income

	Current Year	Previous Year
Interest on fixed deposit	6,007,005	8,338,026
Commission income	366,535	88,498
Miscellaneous income	1,572,873	
Creditors written back	1,357,324	
Profit on sale of assets	5,506,415	
Total	**14,810,152**	**8,426,524**

Schedule 13 : Personnel Expenses

	Current Year	Previous Year
Salary & wages	11,436,604	12,452,391
Contribution to Provident Fund	720,953	783,309
Provision for retirement benefit	567,484	987,600
Medical expenses	690,770	736,651
Staff birthday Gift	-	24,000
Overtime Expenses	66,009	40,757
Staff welfare expenses	196,158	320,476
Staff Uniform	84,668	32,191
Total	**13,762,646**	**15,377,374**

SITA World Travel (Nepal) Pvt Ltd

Schedule 14 : Administrative and selling expenses

	Current Year Rs.	Amount in NPR Previous Year Rs.
Advertisement , publicity & sales promotion	29,661	70,918
Operational lease rentals	2,038,350	1,905,000
Communication	618,089	879,120
Travelling and conveyance	457,360	382,520
Legal and consultancy fees	240,000	240,000
Repairs and maintenance	419,974	462,006
Electricity and water	265,420	218,857
Printing and stationery	292,412	124,240
Vehicle expenses	13,864	13,981
Entertainment	48,672	72,610
Security expenses	482,903	420,000
Insurance	21,968	21,913
Membership and subscription fees	59,549	59,956
Tax Audit Fee	190,025	190,025
Group Audit Fee	333,000	253,000
Internal Audit expenses	-	
Audit other expenses	95,235	98,380
Books & Periodicals	6,742	5,909
Miscellaneous Expenses	2,750,164	331,099
	8,363,388	**5,749,534**

SITA World Travel (Nepal) Pvt Ltd

	As at 31-Mar-17	*Amount in NPR* As at 31-Mar-16
Schedule 15 : Contingent liabilities		
Income Tax matter	76,711	76,711
VAT matter	106,283,306	106,283,306
Guarantee given by a bank on behalf of the Company	350,000	350,000
Total	**106,710,017**	**106,710,017**

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

A. Company Background

SITA World Travel (Nepal) Pvt. Ltd, a joint venture company with SOTC Travel Services Pvt. Ltd. is incorporated under the Company Act, 2063 in Nepal and providing travel and tour related services and money transfer services.

SOTC Travel Services Pvt. Ltd. a company incorporated under the laws of India, is holding 63.32% equity of the company.

B. Basis of Preparation of Financial Statements

The balance sheet, statement of income and cash flow, together with the accounting policies and notes (Financial Statements) comply with the Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS).

The financial statements are presented on a historical cost basis and in accordance with the formats as per the requirements of the Company Act, 2063 and NAS.

C. Significant Accounting Policies

1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of Value Added Taxes. The following specific criteria are used for recognition of revenue.

- **Sale of Services**

Sales from inbound services are recognized on the date of arrival of the tour in Nepal. Sales are stated net of Value Added Tax (VAT). Commission income and other travel services such as optional tours are recognized at the time of providing the service.

Interest on investment is recognized on accrual basis.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP and NAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

3. Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the supply of services or for administrative purposes and are expected to use during more than one financial year.

Cost of an item of property, plant and equipment is recognized as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The cost of an item of property, plant and equipment comprises of purchase price and any costs that is directly attributable to bring the asset to the location and condition that is necessary for it to be capable for operating in the manner intended by the management.

Any subsequent cost incurred for the property, plant and equipment is recognized as an asset if it meets the recognition criteria. The cost that does not qualify as an asset is charged off in the Income Statement as repair and maintenance.

The carrying amount of an asset is derecognized at the time of disposal or when no future economic benefits are expected to flow from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

The carrying amount of the property, plant and equipment is the amount at which an asset is recognized after deducting any accumulated depreciation.

4. **Depreciation and Amortization**

i. PPE are depreciated on a straight-line basis, based on the following estimates of their useful economic lives:

Description of Assets	Useful life (In Years)	Rate %
Furniture and Fixtures	5	20
Office Equipment	3	33.33
Vehicle	5	20
Computer and Computer Software	3	33.33

ii. Leasehold assets are amortized uniformly over the period of 3 years.
iii. Depreciation on addition of assets is charged from the next month from the date on which the assets are purchased / capitalized.
iv. Gains or losses arising from the disposal of fixed assets, if any, are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized or charged off in the Income Statement on the date of the disposal.
v. Each asset with a cost value of less than NPR 8,000 is fully depreciated in the year of purchase.

5. **Retirement Benefits**

a. **Provident Fund**

Contributions to provident fund are made monthly at the applicable rates, which is charged to revenue. Contributions to provident fund together with the employees' contributions are deposited with Citizen Investment Trust.

b. **Gratuity**

Gratuity payable to employees on termination/retirement of their services is provided on accrual basis and is deposited with Citizen Investment Trust.

c. Leave Encashment

Leave Encashment payable to employees on termination/retirement of their services is provided on accrual basis and is deposited with Citizen Investment Trust.

6. Trade and Other Receivables

Trade Receivables are stated at book value after making provisions for bad and doubtful debts.

Other receivables and dues from related parties are stated at book value less provisions for bad and doubtful debts.

7. Cash and Cash Equivalents

Cash and cash equivalent represent cash in hand and balance with commercial banks.

8. Foreign Currency Transactions

Foreign exchange transactions are recorded at the exchange rate prevailing at the date of transactions. Gain or loss arising on settlement is realized or charged in the Income Statement. Assets and liabilities in foreign currencies are reinstated at the exchange rate prevailing at the year-end and the exchange difference, if any, arising on such transaction is accounted for in the Income Statement as exchange fluctuation.

9. Technical Service Fee

Technical fee payable to SOTC Travel Services Pvt Ltd, India is calculated on the credit sales @ 5% on the cost of transportation and hotel bills excluding the cost of meals since 1st January 2006 onwards.

10. Income Taxes

Provision for current tax is made with reference to profit for the Financial Year based on the provisions of Income Tax Act, 2058.

Deferred Tax is recognized and provided for on timing differences between taxable income and accounting income subject to consideration of prudence.

Deferred tax assets are not recognized unless there is virtual/reasonable certainty that there will be sufficient future taxable income available to realize such assets.

D. Notes to the Financial Statements

1. Contingent Liabilities *(With reference to Schedule 15)*

There are contingent liabilities in respect of: In NPR

S.No.	Particulars	31 March 2017	31 March 2016
1.	Additional Income Tax Demand (FY 2069-70)	76,711	76,711
2.	Additional demand on account of VAT (FY 2069-70)	23,857,699	23,857,699
3	Additional demand on account of VAT (Period from Ashadh 2067 to Mangsir 2072)	82,425,607	82,425,607
4	Unexpired Bank Guarantee	350,000	350,000
	Total	**106,710,017**	**106,710,017**

2. Related Party

The parent company, SOTC Travel Services Pvt. Ltd together with its subsidiaries holds 63.32% (previous year 63.32%) of the share capital of the Company.

- **Key Managerial Personnel**

  Suraj Lamichhane is General Manager of the Company and payment during the year is NPR 2,316,351 (Previous year NPR 2,575,009)

- **Transaction with related party**

Particulars	Current year (NPR)	Previous year (NPR)
Sales during the period	210,171,806	46,104,445
Technical fee during the period	6,544,892	2,188,190
Receivables as on 31 March 2017	96,113,278	8,589,923
Payables as on 31 March 2017 (Other than technical fee payable)	Nil	Nil

3. Disclosure for Operating Leases

i. The Company has taken office premises on lease from Ms. Kamal Devi Shrestha. The details of operating lease commitments are as follows.

Year	Amount (NPR)
<1 year	2,181,030
1 to 3 years	4,514,732
>3 years	Nil

ii. Rental expenses under non-cancellable operating leases aggregated - Nil (Previous year - Nil)

iii. Rental expenses under cancellable operating leases aggregated NPR 20,38,350 (Previous year NPR 19,05,000)

4. Rounding Off

Figures in the Financial Statements are rounded off to the nearest rupee.

SITA WORLD TRAVEL LANKA (PVT) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2017

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SITA WORLD TRAVEL LANKA (PVT) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sita World Travel Lanka (Pvt) Limited, ("the Company"), which comprise the statement of financial position as at 31st March 2017, and the statements of profit or loss and other comprehensive income, changes in equity and, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 28 in these financial statements. The Company has incurred a net loss of Rs. 7,079,978 for the year ended 31st March 2017, and as of that date the Company's accumulated loss is amounting to Rs. 25,395,827. Further, as at the reporting date, the current liabilities exceeded current assets by Rs. 25,196,015 and total liabilities exceeded total assets by Rs. 22,895,827. Although these conditions indicate that the Company may not continue as a going concern, as explained in Note 28 to these financial statements, the Board of Directors of the Company is of the view that the Company will continue as a going concern taking into consideration, that the Company has commenced commercial operations only during the last year and the future plans set by the Board. Therefore, no adjustments have been made to these financial statements.

Report on Other Legal and Regulatory Requirements
As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act 07 of 2007, except that the Company's net assets are less than half of its stated capital and in a negative state of affairs resulting in a serious loss of capital situation in terms of section 220 of the same act.

KPMG

CHARTERED ACCOUNTANTS
Colombo
15th May 2017

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the twelve months ended 31st March 2017	For the fifteen months ended 31st March 2016
		Rs	Rs
Revenue	6	255,240,101	152,896,392
Cost of sales		(228,367,014)	(136,583,114)
Gross profit		**26,873,087**	**16,313,278**
Other income	7	2,426,858	487,991
Administrative expenses		(31,746,912)	(31,552,408)
Distribution expenses		(458,781)	(1,324,828)
Loss from operations	**8**	**(2,905,748)**	**(16,075,967)**
Finance income		2,179,284	1,066,032
Finance expenses		(6,381,139)	(1,974,652)
Net finance expenses	**9**	**(4,201,855)**	**(908,620)**
Loss before tax		**(7,107,603)**	**(16,984,587)**
Income tax expense	**10**	27,625	(17,511)
Loss for the year		**(7,079,978)**	**(17,002,098)**
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		**(7,079,978)**	**(17,002,098)**
Loss per share	**11**	**(28.32)**	**(68.01)**

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

As at March	Note	2017 Rs	2016 Rs
ASSETS			
Non-current assets			
Property, plant & equipment	12	2,508,699	3,428,065
Intangible assets	13	516,484	504,775
Deferred tax assets	14	55,905	-
Total non-current assets		**3,081,088**	**3,932,840**
Current assets			
Trade and other receivables	15	30,970,749	16,105,131
Cash and cash equivalents	16	12,671,308	3,088,891
Total current assets		**43,642,057**	**19,194,022**
Total assets		**46,723,145**	**23,126,862**
EQUITY AND LIABILITIES			
Stated capital	17	2,500,000	2,500,000
Retained earnings		(25,395,827)	(18,315,849)
Total equity		**(22,895,827)**	**(15,815,849)**
Liabilities			
Employee benefits	18	780,900	315,000
Total non-current liabilities		**780,900**	**315,000**
Trade and other payables	19	41,798,892	17,010,233
Current tax		45,791	17,511
Amount due to related party	20	26,993,389	21,599,967
Total current liabilities		**68,838,072**	**38,627,711**
Total liabilities		**69,618,972**	**38,942,711**
Total equity and liabilities		**46,723,145**	**23,126,862**

The notes to the Financial Statements form an integral part of these Financial Statements.
I certify that these Financial Statements are in compliance with the requirements of Companies Act No 7 of 2007.

....
Thajul Riyaz
Chief Financial Officer

The Directors are responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board;

....
Chaminda Dias
Director

....
Aravinda De Silva
Director

15th May 2017
Colombo.

SITA WORLD TRAVEL LANKA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year 31st March 2017	Stated Capital Rs	Accumulated loss Rs	Total Rs
Balance as at 01st January 2015	2,500,000	(1,313,751)	1,186,249
Total comprehensive income for the period			
Loss for the period	-	(17,002,098)	(17,002,098)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(17,002,098)	(17,002,098)
Balance as at 31st March 2016	**2,500,000**	**(18,315,849)**	**(15,815,849)**
Balance as at 01st April 2016	2,500,000	**(18,315,849)**	**(15,815,849)**
Total comprehensive income for the year			
Loss for the year	-	(7,079,978)	(7,079,978)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	**(7,079,978)**	**(7,079,978)**
Balance as at 31st March 2017	**2,500,000**	**(25,395,827)**	**(22,895,827)**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

	For the twelve months ended 31st March 2017 Rs	For the fifteen months ended 31st March 2016 Rs
Cash flows from operating activities		
Loss before tax for the year/period	(7,107,603)	(16,984,587)
Adjustment for:		
Depreciation	1,571,204	1,441,205
Amortisation of intangible assets	120,891	49,025
Provision for employee benefit	465,900	315,000
Net finance expenses	4,201,855	908,620
	(747,753)	**(14,270,737)**
Increase in trade and other receivables	(14,865,618)	(14,692,539)
Increase in trade and other payables	24,788,661	13,606,733
Increase in related party payables	5,393,422	21,599,967
Cash generated from operating activities	**15,316,465**	**20,514,161**
Employee benefits paid	-	-
Income tax paid	-	-
Net cash from operating activities	**14,568,712**	**6,243,424**
Cash flows from investing activities		
Purchase of property, plant and equipment	(651,838)	(4,691,937)
Purchase of intangible assets	(132,600)	(553,800)
Net cash used in investing activities	**(784,438)**	**(5,245,737)**
Cash flows from financing activities		
Net finance cost	(4,201,855)	(908,620)
Net cash used in financing activities	**(4,201,855)**	**(908,620)**
Net increase in cash and cash equivalents	**9,582,419**	**89,067**
Cash and cash equivalents as at beginning of the year/period	3,088,891	2,999,824
Cash and cash equivalents as at end of the year/period	**12,671,308**	**3,088,891**

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

1 REPORTING ENTITY

1.1. Domicile and Legal Form

Sita World Lanka (Pvt) LTD, is a private company with limited liability incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 118C, Barnes Place, Colombo 07, Sri Lanka, from where the principle business is carried out.

1.2. Principal Activities and Nature of Operations

The Principal activity of the Company is acting as a travel agent. The Company has started its operations during the year ended 31st March 2016.

1.3. Parent Enterprise and Ultimate Parent Enterprise

Name of the Company's parent undertaking is Kuoni Travel (India) Limited. Company's ultimate parent undertaking is Fairfax Financial Holdings Ltd., Canada (from 16-12-2015)

1.4. Number of Employees

The total number of employees of the Company as at 31st March 2017 was 14 (2016 – 10)

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Statement of Cash Flows, together with the notes, (the "Financial Statements") of the Company as at 31st March 2017 and for the year then ended have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

The Company has changed the financial year end from 31st December to 31st March during the last year. Accordingly, comparatives are presented for a period of fifteen months.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors affecting the financial statements.

2.3 Functional and presentation currency

The financial statements of the company are presented in Sri Lankan Rupees, which is the company's functional currency. All financial information presented in Rupees has been rounded to the nearest Rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual result may differ from these judgments and estimates.

Estimates and underline assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in following notes.

- Note 3.12a Current taxes
- Note 3.12b Deferred tax assets
- Note 3.7b Employee benefits

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities dominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss except the differences arising on retranslation of available for- sale equity instruments, which are recognized in other comprehensive income.

Non-monitory items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Non derivative financial instrument

3.2.1 Non-derivative financial assets.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a Company of similar transactions such as in the Company's trading activity. The non-derivative financial assets can be classified in to four categories. Namely, financial assets at Fair value through profit and loss, Held to maturity investments, Available for sale financial assets and Loans and Receivables.

The company has only loans and receivables as non-derivative financial assets.

(a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loan and receivables comprise of trade receivables, other receivables and cash & cash equivalents.

3.2.2 Non derivative financial liabilities

The Company initially recognizes liabilities on the date that they are originated. All other liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies financial liabilities into other financial liabilities category. Such finance liabilities recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Other financial liabilities comprise trade payables and other payables.

3.2.3. Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment and plus/minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount.

3.2.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

3.2.5 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the company and cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Land is not depreciated. Depreciation on other assets is calculated on a straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives or the lease term, whichever is lower.

The expected useful lives of the assets categories are as follows.

Office equipment	3 years
Computer Hardware (PC Screen)	5 years
Computer Hardware – (Computer equipment)	3 years
Furniture & Fixtures	5 years
Furniture & Fixtures (Improvements)	3 years
Computer installation	3 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale. (Or included in a disposal grouped that is classified as held for sale) and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.4 Intangible Assets

a. Recognition and measurement

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

b. Subsequent expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Intangible assets are amortized on a straight line basis over a period of 5 years from the date when the asset is available for use, over the best estimate of its useful economic life.

3.5 Impairment

3.5.1 Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active 'market for a security.

The company considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and made specific impairment provisions.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.5.2 Non financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date.

Noncurrent liabilities are those balances that fall due for payment after one year from the reporting date.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Employee benefits

a. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 8% respectively on the salary of each employee is paid. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

b. Defined benefit plans

Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. The Company measures the present value of retirement benefits of gratuity based on internal assessment using formula. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The Company measures the present value of retirement benefits of gratuity using the internally generated model. Actuarial gains and losses are recognized in other comprehensive income.

The liability is not externally funded nor actuarially valued.

3.8 Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

3.9 Events after the Reporting date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

INCOME AND EXPENSES

3.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

The Company renders a wide range of travel services. The revenue from rendering these services is recognized in the profit or loss at the time when the significant risks and rewards are transferred to the customer. This is generally the case on the date of arrival of tour.

3.11 Finance income and finance costs

Finance income mainly comprises exchange gains arising from foreign transaction and finance costs comprise interest expense on borrowings and exchange losses arising from foreign transactions.

3.12 Income tax expenses

Income tax expense comprises current and deferred tax. Current tax and deferred tax expenses are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI), in which case it is recognized in equity or in OCI.

a. Current taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b. Deferred taxes

Deferred tax is provided using the liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.13 Basic Earnings per Share

The financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4. STATEMENT OF CASH FLOW

4.1. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of statement of cash flow, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The statement of cash flow has been prepared using the "indirect method".

5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE.

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these financial statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

The following new standards are not expected to have a significant impact of the Company's financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statements
SLFRS 15 *Revenue from Contracts with Customers*	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contracts. SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 15.
SLFRS 9 *Financial Instruments*	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 *Financial Instruments: Recognition and Measurement*. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and de recognition of financial instruments from LKAS 39. Effective date of SLFRS 9 is 1st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9. This standard is not expected to have significant impact on the financial statement of the Company.
SLFRS 16 *Leases*	SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead there will be a single on balance sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 16.

	For the twelve months ended 31st March 2017	For the fifteen months ended 31st March 2016
	Rs.	Rs.
6. Revenue		
Invoice sale	255,240,101	152,896,392
	255,240,101	**152,896,392**
7. Other income		
Hotel commission	-	29,910
Sale of Excursion	-	14,000
Shopping commission	2,426,641	435,531
Misc income	217	8,550
	2,426,858	**487,991**

8. Loss from operations

Loss from operations is stated after charging all the expenses including the following,

Salaries and wages	16,398,256	7,408,275
Employees provident fund	1,641,710	965,357
Employees trust fund	410,428	220,831
Provision for employee benefits	465,900	315,000
Depreciation and amortization	1,692,095	1,490,230
Auditors fees and expenses	250,000	582,000

9. Net finance income expenses

Finance income		
Interest income	362,565	224,494
Exchange gain	1,816,719	841,538
	2,179,284	**1,066,032**
Finance expense		
Interest on loan	2,202,570	1,575,592
Exchange loss	4,178,569	399,060
	6,381,139	**1,974,652**
	(4,201,855)	**(908,620)**

10. Income tax expense

Current tax	28,280	17,511
Deferred tax origination / (reversal) of liability	(32,584)	52,282
Deferred tax origination of assets	(23,321)	(52,282)
	(27,625)	**17,511**

11. Loss per share

Calculation of loss per share is based on the loss attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding as at the reporting date.

Loss for the year (Rs.)	(7,079,978)	(17,002,098)
Weighted average number of ordinary shares	250,000	250,000
Loss per share (Rs.)	**(28.32)**	**(68.01)**

As at

12. Property, Plant & Equipment

	Office Equipment	Computer Equipment	Furniture and Fixtures	Total 2017	Total 2016
	Rs	Rs	Rs	Rs	Rs
Cost					
Balance at the beginning of the year	636,199	2,739,026	1,535,719	4,910,944	219,007
Additions	16,500	611,348	23,990	651,838	4,691,937
Balance at the end of the year	652,699	3,350,374	1,559,709	5,562,782	4,910,944
Depreciation					
Balance at the beginning of the year	217,782	772,414	492,683	1,482,879	41,674
Charge for the year	213,990	855,042	502,172	1,571,204	1,441,205
Balance at the end of the year	431,772	1,627,456	994,855	3,054,083	1,482,879
Carrying amounts					
As at 31st March 2017	220,927	1,722,918	564,854	2,508,699	
As at 31st March 2016	418,417	1,966,612	1,043,036		3,428,065

As at 31st March	2017 Rs	2016 Rs
13. Intangible assets		
Cost		
Balance at the beginning of the year/period	553,800	-
Additions	132,600	553,800
Balance at the end of the year/period	**686,400**	**553,800**
Amortization		
Balance at the beginning of the year/period	49,025	-
Charge for the year/period	120,891	49,025
Balance at the end of the year/period	**169,916**	**49,025**
Carrying value as at end of the year/period	**516,484**	**504,775**
14. Deferred taxation		
Deferred tax liabilities (Note 14.1)	(37,803)	(70,387)
Deferred tax assets (Note 14.2)	93,708	70,387
	55,905	-
14.1 Deferred tax liabilities		
Balance at the beginning of the year/period	70,387	18,105
Originated / (Reversal) during the year/period	(32,584)	52,282
Balance at the end of the year/period	**37,803**	**70,387**
14.2 Deferred tax assets		
Balance at the beginning of the year/period	70,387	18,105
Originated during the year/period	23,321	52,282
Balance at the end of the year/period	**93,708**	**70,387**

14.3 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31st March 2017		31st March 2016	
	Temporary Difference Rs.	**Tax Effect Rs.**	**Temporary Difference Rs.**	**Tax Effect Rs.**
Deferred Tax Liabilities				
Property, plant & equipment	315,029	37,803	586,558	70,387
	315,029	**37,803**	**586,558**	**70,387**
Deferred Tax Assets				
Tax loss	19,317,447	-	271,558	32,587
Employee benefits	780,900	93,708	315,000	37,800
	20,098,347	**93,708**	**586,558**	**70,387**
Net Deferred Tax Assets	**19,783,318**	**55,905**	-	-

Note 1 - The temporary difference arising from tax losses, as at the reporting date, was Rs.19,317,447 (2016 - Rs 13,836,158) resulting in deferred tax assets of Rs.2,318,094 (2016 - 1,660,339) as at that date. However deferred tax asset has not been recognised for carried forward tax losses due to the uncertainty regarding the availability of future taxable profits against which the deferred tax asset would be utilized. Accordingly, the total unrecognised deferred tax asset at reporting date was Rs. 2,318,094 (2016 - Rs 1,627,752)

As at 31st March	2017 Rs	2016 Rs
15. Trade and other receivables		
Trade receivables (Note 15.1)	24,357,947	12,792,276
Other receivables (Note 15.2)	1,747,811	96,065
Advances, prepayments (Note 15.3)	4,864,991	3,216,790
	30,970,749	**16,105,131**
15.1. Trade receivables from related companies		
Trade receivables from related companies	1,234,538	1,221,840
Trade receivables from others	23,123,409	11,570,436
	24,357,947	**12,792,276**
15.2. Other receivables		
Security deposit	825,000	-
ESC receivable	691,210	-
WHT receivable	131,601	-
Other receivable	100,000	96,065
	1,747,811	**96,065**
15.3. Advances, prepayments and other receivables		
Other advance	2,503,528	210,000
Prepayments	2,361,463	3,006,790
	4,864,991	**3,216,790**

15.4. The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in Note 22.

16. Cash and cash equivalents		
Cash in hand	3,055	416,018
Cash at bank	12,668,253	2,672,873
	12,671,308	**3,088,891**
Bank overdraft	-	-
Cash & cash equivalents for the purpose of statement of cash flow	**12,671,308**	**3,088,891**

16.1. The Company's exposure to interest rate risk for financial assets and liabilities is disclosed in Note 22.

	2017 Rs	2016 Rs
17. Stated capital		
Issued and fully paid		
250,000 ordinary shares	**2,500,000**	**2,500,000**
18. Employee benefits		
Balance at the beginning of the year/period	315,000	-
Provision recognised during the year/period (Note 18.1)	465,900	315,000
	780,900	315,000
Payments made during the year/period	-	-
Balance at end of the year/period	**780,900**	**315,000**

18.1. Although the Gratuity Act No 12 of 1983 requires gratuity provision only when a company employs more than fifteen employees, the Company has made provision for two employees who have completed more than one year of service based on internal formula.

19. Trade and other payables		
Trade payables	9,654,008	2,285,235
Direct cost payable	-	1,316,061
Other payable (Note 19.1)	32,144,884	13,408,937
	41,798,892	17,010,233

19.1 Other payable includes advance received for future tours amounting to Rs 24.6 Mn (2016 - Rs 7.5 Mn).

As at 31st March	2017 Rs	2016 Rs
20. Amount due to related party		
Loan from Kuoni Travel India (Pvt) Ltd	22,701,725	20,024,375
Interest on loan payable	4,291,664	1,575,592
	26,993,389	**21,599,967**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23.

Note 20.1

As per the agreement made between Sita World Travel Lanka (Pvt) Ltd and Kuoni Travel (India) (Pvt) Ltd on 1st May 2015, the Company has obtained a loan from Kuoni Travel (India) (Pvt) Ltd amounting to USD 147,500 on a specific repayment scheme. The interest on the said loan is comparable to market interest rate and thus, no fair value adjustment have been made in these financial statements.

21. Related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - *Related Party Disclosures*. The details of which are given below.

a) Transactions with Related Entities

(i) Name of the Related Party	Relationship	Nature of Transaction	Transaction Amount 2017 Rs.	Transaction Amount 2016 Rs.
Kuoni Travel India (Pvt) Ltd	Parent company	Sale of service	36,180,260	50,342,697
Distant Frontier Tours	Common Director (Shroff/Dipak)	Sale of service	57,184	6,079,416
Jetwing Travel	Shareholder Legal Service Provider	Legal Service	869,440	11,372,862
Thomas Cook Lanka (Pvt) Ltd	Affiliate	Investment	10,313,800	-
Luxe Asia (Pvt) Ltd	Related	Sale of service	91,638	-

(ii) Amounts due from and due to related entities as at reporting date are disclosed in the Note 15 and 20 to the Financials Statements respectively.

b) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, the Key Management Personnel (KMP) are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company.

	2017 Rs.	2016 Rs.
Short Term Benefits	-	-
Post Employee Benefits	-	-

There were no emoluments paid to directors of the company during the year.

22. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:
1. Credit risk
2. Liquidity risk
3. Market risk
4. Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

22.1. 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 and investment securities.

22.1.1. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March	2017	2016
	Rs	Rs
Trade and other receivables	30,970,749	16,105,131
Cash & cash equivalents	12,671,308	3,088,891
	43,642,057	**19,194,022**

22. Financial risk management (Cont.)

22.2. 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 comprises three types of risk: currency risk, interest rate risk and price risk.

22.2.1.Currency risk

'Currency risk' a form of risk that arises from the change in price of one currency against another. The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Company. The company has not invested nor borrowed in foreign currencies. The company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial statements is minimal as it represents local currency.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
USD	147.29	146.48	151.99	146.78
EURO	161.60	166.69	162.36	167.26

22.2.2. Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The Company has taken an intercompany loan from Kuoni Travel India Private Limited and entitled to levy an interest of 11% and the rate will be revised annually and will remain within the range of plus (+) or minus (-) 3% ALP.

22.3. 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 encounter the liquidity risk mainly due to its trade payables. However, Company's exposure to liquidity risk is very limited as current assets and liquid assets are much greater than its total liabilities.

22. Financial risk management (Cont.)

22.3. Liquidity risk (Cont.)

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade & Other Receivables	30,970,749	-	24,785,125	3,025,000	3,160,624
Cash & Cash Equivalents	12,671,308	-	12,671,308	-	-
Total Current Assets	**43,642,057**	-	**37,456,433**	**3,025,000**	**3,160,624**
Employee Benefits	780,900	780,900	-	-	-
Total Non Current Liabilities	**780,900**	**780,900**	-	-	-
Trade & Other Payables	41,798,892	2,736,000	14,470,442	24,609,961	-
Total Current Liabilities	**41,798,892**	**2,736,000**	**14,470,442**	**24,609,961**	-
Total Liabilities	**42,579,792**	**3,516,900**	**14,470,442**	**24,609,961**	-

23. Fair Values of Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2017		2016	
	Amount	**Fair Value**	**Amount**	**Fair Value**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Assets carried at amortised cost				
Trade and other receivables	30,970,749	30,970,749	16,105,131	16,105,131
Cash and cash equivalents	12,671,308	12,671,308	3,088,891	3,088,891
	43,642,057	**43,642,057**	**19,194,022**	**19,194,022**
Liabilities carried at amortised cost				
Trade and other payables	41,798,892	41,798,892	17,010,233	17,010,233
	41,798,892	**41,798,892**	**17,010,233**	**17,010,233**

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

a) Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.

b) Trade and other receivables/ Trade and other payables - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

24. Events occurred after the reporting date

There were no material events occurring after the reporting date as at 31st March 2017 that require adjustments to or disclosure in the financial statements.

25. Capital commitments

No capital commitments as at the reporting date.

26. Contingencies

There have been no significant Contingent Liabilities as at the reporting date.

27. Comparative Information

Comparative information has been reclassified where necessary to conform to current years presentation.

28. Going concern

The Company has incurred a net loss of Rs. 7,079,978 for the year ended 31 March 2017, and as of that date the Company's accumulated loss is amounting to Rs. 25,395,827. Further the Company's current liabilities exceeded the current assets by Rs. 25,196,015 and its total liabilities exceeded its total assets by Rs. 22,895,827/-. Although these conditions indicate the existence of uncertainty which may cast significant doubt about the Company's ability to continue as a going concern given that, the Company has commenced it's busniess operations only during the last year. The Board of directors of the Company is of the view that the Company is a going concern.

29. Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards.

Financial Statements

QUESS CORP (USA), INC.

For the years ended March 31, 2017 and 2016

QUESS CORP (USA), INC.
FINANCIAL STATEMENTS

INDEX

LIGGETT & WEBB P.A.
CERTIFIED PUBLIC ACCOUNTANTS

432 Park Avenue South, 10th Floor
New York, NY 10016 / (212) 481-3490

1500 Gateway Boulevard, Suite 202
Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditors' Report

Board of Directors
Quess Corp (USA) Inc.

Report on the Financial Statements
We have audited the accompanying balance sheets of Quess Corp (USA) Inc. ("the Company" and wholly-owned subsidiary of Quess Corp Limited India) as of March 31, 2017 and 2016, and the related statements of operations, stockholders' (deficit) equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Adverse Opionion
As more fully describted in Note 1 to the accompanying financial statements, Investment in Unconsolidated Subsidiary, the Company has not consolidated Brainhunter Systems Limited and its subsidiaries (a wholly owned subsidiary). In our opinion, accounting principles generally accepted in the United States of America require such investment to be consolidated in these financial statements. The investment in Brainhunter Systems Limited is accounted for on a cost basis. Had Brainhunter Systems Limted been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

Adverse Opinion
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of Quess Corp (USA) Inc. as of March 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going conern. As discussed in Note 2 to the financial statements, the Company is a holding company with limited operations and is dependent upon shareholder funding to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

Liggett & Webb P.A.

New York, New York
May 12, 2017

QUESS CORP (USA), INC.
BALANCE SHEETS
AS OF MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

Assets		2017		2016
Current assets:				
Cash and cash eqivalents	$	20,566	$	2,807
Total current assets		20,566		2,807
Long term assets:				
Investment in unconsolidated subsidiary		87,877		87,877
Due from affiliates		1,944,000		718,413
Other assets		-		1,200
		2,031,877		807,490
Total assets	$	2,052,443	$	810,297
Liabilities and Stockholder's (Deficit) Equity				
Current liabilities:				
Due to affiliates	$	2,085,514	$	660,050
Income tax payable		-		6,500
Total current liabilites		2,085,514		666,550
Stockholder's (deficit) equity				
Common stock, 200 shares authorized, 1 share issued and outstanding, no par value		100,000		100,000
Accumulated (deficit) earinings		(133,071)		43,747
Total stockholder's (deficit) equity		(33,071)		143,747
Total liabilities and stockholder's (deficit) equity	$	2,052,443	$	810,297

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
Revenue		
Consulting Revenue	$ -	$ 440,403
Operating expenses		
General and administrative	41,149	303,446
Professional fees	139,438	64,282
Total operating expenses	180,587	367,728
Income (loss) from operations	(180,587)	72,675
Other income (expense):		
Interest income	28,999	-
Financing expenses	(25,230)	-
Income (loss) before provision for income taxes	(176,818)	72,675
Income taxes	-	28,500
Net income (loss)	$ (176,818)	$ 44,175

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY
FOR THE YEAR ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	Common Stock	Accumulated (Deficit) Earnings	Total
Balance at March 31, 2015	$ 100,000	$ (428)	$ 99,572
Net income	-	44,175	44,175
Balance at March 31, 2016	100,000	43,747	143,747
Net loss	-	(176,818)	(176,818)
Balance at Mar 31, 2017	$ 100,000	$ (133,071)	$ (33,071)

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
Cash flows from operating activities:		
Net income (loss)	$ (176,818)	$ 44,175
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Increase (Decrease) in :		
Income taxes payable	(6,500)	6,500
Other asset	1,200	-
Net cash (used in) provided by operating activities	(182,118)	50,675
Cash flows from investing activities:		
Advances paid to affiliates	(1,225,587)	(623,413)
Invesment in unconsolidated subsidiary	-	(87,828)
Net cash used in investing activities	(1,225,587)	(711,241)
Cash flows from financing activities:		
Advances received from affiliates	1,425,464	658,298
Net cash provided by financing actitities	1,425,464	658,298
Net increase (decrease) in cash and cash equivalents	17,759	(2,268)
Cash and cash equivalents, beginning	2,807	5,075
Cash and cash equivalents, ending	$ 20,566	$ 2,807
Cash paid for income taxes	$ 6,500	$ 22,000
Cash paid for interest	$ -	$ -

See the accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Business and organization

Quess Corp (USA) Inc., Formerly known as Magna InfoTech Inc.,("the Company"), a Delaware corporation and wholly owned subsidiary of Quess Corp Limited (India), was incorporated on November 19, 2013. On March 23, 2015, the Company changed its name to Quess Corp (USA), Inc.

Investments in Nonconsolidated Subsidiary

Effective April 15, 2015, the Company acquired fifty-one percent (51%) interest in Brainhunter Systems Limited. As of March 31, 2017 and 2016, the carrying value of this investment was $87,877.

Accounting principles generally accepted in the United States requires that, typically majority-owned subsidiaries should be consolidated in the financial statements. The Company has not consolidated Brainhunter Systems Limited and its subsidiaries. The investment in Brainhunter Systems Limited is accounted for on a cost basis. Had Brainhunter Systems Limted been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

Use of estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Revenue Recognition

For revenue from services, the Company recognizes revenue in accordance with FASB's Accounting Standards Codification, or ASC, 605-10, and ASC Topic 13 guidelines that require that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts.

During the years ended March 31, 2016, the Company's consulting revenue was related to one contract to assist an indirect parent company of an Indian entity which Quess Corp. Limited acquired in 2015. The aggregate amount of the services invoiced and collected in 2015 was $440,043.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

NOTE 2 –LIQUIDTIY

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.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a holding company with limited operations and is dependent upon shareholder funding to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company is primarily a holding company that does not have any significant operating activities. Accordingly, the Company has incurred numerous transactions with related parties.

The Company incurred the following related party transactions:

a. For the years ended March 31, 2017 and 2016, the Company incurred rent expenses of $0 and $106,005 which is payable to related parties, respectively.
b. For the years ended March 31, 2017 and 2016, the Company incurred management fee and consultancy expenses of $0 and $157,500 which was payable to related parties, respectively.

NOTE 3 – RELATED PARTY TRANSACTIONS (continued)

As of March 31, 2017 and 2016, balances due from/to affiliates were as follows:

	2017	2016
Due from affiliates:		
Brainhunter Systems Limited, Canada	$ 1,841,400	$ 570,000
Quess Phillipines Corp	102,600	95,000
Quess India	-	33,413
Quess Global (Malysia) SDN	-	20,000
Total	$ 1,944,000	$ 718,413
Due to affiliates		
Quess Corp Holdings Pte Ltd.	$ 1,951,254	$ 600,000
Brainhunter Systems Limited, Canada	51,281	51,330
MFXchange US, Inc.	82,979	6,968
Other	-	1,752
Total	$ 2,085,514	$ 660,050

NOTE 4 – STOCKHOLDER EQUITY

The Company has 200 shares authorized common shares at no par value. As of March 31, 2017, the Company has (one) share of common stock issued and outstanding.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure through May 12, 2017, which is the date the financial statements were available to be issued.

BDO Roxas Cruz Tagle and Co.
Audit | Tax | Consulting | BSO

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INDEPENDENT AUDITORS' REPORT

The Shareholders and the Board of Directors
Quess (Philippines) Corp.
(formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)
6th Floor, Salustiana D. Ty Tower Condominium
104 Paseo de Roxas cor. Perea Street
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quess (Philippines) Corp. (the "Company"), which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the fiscal year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017, and its financial performance and its cash flows for the fiscal year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Company for the fiscal year ended March 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on May 6, 2016.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.
(formerly Alba Romeo & Co.)

Leticia C. Tagle
Partner
CPA Certificate No. 0017358
Tax Identification No. 123-048-280
PTR No. 5917851, issued on January 9, 2017, Makati City
BOA/PRC Registration No. 0005, issued on December 1, 2015,
effective until December 31, 2018
SEC Accreditation No. 1583-A (Individual), Group A, issued on September 6, 2016,
effective until September 6, 2019
SEC Accreditation No. 0007-FR-4 (Firm), Group A, issued on July 16, 2015,
effective until July 15, 2018
BIR Accreditation No. 08-001682-6-2014, issued on January 5, 2015,
effective until January 4, 2018

Makati City
May 12, 2017

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017
(With comparative figures as at March 31, 2016)

	Note	2017	2016
ASSETS			
Current assets			
Cash on hand and in banks	7	**P4,876,910**	P2,422,412
Trade and other receivables, net	8	**48,312,402**	27,307,988
Prepayments and other current assets	9	**943,490**	844,716
Due from a related party	18	**1,413,921**	-
Total current assets		**55,546,723**	30,575,116
Noncurrent assets			
Property and equipment, net	10	**506,501**	583,941
Deferred tax assets	17	**147,565**	67,153
Total noncurrent assets		**654,066**	651,094
TOTAL ASSETS		**P56,200,789**	P31,226,210
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	11	**P7,014,737**	P4,906,628
Income tax payable	17	**475,984**	947,504
Due to related parties	18	**26,530,722**	10,166,547
Total liabilities		**34,021,443**	16,020,679
Equity			
Share capital	12	**8,600,000**	8,600,000
Retained earnings		**13,579,346**	6,605,531
Total equity		**22,179,346**	15,205,531
TOTAL LIABILITIES AND EQUITY		**P56,200,789**	P31,226,210

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.

(Formerly Magna Ikya Infotech, Inc.)

(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDED MARCH 31, 2017

(With comparative figures for the fiscal year ended March 31, 2016)

	Note	2017	2016
Revenue	13	**P86,923,434**	P70,353,558
Cost of service	14	**(57,342,476)**	(47,902,931)
Gross profit		**29,580,958**	22,450,627
General and administrative expenses	16	**(18,608,208)**	(13,132,306)
Income from operations		**10,972,750**	9,318,321
Other losses, net	15	**(900,972)**	(1,790)
Income before income tax		**10,071,778**	9,316,531
Provision for income tax	17		
Current		**3,178,375**	2,795,496
Deferred		**(80,412)**	(537)
		3,097,963	2,794,959
Net income		**6,973,815**	6,521,572
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**P6,973,815**	P6,521,572

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(With comparative figures for the fiscal year ended March 31, 2016)

	Share capital (Note 12)	Retained earnings	Total
Balance at April 1, 2016	P8,600,000	P83,959	P8,683,959
Net income for the period	-	6,521,572	6,521,572
Balances at March 31, 2016	8,600,000	6,605,531	15,205,531
Net income for the period	-	6,973,815	6,973,815
Balances at March 31, 2017	**P8,600,000**	**P13,579,346**	**P22,179,346**

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(With comparative figures for the fiscal year ended March 31, 2016)

	Notes	2017	2016
Cash flows from operating activities			
Income before income tax		**P10,071,778**	**P9,316,531**
Adjustments for:			
Provision for bad debts	8,16	**269,831**	-
Depreciation	10,16	**248,747**	160,692
Unrealized foreign exchange loss	15	-	1,790
Interest income	15	**(1)**	-
Operating income before working capital changes		**10,590,355**	9,479,013
Decrease (increase) in:			
Trade and other receivables, net		**(21,274,245)**	(9,919,179)
Due from a related party		**(1,413,921)**	300,310
Prepayments and other current assets		**(98,774)**	427,876
Increase in:			
Trade and other payables		**2,108,109**	657,693
Due to related parties		**16,364,175**	1,123,576
Net cash provided by operating activities		**6,275,699**	2,069,289
Interest received		**1**	-
Income tax paid	17	**(3,649,895)**	(1,847,992)
Net cash provided by operating activities		**2,625,805**	221,297
Cash flows from investing activity			
Acquisition of property and equipment	10	**(171,307)**	(534,416)
Net cash used in investing activity		**(171,307)**	(534,416)
Effect of foreign exchange rate changes on cash		**-**	(1,790)
Net increase (decrease) in cash on hand and in banks		**2,454,498**	(314,909)
Cash on hand and in banks, April 1		**2,422,412**	2,737,321
Cash on hand and in banks, March 31		**P4,876,910**	P2,422,412

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(With comparative figures as at and for the fiscal year ended March 31, 2016)

NOTE 1 – GENERAL INFORMATION

1.1 Corporate information

Quess (Philippines) Corp. (the "Company"), *(Formerly Magna Ikya Infotech, Inc.)* was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 13, 2013. The principal activities of the Company are to carry on or undertake activities relating to computer software, namely: system study and software feasibility analysis, including analysis of existing systems, business analysis, project definition, conceptual design and prototyping and designing; developing and implementing customized software, including collection and analysis of client requirements, development and implementation of the system to the client's satisfaction and design; and set up and administration of database, including understanding client data procedures, designing of tables using structured methodology like entity-relationship diagram, installation, performance tuning and database administration.

On August 14, 2015, 99% of the Company's shareholdings held by foreign nationals were assigned to Quess Corp. Limited, an entity incorporated under the laws of India. As at March 31, 2017, the Company is 99.97% owned by Quess Corp. Limited and 0.03% owned by Filipino nationals.

On October 21, 2015, SEC approved the change of Company's office address and its name from Magna Ikya Infotech, Inc to Quess (Philippines) Corp.

The Company's current and registered office address is located at 6th Floor, Salustiana D. Ty Tower Condominium, 104 Paseo de Roxas corner Perea Street, Legaspi Village, Makati City. Its former office address is at 23/F GT Tower International, 6813 Ayala Avenue, corner H.V. Dela Costa St., Salcedo Village, Makati City.

1.2 Approval of financial statements

The financial statements were approved and authorized for issue by the Company's Board of Directors (BOD) on May 12, 2017. The Company's Treasurer, Mr. Vijay Sivaram, was authorized by the BOD to sign for, approve and cause the issuance of the audited financial statements on its behalf.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below and on succeeding pages. The policies have been consistently applied to the years presented, unless otherwise stated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general include all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council (PFRSC) and adopted by the SEC.

Basis of adoption

The FRSC and the SEC have adopted Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover corporations that:

a. Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million based on the entity's audited financial statements in prior year;
b. Are not required to file financial statements under Part II of the Securities Regulation Code (SRC) Rule 68 (unlisted and non-public entities);
c. Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
d. Are not holders of secondary licenses issued by regulatory agencies such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and
e. Are not a public utility.

Based on the total assets and liabilities of the Company, it is qualified as an SME.

The SEC issued a notice on October 11, 2010 allowing SMEs exemption from the mandatory adoption of PFRS for SMEs if any of the following criteria indicated in the notice is met by the SME:

a. Is a subsidiary of a parent company reporting under the full PFRSs;
b. Is a subsidiary of a foreign parent company that will be moving towards IFRS pursuant to the foreign country's published convergence plan;
c. Is a subsidiary of a foreign parent company that has been applying the standards for a non-publicly accountable entity for local reporting purposes, and is considering moving to full PFRSs instead of the PFRS for SMEs to align its policies with the expected move to full IFRSs by its foreign parent company pursuant to its country's published convergence plan;
d. Has short-term projections that show that it will breach the quantitative thresholds set in the criteria for an SME, and the breach is expected to be significant and continuing due to its long-term effect on the company's asset or liability size;
e. Is part of a group, either as a significant joint venture or an associate, that is reporting under the full PFRSs;
f. Is a branch office of a foreign company reporting under the full IFRSs;
g. Has concrete plans to conduct an initial public offering within the next two years;
h. Has a subsidiary that is mandated to report under the full PFRSs; and
i. Has been preparing financial statements using full PFRSs and has decided to liquidate its assets.

Based on the exemption criteria, the Company elected for such an exemption on the basis that it is a subsidiary of a parent company reporting under the full PFRS.

Basis of measurement

The Company's financial statements have been prepared using the historical cost basis, except as disclosed in the accounting policies below.

Functional and presentation currency

The Company's financial statements are presented in Philippine peso (P), which is also the Company's functional currency. All values are rounded to the nearest peso, unless otherwise indicated.

Use of judgments and estimates

The preparation of financial statements in compliance with PFRSs requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the previous year, except for the following new standard and amendments which were adopted as at January 1, 2016. Except as otherwise indicated, the adoption of these new standard and amendments did not have a significant impact on the Company's financial statements.

Amendments to PFRS 11, *Joint Arrangements: Accounting for acquisitions of interests in joint operations*

The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in PFRS 3 and other PFRSs that do not conflict with the requirements of PFRS 11. Furthermore, entities are required to disclose the information required by PFRS 3 and other PFRSs for business combinations.

The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

The amendments are effective for annual periods beginning on or after January 1, 2016 and must be applied prospectively.

PFRS 14, *Regulatory Deferral Accounts*

PFRS 14 allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. The standard does not apply to existing PFRS preparers. Also, an entity whose current generally accepted accounting principles (GAAP) do not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognize them on first-time application of PFRS.

Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income (OCI).

The standard requires disclosure of the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements.

The standard is effective for annual periods beginning on or after January 1, 2016.

Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets: Clarification of acceptable methods of depreciation and amortization*

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The amendments are effective for annual periods beginning on or after January 1, 2016 and are applied prospectively.

Amendments to PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture: Bearer plants*

The amendments change the scope of PAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of PAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in PAS 16, including the choice between the cost model and revaluation model for subsequent measurement.

In addition, government grants relating to bearer plants will be accounted for in accordance with PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, instead of PAS 41.

The amendments are effective for annual periods beginning on or after January 1, 2016. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may choose to measure a bearer plant at its fair value at the beginning of the earlier period presented.

Amendments to PAS 27, *Separate Financial Statements: Equity method in separate financial statements*

The amendments to PAS 27 allow an entity to use the equity method as described in PAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost;
- In accordance with PFRS 9 (or PAS 39); or
- Using the equity method.

The entity must apply the same accounting for each category of investment.

A consequential amendment was also made to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*. The amendment to PFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the PFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after January 1, 2016 and must be applied retrospectively.

Annual Improvements to PFRSs (2012-2014 Cycle)

The changes summarized below are effective for annual reporting periods beginning on or after January 1, 2016.

- **Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal***

  Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5.

  The amendment must be applied prospectively.

- **Amendments to PFRS 7, *Financial Instruments: Disclosures: Servicing contracts and Applicability of the amendments to PFRS 7 to condensed interim financial statements***

  The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in order to assess whether the disclosures are required.

  The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.

  The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

  This amendment must be applied retrospectively.

- **Amendment to PAS 19, *Employee Benefits: Discount rate – regional market issue***

  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  This amendment must be applied prospectively.

- **Amendment to PAS 34, *Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report"***

  The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).

  The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

  This amendment must be applied retrospectively.

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interest in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures: Investment entities - Applying the consolidation exception*

The amendments address three issues that have arisen in applying the investment entities exception under PFRS 10. The amendments to PFRS 10 clarify that the exemption in paragraph 4 of PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value.

Furthermore, the amendments to PFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to PAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are effective for annual periods beginning on or after January 1, 2016 and must be applied retrospectively.

Amendments to PAS 1, *Presentation of Financial Statements: Disclosure initiative*

The amendments include the following:

- Materiality. The aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by PFRSs.
- Line items in primary financial statements. The amendments (1) introduce a clarification that the list of line items to be presented in primary statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements; and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes to the financial statements. The determination of the order of the notes should include consideration of understandability and comparability of financial statements. It has been clarified that the order listed in paragraph 114 of PAS 1 is illustrative only.
- Accounting policies. The International Accounting Standards Board (IASB) also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.
- Equity-accounted investments. The share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2016.

New standards and amendments issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company’s financial statements are listed on the succeeding pages. The Company intends to adopt the standards that will be applicable to them when they become effective.

Amendments to PAS 7, *Statement of Cash Flows: Disclosure initiative*

These amendments require companies to provide information about changes in their financing liabilities which includes 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 – e.g., by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. When an entity first applies the amendments, it is not required to provide comparative information for preceding periods.

Amendments to PAS 12, *Income Taxes: Recognition of deferred tax assets for unrealized losses*

The amendments clarify recognition of deferred tax assets relating to unrealized losses on debt instruments measured at fair value. A deductible temporary difference arises when the carrying amount of the debt instrument measured at fair value is less than the cost for tax purposes, irrespective of whether the debt instrument is held for sale or held to maturity. The recognition of the deferred tax asset that arises from this deductible temporary difference is considered in combination with other deferred taxes applying local tax law restrictions where applicable. In addition, when estimating future taxable profits, consideration can be given to recovering more than the asset's carrying amount where probable.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. On initial application, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If an entity applies the relief, it shall disclose that fact.

Amendments to PFRS 2, *Share-Based Payment: Classification and measurement of share-based payment transactions*

The amendments clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; provide guidance on the classification of share-based payment transactions with net settlement features for withholding tax obligations; and clarify accounting for modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018, to be applied prospectively.

PFRS 9, ***Financial Instruments (2014)***

In July 2014, PFRS 9 (2014) was published which incorporated the final requirements on all three phases of the financial instruments projects – classification and measurement, impairment, and hedge accounting.

Phase 1: Classification and measurement of financial assets and financial liabilities

The original version of PFRS 9, issued in 2009, introduced new criteria for the classification and measurement of financial assets to be measured at amortized cost. In order to qualify for amortized cost measurement, a two-stage test is applied. Firstly, the entity's business model must be to collect the contractual cash flows from the asset, rather than selling it to realize its fair value. Secondly, the asset must have contractual cash flows which are comprised solely of the principal amount due plus interest on the principal amount outstanding (which is only time value plus a margin for credit risk), often referred to as Solely Payments of Principal and Interest (or SPPI). Financial assets that pass those two tests are measured at amortized cost, with all others being measured at fair value. The criteria are applied to the assets as a whole, with the previous guidance in PAS 39, *Financial Instruments: Recognition and Measurement* for embedded derivatives no longer applying to financial assets.

PFRS 9 (2014) introduces amendments to the previously finalized classification and measurement requirements for financial assets. A third measurement category has also been added for debt instruments – Fair value through OCI. This new measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets. Additional application guidance was included to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are SPPI.

The classification and measurement requirements for financial liabilities were first added to PFRS 9 in 2010 and have been carried forward from PAS 39 largely unchanged, including a continuation of the requirement to separate embedded derivatives. However, a significant change is that, if a financial liability is designated (under the option available in PFRS 9) as at fair value through profit or loss (FVPL), changes in the fair value of that financial liability that are attributable to changes in the entity's own credit risk will typically be recorded in OCI instead of profit or loss. This change has been made in order to prevent a deterioration in an entity's financial position (and hence, credit status) resulting in gains being reported in profit or loss.

The existing guidance for derecognition of financial assets and financial liabilities has been carried forward from PAS 39 unchanged, with some improvements to disclosure requirements being added to PFRS 7.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each financial reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 replaces all existing revenue requirements in PFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as PAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in PFRS 15 will be applied using a five-step model. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Application guidance is provided in PFRS 15 to assist entities in applying its requirements to certain common arrangements, including licenses of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

PFRS 16, *Leases*

PFRS 16 will replace PAS 17, *Leases* and the related Philippine Interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer ("lessee") and the supplier ("lessor"). The standard brings most leases on-balance sheet for lessees under a single model, eliminating the previous classifications of operating and finance leases. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for leases with a term of 12 months or less and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. The on-balance sheet treatment will result in the grossing up of the balance sheet due to right-of-use assets being recognized with offsetting liabilities. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

The amendments must be applied prospectively.

On January 13, 2016, the Financial Reporting Standards Council (FRSC) decided to postpone the original effective date of January 1, 2016 of the above amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

2.3 Financial instruments

The Company has the following policies in accounting for financial assets and liabilities:

Initial recognition

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. In the case of a regular purchase or sale of financial assets, recognition is done at trade date, which is the date on which the Company commits to purchase or sell the asset.

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial assets and financial liabilities includes transaction costs. Financial instruments carried at FVPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

Financial instruments are classified as current if expected to be settled within 12 months; otherwise, they are classified as non-current.

Classification of financial instruments

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Classification of financial instruments between debt and equity

Financial instruments are classified as debt or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as income or expense.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial assets to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or (c) satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Determination of fair value

The fair value of financial instruments traded in active markets is based on their quoted market price or dealer price quotation (bid price for long positions and ask price for short positions). When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

If the financial instruments are not listed in an active market, the fair value is determined using appropriate valuation techniques which include recent arm's length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Fair value hierarchy

PFRS 13 requires certain disclosures that include the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

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

Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

As at March 31, 2017 and 2016, the Company does not have financial assets and financial liabilities carried at fair value.

Financial assets

The Company classifies its financial assets as (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables, and (d) available-for-sale (AFS) financial assets.

(a) Financial assets at FVPL

Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Subsequent to initial recognition, the financial assets at FVPL are measured at fair value with changes in fair value recognized in profit or loss.

The Company reclassifies financial assets at FVPL if, and only if, it changes its model for managing financial assets at FVPL or if the financial assets are no longer held for the purpose of being sold or repurchased in the near term.

For financial assets reclassified out of financial assets at FVPL, the reclassification is applied prospectively from the reclassification date. Any gains or losses previously recognized in profit or loss are not restated as OCI. Once reclassified, the Company is not allowed to reclassify the AFS financial assets to financial assets at FVPL.

Any subsequent unrealized gains or losses from change in market value are recognized as OCI in the AFS reserve until the investment is derecognized.

As at March 31, 2017 and 2016, the Company does not have financial assets at FVPL.

(b) HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company’s management has the positive intention and ability to hold to maturity. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in profit or loss when the HTM investments are derecognized or impaired, as well as through the amortization process.

As at March 31, 2017 and 2016, the Company does not have HTM investments.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value, which is the cash given to originate the loan or receivable, including any transaction costs. Loans and receivables are subsequently measured at amortized cost, less impairment in value. Amortization is determined using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through amortization process. Unearned discount is recognized as income over the life of the loan using the effective interest method.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Loans and receivable are included in current assets if maturity is within 12 months or the Company's normal operating cycle, whichever is longer, from the reporting date. Otherwise, these are classified as noncurrent.

The Company's cash on hand and in banks, trade and other receivables, rental deposit and due from a related party are included in this category (Notes 7, 8, 9 and 18).

(d) AFS financial assets

AFS financial assets include investments in equity and debt securities. Equity investments classified as AFS are those which are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as OCI or other comprehensive losses in the statement of comprehensive loss until the investment is derecognized, at which time the cumulative gain (loss) is recognized in profit or loss, or determined to be impaired, at which time the cumulative loss previously recognized as other comprehensive loss in the statement of comprehensive loss is recognized in profit or loss.

The Company evaluates its AFS financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

As at March 31, 2017 and 2016, the Company does not have AFS financial assets.

Financial liabilities

Financial liabilities are classified as (a) financial liabilities at FVPL (including financial liabilities held for trading and those that are designated at fair value), and (b) other financial liabilities measured at amortized cost.

(a) Financial liability at FVPL

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Gains and losses arising from changes in the fair value of financial liabilities classified as held for trading are included in profit or loss.

As at March 31, 2017 and 2016, the Company does not have financial liabilities at FVPL.

(b) Other financial liabilities

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals; however, the uncertainty is generally much less than for provisions.

Accounts payable and other liabilities are recognized in the year in which the related money, goods or services are received or when a legally enforced claim against the Company is established. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Company's trade and other payables and due to related parties are included in this category (Notes 11 and 18).

Impairment of financial assets

Assessment of impairment

The Company assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any difference between loss estimates and actual loss experience.

The determination of impairment losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Evidence of impairment

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of loan or advances by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment on assets carried at amortized cost

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original EIR (i.e. the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

Impairment on assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an asset carried at cost such as an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment on AFS financial assets

In the case of equity securities classified as AFS financial assets, indicators of impairment would include a significant or prolonged decline in the fair value of the securities below cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the equity securities previously recognized in profit or loss, is removed from equity and recognized in profit or loss for the period.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recognized in profit or loss as part of interest income.

Reversal of impairment loss

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its cost or amortized cost at the reversal date.

Derecognition of financial instruments

A financial asset or, where applicable, a part of a financial asset is derecognized when: (a) the rights to receive cash flows from the asset have expired; (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or (c) the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of ownership of the asset, or has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.4 Prepayments and other current assets

Prepayments include expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged as expense in profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current asset when the cost of the prepayment is expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non current.

Other current assets are recognized when the Company expects to receive future economic benefits and the amount can be measured reliably.

2.5 Rental deposit

Rental deposit under the operating lease agreement is initially measured at its fair value, which is equal to the present value of future cash flows using an appropriate discount rate. The discount rate used approximates the prevailing rate of return for financial instruments having substantially the same terms and characteristics, including the remaining term over which the contractual interest rate is fixed and the remaining term to refund of the deposit. The difference between the present value of refundable lease deposit and the actual consideration received is recognized as prepaid rent under other current assets in the statement of financial position. After initial recognition, the rental deposit and the related interest income are measured at amortized cost using the effective interest method over the period of the lease. Accretion of interest and amortization of prepaid rent from discounting of refundable lease deposit are presented within interest income.

2.6 Tax credit claim from input value added tax (VAT)

Tax credit claim from input VAT is stated at face value less provision for impairment, if any. Provision for unrecoverable tax credit claim from input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claim. The Company, on a continuing basis, makes a review of the status of the claim designed to identify those that may require provision for impairment losses.

A provision for impairment of unrecoverable tax credit claim from input VAT is established when there is objective evidence, including compliance with the regulatory requirements of the local tax authorities, that the Company will not be able to recover the claims. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized within operating expenses in profit or loss.

Tax credit claim from input VAT is derecognized when actually collected or disallowed by the tax authority.

2.7 Property and equipment, net

Property and equipment are initially measured at cost less any subsequent accumulated depreciation, amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, import duties, taxes and directly attributable costs of bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when the expenditures have resulted in increase in future economic benefits in excess of the originally assessed standard of performance of the existing asset. Expenditures for repairs and maintenance are charged to the operations during the year in which they are incurred.

Depreciation is provided on all other items of property and equipment and is computed on a straight-line method based upon the estimated useful lives of the assets. The useful lives of properties are as follows:

Furniture and fixtures	-	3 years
Computer and office equipment	-	4 years

An asset is depreciated when it is available for use until it is derecognized even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in statement of comprehensive income.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and any impairment loss are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

Gains and losses on disposals are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and are recognized in profit or loss.

2.8 Impairment of non-financial assets

At each financial date, the Company reviews the carrying amounts of noncurrent assets to determine whether there is any indication of impairment. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of the assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the Company's profit or loss.

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. A reversal of impairment loss is credited to current operations.

2.9 Provisions and contingencies

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is charged against profit or loss, net of any reimbursement.

Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the financial statements. These are only disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

2.10 Equity

Share capital, both subscribed and issued, is determined using the nominal value of shares that have been issued or subscribed.

Retained earnings include all current and prior period results as disclosed in the statements of comprehensive loss, net of dividends declared.

2.11 Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured.

The Company's revenue arises from rendering information technology (IT) consultancy and services.

The additional specific recognition criteria for each type of revenue are as follows:

Interest income

Interest income is recognized as the interest accrues on a timely basis with reference to the principal outstanding and at the EIR applicable.

Other income

Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company and that can be measured reliably.

2.12 Cost and expense recognition

Cost and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the profit or loss are presented using the function of expense method.

2.13 Foreign exchange transactions

The functional and presentation currency of the Company is the Philippine Peso. Transactions in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the date on which the transaction took place. Foreign currency denominated monetary assets and liabilities of the Company are translated using the prevailing exchange rate as at financial position date. Gains or losses arising from these transactions and translation are credited or charged to income for the year.

2.14 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease, only if one of the following applies:

a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Leases where the lessor retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in statement of comprehensive loss on a straight-line basis over the lease term.

2.15 Income tax

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax assets and current tax liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, determined at the end of every quarter, subject to adjustments at the end of the period when a final or adjustment return is filed and the corresponding annual income tax is computed and determined to be recovered or paid. The tax currently payable is based on taxable income for the year. Taxable income differs from net income as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated on the basis of the tax rates and laws enacted or substantively enacted at the financial reporting date.

Current tax is recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in OCI or directly in equity account), in which case, the tax is also recognized outside profit or loss.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit and are accounted for using the liability method, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and joint arrangements where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and NOLCO can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.16 Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control of the group are also considered related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely on the legal form. The key management personnel of the Company is also considered to be related party.

2.17 Employee benefits

Short-term benefits

Short-term benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Company to its employees include salaries and wages, government-mandated benefits and other employee benefits.

Retirement benefits

Post-employment benefit is provided to employees through a defined benefit plan.

Retirement benefit cost is determined using the projected unit credit method. This method reflects the services rendered by the employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. The components of defined benefit cost include service cost, net interest on the net defined benefit liability (asset) in the statement of comprehensive income, and remeasurements of the net defined benefit liability (asset) in OCI. Remeasurements of the net defined benefit liability (asset) recognized in OCI shall not be reclassified to statement of comprehensive income in a subsequent period.

The retirement benefit liability recognized is the present value of the Company's defined benefit obligation (DBO) as of financial reporting date. An actuary, using the projected unit credit method, calculates the DBO. The present value of the DBO is determined by discounting the estimated future cash outflows using risk-free interest rates of bonds that have terms to maturity approximating the terms of the related retirement obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to OCI.

Past service costs are recognized immediately in statement of comprehensive income.

As at March 31, 2017, the Company did not set up retirement benefit plan for its employees. The Company has 156 employees, of whom the maximum service rendered as of financial reporting date was 2 years. Furthermore, it was incorporated only in March 2013.

2.18 Events after the financial reporting date

Post-year-end events up to the date of the auditors' report that provide additional information about the Company's position at financial reporting period (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

There are no subsequent events after the reporting date that requires adjustments or disclosures in the financial statements.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with PFRSs requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. The judgments and estimates are based on management's evaluation of relevant facts and circumstances as of the date of financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following presents a summary of these significant judgments, estimates and assumptions:

3.1 Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect in the amounts recognized in the financial statements.

Determination of functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency is determined to be the Philippine Peso (P). It is the currency that mainly influences the Company's operations.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 39 on the definitions of a financial asset, a financial liability or equity. In addition, the Company also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management's intention and ability to hold the financial instrument to maturity generally governs its classification in the Company's statements of financial position.

The classification of the Company's financial instruments is set out in Note 6 to the financial statements.

Determination of the classification of leases

The Company has entered into a lease agreement for the premises it uses for operations. The Company has determined, based on the evaluation of the terms and conditions of the lease agreement (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term and lease term is not for the major part of the asset's economic life), that the lessor retains all the significant risks and rewards of ownership of these properties.

Leases accounted for as operating leases are disclosed under Note 19.

Determination of fair value of financial instruments

The Company carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect the Company's statements of changes in equity.

The fair values of the Company's financial instruments are set out in Note 6 to the financial statements.

3.2 Estimates and assumptions

The following are the key estimates and assumptions concerning the future and other key sources of estimation uncertainty as at the financial reporting date that have a significant need of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of allowance for bad debts and probable losses

Recoverability of specific receivables is evaluated based on the best available facts and circumstances, the length of the Company's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible.

The Company recognized allowance for bad debts amounting to P269,831 and nil as at March 31, 2017 and 2016, respectively (Note 8).

Estimation of useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease noncurrent assets.

The estimated useful lives of property and equipment are set out in Note 2.7.

The carrying value of property and equipment amounts to P506,501 and P583,941 as at March 31, 2017 and 2016, respectively (Note 10).

Accumulated depreciation of the Company's property and equipment amounted to P471,775 and P223,028, as at March 31, 2017 and 2016, respectively (Note 10).

Measurement of financial assets

The Company carries certain financial assets at fair value, which requires use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any changes in fair value of these financial assets would affect profit or loss and equity. The fair value of the Company's financial instruments is disclosed in Note 6.

Impairment of non-financial assets

At each financial position date, the Company assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. A reversal of impairment loss is credited to current operations.

Based on management's assessment, the Company's non-financial assets except for input VAT amounting to P552,948 and P499,444 are not impaired as at March 31, 2017 and 2016, respectively (Note 9).

Realizability of deferred tax assets

The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces them to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. Estimates of future taxable income indicate that temporary differences will be realized in the future.

NOTE 4 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's business activities expose it to various financial risks such as liquidity risk, credit risk and interest rate risk. Management ensures that it has sound policies and strategies in place to minimize the potential adverse effects of these risks on the Company's financial performance.

Risk management structure

The BOD has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the BOD is to set polices that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Financial risk management objectives and policies

The Company is exposed to a variety of financial risks, which result from both its operating, financing and investing activities. The Company's principal financial instruments comprise cash, trade and other receivables, rental deposits, due from related party, due to related parties, and trade and other payables. The main purpose of these financial instruments is to facilitate the financing needs of the Company's operations.

Company policies and guidelines cover credit risk, interest rate risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's results and financial position. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is mainly exposed to credit risk on cash in banks, trade and other receivables, due from a related party and rental deposits with maximum exposure equivalent to its carrying amounts. Further, credit risk is being managed with the selection and acceptance of counterparties with acceptable credit standing.

With respect to credit risk arising from the financial assets of the Company, which comprise cash in banks, trade and other receivables, due from a related party and rental deposits, the Company's exposure to credit risk could arise from default of the party, having a maximum exposure equal to the carrying amounts of these instruments.

The total carrying amount of financial assets represents the maximum credit exposure. The maximum exposures to credit risk before collateral held or other credit enhancements are as follows:

	2017	2016
Cash in banks (Note 7)	**P4,866,910**	P2,389,654
Trade and other receivables, net (Note 8)	**48,312,402**	27,307,988
Due from a related party (Note 18)	**1,413,921**	-
Rental deposit (Note 9)	**211,860**	198,000
	P54,805,093	P29,895,642

The Company manages credit risk on its cash in banks by placing deposits in universal banks. Rental deposits are held with unrated counterparties but with no history of default.

These financial assets are neither past due nor impaired and are considered to be fully performing. The maximum exposure to credit risk is equal to the amount shown in the statement of financial position.

Credit quality per class of financial assets

The Company's bases in grading its financial assets are as follows:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard - These are receivables that can be collected provided the Company makes persistent effort to collect them.

The Company's cash in banks, trade and other receivables, due from a related party and rental deposits are classified as high grade financial assets.

The tables below show the credit quality by class of financial assets as at March 31 (amounts gross of allowances):

	2017				
	Neither past due nor impaired				
	High grade	**Standard grade**	**Substandard grade**	**Impaired**	**Total**
Cash in banks (Note 7)	**P4,866,910**	**P-**	**P-**	**P-**	**P4,866,910**
Trade and other receivables (Note 8)	**48,312,402**	**-**	**-**	**269,831**	**48,582,233**
Due from a related party (Note 18)	**1,413,921**	**-**	**-**	**-**	**1,413,921**
Rental deposit (Note 9)	**211,860**	**-**	**-**	**-**	**211,860**
	P54,805,093	**P-**	**P-**	**P269,831**	**P55,074,924**

	2016				
	Neither past due nor impaired				
	High grade	Standard grade	Substandard grade	Impaired	Total
Cash in banks (Note 7)	P2,389,654	P-	P-	P-	P2,389,654
Trade and other receivables (Note 8)	27,307,988	-	-	-	27,307,988
Due from a related party (Note 18)	-	-	-	-	-
Rental deposit (Note 9)	198,000	-	-	-	198,000
	P29,895,642	P-	P-	P-	P29,895,642

The Company does not hold any collateral or other credit enhancements to cover this credit risk. Receivable balance is being monitored on a regular basis to ensure timely execution of necessary collection efforts.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met. To cover the Company's financing requirements, financial readiness is maintained in the form of available liquid funds.

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreement as at March 31:

	2017				
	Carrying amount	**Total**	**On demand**	**Within one year**	**Beyond one year**
Accrued expenses (Note 11)	**P2,487,766**	**P2,487,766**	**P-**	**P2,487,766**	**P-**
Accounts payable (Note 11)	**803,777**	**803,777**	**-**	**803,777**	**-**
Advances from officers (Note 11)	**-**	**-**	**-**	**-**	**-**
Due to related parties (Note 18)	**26,530,722**	**26,530,722**	**26,530,722**	**-**	**-**
	P29,822,265	**P29,822,265**	**P26,530,722**	**P3,291,543**	**P-**

	2016				
	Carrying amount	Total	On demand	Within one year	Beyond one year
Accrued expenses (Note 11)	P3,170,079	P3,170,079	P-	P3,170,079	P-
Accounts payable (Note 11)	115,512	115,512	-	115,512	-
Advances from officers (Note 11)	113,082	113,082	-	113,082	-
Due to related parties (Note 18)	10,166,547	10,166,547	10,166,547	-	-
	P13,565,220	P13,565,220	P10,166,547	P3,398,673	P-

Financial assets held to manage liquidity consist of cash on hand and in banks amounted to P4,876,910 and P2,422,412 as at March 31, 2017 and 2016, respectively. These are realizable within one year.

There are no financial assets pledged as collateral for the Company's financial liabilities. The Company does not hold any collateral of a financial or non-financial nature for which it is permitted to sell or re-pledge in the absence of default by the owner of the collateral.

Market risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rate, foreign currency exchange rate, equity prices and other market changes. The Company's market risk is manageable within conservative bounds. As at March 31, 2017 and 2016, the Company has not engaged in trading financial instruments.

Interest rate risk

Interest rate risk is usually classified as cash flow and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rates for the interest-bearing financial instruments are as follows:

	Due and Demandable	**1-2 Years**	**2-3 Years**	**More than 3 Years**
Cash in bank	0.01%	-	-	-

The effect of the change in interest rate does not have any significant impact to the Company. There is no interest rate risk sensitivity analysis on financial instruments with fixed rate.

NOTE 5 – CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for its shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Company regards the following items as the capital it manages as at March 31, 2017 and 2016:

	2017	2016
Share capital (Note 12)	**P8,600,000**	P8,600,000
Retained earnings	**13,579,346**	6,605,531
	P22,179,346	P15,205,531

There are no changes in the Company’s approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

NOTE 6 – FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities at March 31, 2017 and 2016 are as follows:

	2017		2016	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Cash on hand and in banks (Note 7)	**P4,876,910**	**P4,876,910**	P2,422,412	P2,422,412
Trade and other receivables, net (Note 8)	**48,312,402**	**48,312,402**	27,307,988	27,307,988
Due from a related party (Note 18)	**1,413,921**	**1,413,921**	-	-
	P54,603,233	**P54,603,233**	P29,730,400	P29,730,400
Financial liabilities				
Trade and other payables (Note 11)	**P3,291,543**	**P3,291,543**	P3,555,550	P3,555,550
Due to related parties (Note 18)	**26,530,722**	**26,530,722**	10,166,547	10,166,547
	P29,822,265	**P29,822,265**	P13,722,097	P13,722,097

**Excluding government liabilities and output VAT amounting to P4,505,579 and P2,298,582 as at March 31, 2017 and 2016, respectively.*

Interest income earned from cash in bank amounted to P1 and nil in 2017 and 2016, respectively. Foreign exchange loss amounted to P900,973 and P1,790 in 2017 and 2016, respectively (Notes 7 and 15).

Fair value determination of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 on the degree to which the fair value is observable.

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

Cash on hand and in banks, trade and other receivables, due from a related party, rental deposits, due to related parties, and trade and other payables have no published market values as they all pertain to unquoted financial assets and liabilities. Their carrying values approximate their fair values.

NOTE 7 – CASH ON HAND AND IN BANKS

The details of the account are as follows:

	2017	2016
Cash in banks	**P4,866,910**	P2,389,654
Petty cash fund	**10,000**	32,758
	P4,876,910	P2,422,412

Cash in banks consist of savings and current accounts. It earns interest at the daily bank deposit rate of 0.01% amounting to P1 and nil for the fiscal years ended March 31, 2017 and 2016, respectively (Note 15).

NOTE 8 – TRADE AND OTHER RECEIVABLES, NET

The details of the account are as follows:

	2017	2016
Accounts receivable - trade	**P48,114,852**	P27,307,988
Advances to officers and employees	**197,550**	-
	P48,312,402	P27,307,988

The details of the accounts receivable - trade are as follows:

	2017	2016
Accounts receivable	**P48,384,683**	P27,307,988
Allowance for bad debts	**(269,831)**	-
	P48,114,852	P27,307,988

Accounts receivable includes receivable from customers for the services rendered by the Company.

The details of allowance for doubtful accounts are as follows:

	2017	2016
Beginning balance	**P-**	P-
Provision for bad debts (Note 16)	**269,831**	-
Ending balance	**P269,831**	P-

NOTE 9 – PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the account at March 31 are as follows:

	2017	2016
Prepaid expense	**P552,948**	P198,000
Rental deposit	**211,860**	198,000
Deferred input vat	**95,024**	95,024
Input vat	**83,658**	52,248
Advances to supplier	**-**	301,444
	P943,490	P844,716

Prepaid expenses include services paid by the Company in advance for its advertisement, payroll software and health insurance plan. These are costs that have been paid but have not yet been used up or have not yet expired as at financial reporting date.

Deferred input vat arises from accrual of professional fees.

NOTE 10 – PROPERTY AND EQUIPMENT, NET

The details of this account are as follows:

	2017			
	Furniture and fixtures	**Office equipment**	**Computer equipment**	**Total**
Cost				
At April 1, 2016	**P277,053**	**P3,393**	**P526,523**	**P806,969**
Additions	**13,612**	**44,756**	**112,939**	**171,307**
At March 31, 2017	**290,665**	**48,149**	**639,462**	**978,276**
Accumulated depreciation				
At April 1, 2016	**44,614**	**848**	**177,566**	**223,028**
Depreciation (Note 16)	**96,132**	**6,235**	**146,380**	**248,747**
At March 31, 2017	**140,746**	**7,083**	**323,946**	**471,775**
Net book value				
At March 31, 2017	**P149,919**	**P41,066**	**P315,516**	**P506,501**

	2016			
	Furniture and fixtures	Office equipment	Computer equipment	Total
Cost				
At April 1, 2015	P-	P3,393	P269,160	P272,553
Additions	277,053	-	257,363	534,416
At March 31, 2016	277,053	3,393	526,523	806,969
Accumulated depreciation				
At April 1, 2015	-	-	62,336	62,336
Depreciation (Note 16)	44,614	848	115,230	160,692
At March 31, 2016	44,614	848	177,566	223,028
Net book value				
At March 31, 2016	P232,439	P2,545	P348,957	P583,941

As at March 31, 2017 and 2016, the management believes that the net carrying amount of property and equipment can be fully recovered through use in its operation, and sees no indication of impairment.

There are no property and equipment used as security for any liabilities of the Company.

NOTE 11 – TRADE AND OTHER PAYABLES

The details of this account are as follows:

	2017	2016
Accrued expenses	**P2,487,766**	P3,170,079
Deferred output value-added taxes	**1,753,657**	376,196
Government liabilities	**1,666,302**	899,652
Accounts payable	**803,777**	115,512
Output value-added taxes	**303,235**	75,230
Wages clearing	**-**	80,219
Advances - intellicare	**-**	76,658
Advances from officers	**-**	113,082
	P7,014,737	P4,906,628

Accrued expenses pertains to accrual of payroll, utilities, communication, association dues, courier fees and other expenses incurred by the Company that are not yet paid during the financial period.

Deferred output value-added taxes are set up by the Company for sale of services on credit.

NOTE 12 – SHARE CAPITAL

The Company has an authorized capital stock of P34,400,000 divided into 344,000 ordinary shares at a par value of P100 per share.

The details of share capital are as follows:

	2017	
	No. of shares	**Amount**
Authorized		
Ordinary shares, P100 par value	**344,000**	**P34,400,000**
Share capital		
Subscribed shares	**86,000**	**P8,600,000**
Subscription receivable	**-**	**-**
Issued and outstanding shares	**86,000**	**P8,600,000**

	2016	
	No. of shares	Amount
Authorized		
Ordinary shares, P100 par value	344,000	P34,400,000
Share capital		
Subscribed shares	86,000	P8,600,000
Subscription receivable	-	-
Issued and outstanding shares	86,000	P8,600,000

NOTE 13 - REVENUE

The Company's revenue from rendering consultancy and IT services amounted to P86,923,434 and P70,353,558 for the years ended March 31, 2017 and 2016, respectively.

NOTE 14 – COST OF SERVICE

The details of the account are as follows:

	2017	2016
Salaries and wages	**P48,312,637**	P37,641,018
Other employee benefits	**4,223,810**	3,735,459
13th month pay	**2,760,998**	3,474,174
SSS/Philhealth/Pag-ibig premium	**1,945,404**	1,769,206
Transportation and travel	**99,127**	1,277,988
Incentive leave	**500**	5,086
	P57,342,476	P47,902,931

Other employee benefits include de minimis benefits and other bonuses.

NOTE 15 – OTHER LOSSES, NET

The details of the account are as follows:

	2017	2016
Realized foreign exchange loss	**P900,973**	P-
Unrealized foreign exchange loss	**-**	1,790
Interest income	**(1)**	-
	P900,972	P1,790

Realized foreign exchange loss incurred as at March 31, 2017 was due to the payments made by the Company to its clients overseas.

NOTE 16 – GENERAL AND ADMINISTRATIVE EXPENSES

The details of the account are as follows:

	2017	2016
Salaries and wages	**P7,681,917**	P4,889,643
Professional fees	**1,664,037**	2,054,684
Other employee benefits	**983,346**	920,386
Interest paid	**939,588**	-
Rent expense (Note 19)	**937,410**	1,127,192
Transportation and travel	**681,185**	336,779
Communication	**638,108**	925,041
Taxes and licenses	**555,607**	142,585
13th month pay	**547,949**	262,126
Log in expense	**544,314**	-
Software expense	**430,000**	-
SSS/Philhealth/Pag-ibig contribution	**375,505**	243,306
Incentives	**350,852**	156,350
Provision for bad debts (Note 8)	**269,831**	-
Utilities	**255,195**	418,020
Depreciation (Note 10)	**248,747**	160,692
Advertising	**233,548**	319,307
Bank charges	**144,268**	106,660
Audit fees	**120,000**	161,000
Association dues	**100,800**	58,240
Recruitment expense	**93,717**	390,487
Training and allowances	**72,972**	90,000
Stationery and office supplies	**72,702**	103,264
Meal and transportation	**59,484**	49,614
Repairs and maintenance	**39,920**	11,242
Courier fee	**36,936**	27,650
Pantry supplies	**25,642**	30,470
Employee relations	**13,879**	70,490
Photocopying	**-**	1,224
Representation	**-**	2,745
Membership fee	**-**	50,000
Insurance expense	**-**	3,421
Miscellaneous expenses	**490,749**	19,688
	P18,608,208	P13,132,306

Miscellaneous expenses include various expenses incurred by the Company, deficiency taxes and compromise payment amounting to P210,564 and unsupported creditable withholding taxes amounting to P44,202 for the year ended March 31, 2017.

NOTE 17 – INCOME TAXES

a) The components of the Company's provision for income tax are as follows:

	2017	2016
Current	**P3,178,375**	P2,795,496
Deferred	**(80,412)**	(537)
	P3,097,963	P2,794,959

b) A reconciliation of the provision for income tax computed at the statutory income tax rate and the provision for income tax shown in the profit or loss are as follows:

	2017	2016
Income before tax	**P10,071,778**	P9,316,531
Income at statutory rate of 30%	**3,021,533**	2,794,959
Add tax effect of:		
Non-deductible expenses	**76,430**	-
	P3,097,963	P2,794,959

c) The components of the Company's deferred taxes are as follows:

	2017		2016	
	Asset	**Liability**	Asset	Liability
Provision for bad debts	**P80,949**	**P-**	P-	P-
Unrealized foreign exchange loss	**66,616**	-	67,153	-
	P147,565	**P-**	P67,153	P-

d) The movements in deferred taxes during the year are as follows:

	March 31, 2017			
	Beginning	**Charged (credited) to net income**	**Charged to equity**	**Ending**
Provision for bad debts	**P-**	**P80,949**	**P-**	**P80,949**
Unrealized foreign exchange loss	**67,153**	**(537)**	**-**	**66,616**
	P67,153	**P80,412**	**P-**	**P147,565**

	March 31, 2016			
	Beginning	Charged (credited) to net income	Charged to equity	Ending
Provision for bad debts	P-	P-	P-	P-
Unrealized foreign exchange loss	66,616	537	-	67,153
	P66,616	P537	P-	P67,153

e) The movements in income tax payable are as follows:

	2017	2016
Balance at April 1	**P947,504**	P-
Charged to profit or loss	**3,178,375**	2,795,496
Income tax paid	**(3,649,895)**	(1,847,992)
Balance at March 31	**P475,984**	P947,504

NOTE 18 – RELATED PARTY TRANSACTIONS

Transactions with related parties consist of services rendered to affiliates and interest and non-interest-bearing advances for various expenses. Both are to be settled through cash payment.

Related party	Relationship
Quess Corp. Limited	Parent company
Quess Corp. Holding Pte. Ltd. (Singapore)	Entity under common control
Quess Corp. (USA), Inc.	Entity under common control
Quess Global (Malaysia)	Entity under common control
Quess Recruit	Entity under common control

Due from a related party includes receivable from Quess Recruit for the expenses paid by the Company for its operation. This amounted to P1,413,921 and nil for the years ended March 31, 2017 and 2016, respectively.

Due to related parties include interest-bearing advances from Quess Corp. Holding Pte. Ltd. (Singapore) and Quess Corp. (USA), Inc. and non-interest-bearing advances from Quess Global (Malaysia) for payment of salaries and operating expenses of the Company. These interest-bearing advances started to incur interests of 0.8% and 8% during the fiscal year ended March 31, 2017 amounting to P161,532 and P381,063, respectively. These advances have no fixed payment terms, unsecured, unguaranteed, expected to be settled in cash and are payable on demand; thus, they are all classified as current liabilities.

No provision for bad debts expense is recognized on due from related party as the Company believes the amount can be recovered in the near future.

The details showing the nature and amount of transactions under each category for the years ended March 31, 2017 and 2016 are as follows:

2017

Related party	**Relationship /category**		**Due from a related party**	**Due to related parties**	**Terms and conditions**
Quess Corp. Holding Pte. Ltd. (Singapore)	Entity under common control	Balance at April 1, 2016	P-	P5,336,070	Interest-bearing, unsecured, 0.8% p.a. payable on demand
		Advances	-	14,411,107	
		Interest	-	161,532	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2017	-	19,908,709	
Quess Corp. (USA), Inc.	Entity under common control	Balance at April 1, 2016	-	4,830,477	Interest-bearing, unsecured, 8% p.a. payable on demand
		Advances	-	-	
		Interest	-	381,063	
		Collection	-	-	
		Payments	-	(67,177)	
		Balance at March 31, 2017	-	5,144,363	
Quess Global (Malaysia)	Entity under common control	Balance at April 1, 2016	-	-	Non-interest-bearing, unsecured, payable on demand
		Advances	-	1,477,650	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2017	-	1,477,650	
Quess Recruit	Entity under common control	Balance at April 1, 2016	-	-	Non-interest-bearing, unsecured, payable on demand
		Advances	1,413,921	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2017	1,413,921	-	
			P1,413,921	**P26,530,722**	

2016					
Related party	Relationship /category		Due from a related party	Due to related parties	Terms and conditions
Quess Corp. Holding Pte. Ltd. (Singapore)	Entity under common control	Balance at April 1, 2015	P-	P9,156,054	Interest-bearing, unsecured, 0.8% p.a. payable on demand
		Advances	-	-	
		Interest	-	-	
		Collection	-	-	
		Payments	-	(3,819,984)	
		Balance at March 31, 2016	-	5,336,070	
Quess Corp. (USA), Inc.	Entity under common control	Balance at April 1, 2015	-	-	Interest-bearing, unsecured, 8% p.a. payable on demand
		Advances	-	4,830,477	
		Interest	-	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2016	-	4,830,477	
Quess Global (Malaysia)	Entity under common control	Balance at April 1, 2015	-	-	Non-interest-bearing unsecured, payable on demand
		Advances	-	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2016	-	-	
Quess Recruit	Entity under common control	Balance at April 1, 2015	-	-	Non-interest-bearing unsecured, payable on demand
		Advances	-	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2016	-	-	
			-	P10,166,547	

Compensation of key management personnel for the fiscal years ended March 31, 2017 and 2016 amounted to P3,552,790 and P1,636,335, respectively.

NOTE 19 – CONTINGENCIES AND COMMITMENTS

The Company leases its office space with a term of one (1) year and is renewable every year under the same terms and conditions upon agreement. Rental expense incurred by the Company for the years ended March 31, 2017 and 2016 amounted to P937,410 and P1,127,192, respectively (Note 16).

NOTE 20 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

A. REVENUE REGULATIONS (RR) NO. 15-2010

In compliance with the requirements of RR No. 15-2010 issued on November 25, 2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended March 31, 2017:

1. Net sales/receipts and output VAT declared in the Company's VAT returns for 2016

   Details of the Company's gross sales/receipts of output VAT are as follows:

	Gross sales/receipts	Output VAT
Sales - taxable	P68,073,442	P8,168,813

   Total sales per Company's book for the year ended March 31, 2017 amounted to P86,923,434. The difference from the total sales per VAT return amounting to P18,849,992 pertains to uncollected sales. Sales for VAT purposes are based on collection in the kind of industry that the Company operates.

2. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on compensation and benefits	P6,408,494
Creditable withholding taxes	1,216,312
Expanded withholding taxes	131,074
	P7,755,880

3. Taxes and licenses

a. Local	
Other local taxes	P539,607
Community tax certificate	10,500
Mayor's permit	5,000
b. National	
BIR annual registration	500
	P555,607

4. Tax cases/assessments

   As at March 31, 2017, the Company has no pending tax court cases and has not received any tax assessment notice from the BIR.

B. REVENUE REGULATIONS NO. 19-2011

RR No. 19-2011 was issued on December 9, 2011 to prescribe the new BIR forms that will be used for Income Tax filing covering and starting with Calendar Year 2011, and to modify Revenue Memorandum Circular No. 57-2011. Pursuant to Section 244 in relation to Sections 6(H), 51(A)(1), and 51(A)(2) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations prescribed to revise BIR Form Nos. 1700, 1701 and 1702 to reflect the changes in information requested from the said BIR Forms and to enable the said forms to be read by an Optical Character Reader.

RR No. 2-2014 dated January 24, 2014 was issued to prescribe the new BIR forms that will be used for income tax returns filings covering and starting the taxable year ended December 31, 2013. Pursuant to Section 244, in relation to Sections 6(H), 51(A)(1) and 51(A)(2) of the Tax Code, as amended, these Regulations are issued to prescribe the use of revised income tax forms with bar codes, and to reflect the changes in information required from said forms. This will also enable the said forms to be read by an OCR for ease in scanning.

Under Guidelines and Instructions of BIR Form No. 1702, page 4, the following schedules are prescribed under existing revenue issuances which must form part of the Notes to the Audited Financial Statements:

1. Revenues

	2017
Revenue	**P86,923,434**

2. Cost of services

	2017
Salaries and wages	**P48,312,637**
SSS/Philhealth/Pag-ibig premium	**4,223,810**
Other employee benefits	**2,760,998**
13th month pay	**1,945,404**
Incentive leave	**99,127**
Transportation and travel	**500**
	P57,342,476

3. Ordinary allowable itemized deductions

	2017
Salaries and wages	**P7,681,917**
Professional fees	**1,664,037**
Other employee benefits	**983,346**
Interest paid	**939,588**
Rent expense	**937,410**
Other losses	**902,763**
Transportation and travel	**681,185**
Communication	**638,108**
Taxes and licenses	**555,607**
13th month pay	**547,949**
Log in expense	**544,314**
Software expense	**430,000**
SSS/Philhealth/Pag-ibig contribution	**375,505**
Incentives	**350,852**
Utilities	**255,195**
Depreciation expenses	**248,747**
Advertising	**233,548**
Bank charges	**144,268**
Audit fees	**120,000**
Association dues	**100,800**
Recruitment expense	**93,717**
Training and allowances	**72,972**
Stationery and office supplies	**72,702**
Meal and transportation	**59,484**
Repairs and maintenance	**39,920**
Courier fee	**36,936**
Pantry supplies	**25,642**
Employee relations	**13,879**
Miscellaneous expenses	**235,983**
	P18,986,374

4. Taxes and licenses

Details of taxes and licenses are disclosed in section A of this note.

QUESSCORP HOLDINGS PTE. LTD.
(Company Registration No.: 201526129N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

企业会计师事务所有限公司
Enterprise Assurance PAC
Chartered Accountants

TRUE NORTH GROUP
Member of the TNG Global Alliance

QUESSCORP HOLDINGS PTE. LTD.
(Company Registration No.: 201526129N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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QUESSCORP HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors are pleased to present their statement to the member of Quesscorp Holdings Pte. Ltd. (the "Company") together with the audited financial statements for the financial year ended 31 March 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date;

(b) at the date of this statement, with the continuing financial support from the holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Subrata Kumar Nag
Ajit Abraham Isaac
Jur Keckeis Roman Werner
Sandro Lang

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, none of the directors of the Company holding office at the end of the financial year had interest in the shares or debentures of the Company or any related corporations, either at the beginning of the financial year or at the end of the financial year.

5. SHARE OPTIONS

During the financial year, no options to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

6. INDEPENDENT AUDITORS

The independent auditors, Enterprise Assurance PAC, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

………………………………………
Subrata Kumar Nag
Director

………………………………………
Ajit Abraham Isaac
Director

Date: 15 May 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF QUESSCORP HOLDINGS PTE. LTD.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Quesscorp Holdings Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT

**TO THE MEMBER OF
QUESSCORP HOLDINGS PTE. LTD.**

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF
QUESSCORP HOLDINGS PTE. LTD.

Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (cont'd)

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Enterprise Assurance PAC
Public Accountants and
Chartered Accountants

Singapore

15 May 2017

60 Eu Tong Sen Street, #03-11 Furama City Centre, Singapore 059804
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QUESSCORP HOLDINGS PTE. LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 $	2016 $
ASSETS			
Non-current assets			
Investment in subsidiaries	5	54,199,520	180,158
Investment in joint venture	6	15,868	-
Other investment	7	424,222	424,222
		54,639,610	604,380
Current assets			
Loan receivables	8	6,273,346	1,581,396
Other receivables	9	86,337	24,000
Cash and bank balances	10	880,840	70,287
		7,240,523	1,675,683
Total assets		61,880,133	2,280,063
EQUITY AND LIABILITIES			
Equity			
Share capital	11	12,332,075	2,308,450
Accumulated losses		(119,500)	(32,387)
		12,212,575	2,276,063
Non-current liabilities			
Bank loan	12	20,277,734	-
Other payable	13	23,903,905	-
		44,181,639	-
Current liabilities			
Bank loan	12	2,900,850	-
Other payables	13	2,585,069	4,000
		5,485,919	4,000
Total equity and liabilities		61,880,133	2,280,063

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

QUESSCORP HOLDINGS PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Revenue		-	-
Other income	14	63,419	24,000
Finance cost	15	(123,073)	-
Other expenses		(27,459)	(56,387)
Loss before income tax	16	(87,113)	(32,387)
Income tax	17	-	-
Loss for the financial year/period, representing total comprehensive loss for the financial year/period		(87,113)	(32,387)

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

QUESSCORP HOLDINGS PTE. LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share capital $	Accumulated losses $	Total $
As at 16 June 2015 (date of incorporation)	11	1,000	-	1,000
Issue of shares	11	2,307,450	-	2,307,450
Total comprehensive loss for the financial period		-	(32,387)	(32,387)
As at 31 March 2016		2,308,450	(32,387)	2,276,063
Issue of shares	11	10,023,625	-	10,023,625
Total comprehensive loss for the financial year		-	(87,113)	(87,113)
As at 31 March 2017		12,332,075	(119,500)	12,212,575

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

QUESSCORP HOLDINGS PTE. LTD.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	01.04.2017 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Operating activities			
Loss before income tax		(87,113)	(32,387)
Adjustments for:			
Foreign exchange (gain)/loss		(1,082)	47,116
Interest expense		123,073	-
Interest income		(62,337)	(24,000)
Operating cash flows before working capital changes		(27,459)	(9,271)
Change in working capital:			
Other payable		1,000	4,000
Net cash used in operating activities		(26,459)	(5,271)
Investing activities			
Investment in subsidiaries		(27,640,758)	(180,158)
Investment in joint venture		(15,868)	-
Other investments		-	(424,222)
Loan receivables		(4,755,761)	(1,628,512)
Net cash used in investing activities		(32,412,387)	(2,232,892)
Financing activities			
Interest paid		(23,004)	-
Pledge of bank balances		(811,822)	-
Proceeds from bank loan		23,107,871	-
Proceeds from issuance of shares		10,023,598	2,308,450
Net cash from financing activities		32,296,643	2,308,450
Net change in cash and cash equivalents		(142,203)	70,287
Effect of exchange rate changes in cash and cash equivalents		140,934	-
Cash and cash equivalents at beginning of financial year/period		70,287	-
Cash and cash equivalents at end of financial year/period	10	69,018	70,287

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

These notes form an integral part of the financial statements and should be read in conjunction therewith.

1. GENERAL INFORMATION

Quesscorp Holdings Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in the Republic of Singapore. The address of the Company's registered office is at 8 Temasek Boulevard, #32-01 Suntec Tower Three, Singapore 038988.

The Company is a wholly-owned subsidiary of Quess Corp Limited, a company incorporated in India, which is its immediate and ultimate holding company.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Notes 4 to the financial statements.

2. GOING CONCERN

For the financial year ended 31 March 2017, the Company has net loss of $87,113 (16.06.2015 to 31.03.2016: $32,387) and net cash used in operating activities of $26,459 (16.06.2015 to 31.03.2016: $5,271). Notwithstanding the above, the financial statements of the Company have been prepared on a going concern basis, as the holding company has committed to provide continuing financial support to the Company to enable it to continue operating as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of preparation (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Estimates and underlying assumptions are reviewed on an ongoing 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 amount recognised in the financial statements are described in Note 4.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Company, except as explained in Note 3.3, which addressed changes in accounting policies.

3.2 Basis of consolidation

These financial statements are separate financial statements of Quesscorp Holdings Pte. Ltd. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly-owned subsidiary of Quess Corp Limited (QCL), a company incorporated in India.QCL produces consolidated financial statements available for public use. The registered office of QCD, where those consolidated financial statements can be obtained is at Quess House, 3/3/2 Bellandur Gate, Sarjapur Road, Bangalore 560103, Karnataka, India.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Changes in accounting policies

On 1 April 2016, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

Interpretations and amendments to published standards effective in 2016

Amendments to FRS 1 *Disclosure Initiative*

The Company has applied these amendments for the first time in the current year. The amendments clarify the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will be subsequently be reclassified to profit or loss.

- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

The application of amendments to FRS 1 has not resulted in any impact on the financial performance or financial position of the Company.

Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*

FRS 27 requires an entity to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28. The accounting option must be applied by category of investments.

The Company accounts for its investment in subsidiaries, joint ventures and associates at cost. The application of amendments to FRS 27 has not resulted in any impact on the financial performance or financial position of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 New or revised accounting standards and interpretations

A number of new standards, amendments to standards and interpretations have been issued are not effective and have not been applied in preparing these financial statements.

<u>Amendments to FRS 7 *Statement of Cash Flows*</u>

The amendments to FRS 7 require new disclosures about changes in liabilities arising from financing activities in respect of:

(a) changes from financing cash flows;
(b) changes arising from obtaining or losing control of subsidiaries or other businesses;
(c) the effect of changes in foreign exchange rates;
(d) changes in fair values; and
(e) other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities.

Amendments to FRS 7 are effective for accounting periods beginning on or after 1 January 2017. Early adoption is permitted. Management is currently evaluating the impact of the above amendments to FRS on the financial statements of the Company.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance included FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognizes revenue when (or as) as performance is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 New or revised accounting standards and interpretations (cont'd)

FRS 115 *Revenue from Contracts with Customers* (cont'd)

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

Either a full or modified retrospective application is required for accounting periods beginning on or after 1 January 2018 with early adoption permitted. The management anticipates that the application of FRS 115 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 115 until the Company performs a detailed review.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

  Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI).

  All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 New or revised accounting standards and interpretations (cont'd)

FRS 109 *Financial Instruments* (cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management of the Company anticipates that the application of FRS 109 may have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 109 until the Company undertakes a detailed review.

INT FRS 122 *Foreign Currency Transactions and Advance Consideration*

FRS 21 requires a foreign currency transaction to be recorded using spot exchange rate at the date of transaction. This interpretation clarifies that when an entity pays or receives consideration in advance in a foreign currency, the date of transaction for the purpose of determining the transaction rate on initial recognition of the related asset, expense or income (or part of it) is the date on which the entity initially recognises the non-monetary asset or liability (such as prepayment or deferred income) arising from the advance consideration. As such, no exchange gain will arise from the transfer of non-monetary asset or liability recognised for advance consideration to the related asset, expense or income at initial recognition. The interpretation applies to annual periods beginning on or after 1 January 2018, which an entity may elect to apply either retrospectively or prospectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Foreign currency

Presentation and functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Company are presented in Singapore dollar which is the Company's functional currency.

Currency translation

Transactions in a currency other than Singapore dollar ("foreign currency") are translated into United States dollar using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.6 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle.
(ii) Held primarily for the purpose of trading.
(iii) Expected to be realised within twelve months after the reporting period.
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle.
(ii) It is held primarily for the purpose of trading.
(iii) It is due to be settled within twelve months after the reporting period.
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Investment in subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investment in subsidiaries is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investment, the difference between disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

3.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

The Company recognizes its interest in a joint venture as an investment. Investment in join venture is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investment, the difference between disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the end of the reporting period, which are presented as non-current assets. Loans and receivables include loans receivable, other receivable and cash and cash equivalents.

Loans and receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Loans and other receivable

Loans and other receivable are recognised at their original amounts which represents their fair values on initial recognition.

An allowance is made for uncollectible amounts when there is objective evidence that the Company will not be able to collect the debt. An estimate for doubtful debts is made when the collection of full amount is no longer probable. Bad debts are written off when identified.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate their fair value.

3.13 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit or loss, to the extent that the carrying value of asset does not exceed its amortised cost at the reversal date.

3.14 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3.16 Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the reporting date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other borrowings that are due to be settled more than 12 months after the reporting date are presented as non-current borrowings in the statement of financial position.

3.17 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3.18 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and when the specific criteria for each of the Company's activities are met as follows:

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

3.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.22 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax is recognised as an expense or income in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Income taxes (cont'd)

Current tax

Current taxes are recognised in profit or loss except that tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when liability is settled or the asset realised based on the tax rates (and the tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.23 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.23 Related parties (cont'd)

(b) An entity is related to the Company if any of the following condition applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others).
(ii) One of the entities is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint venture of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.24 Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Company.

3.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured within sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the statement of financial position of the Company.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

The preparation of the Company's financial statement requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of non-financial assets

The Company performs annual impairment testing of non-financial assets, including investments in subsidiaries, joint ventures and other investment, with indications of impairment. The impairment testing of non-financial assets, including investments in subsidiary and joint venture, with indications of impairment requires an estimation of the asset's value in use. As at reporting date, the carrying amount of investments in subsidiaries, joint venture and other investment are disclosed in Notes 4, 5 and 6 to the financial statements.

(b) Impairment of loan receivables

The Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Actual results may differ from management's estimates. The carrying amounts of the Company's loans receivable from subsidiaries and related companies at the end of the reporting period are disclosed in Note 8 to the financial statements.

4.2 Judgments made in applying accounting policy

Management is of the opinion that any instance of application of judgment is not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation mentioned above.

5. INVESTMENT IN SUBSIDIARIES

	2017 $	2016 $
Unquoted shares at cost	54,199,520	180,158

Details of the subsidiaries are as follows:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	2016
Comtel Solutions Pte. Ltd. [1]	Singapore	Consultancy services	64	-
MFXchange Holdings, Inc [2]	USA	Information technology	51	51
Quessglobal Malaysia Sdn. Bhd.	Malaysia	Staffing	100	100
Randstad Lanka (Private) Limited	Sri Lanka	IT staffing	100	-

[1] Shares in this subsidiary is pledged to a bank for bank loan (Note 12).

[2] 49% equity interest in the subsidiary is held by a related company.

6. INVESTMENT IN JOINT VENTURE

The Company has 49% interest in the ownership and voting rights in a joint venture, Himmer Industrial Sdn. Bhd. This joint venture is incorporated in Malaysia and is a strategic venture in the business. The Company jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

7. OTHER INVESTMENTS

	2017	2016
	$	$
Investment in sole establishments	424,222	424,222

This relates to an interest in sole establishments established in Dubai, in which the Company has neither control nor significant influence.

Other investments are stated at cost less accumulated impairment loss, if any.

8. LOAN RECEIVABLES

	2017	2016
	$	$
Loan receivables from		
Subsidiaries	3,031,082	316,772
Related companies	3,242,264	1,264,624
	6,273,346	1,581,396

Loan receivables from subsidiaries and related companies are unsecured, bear interest at 2.25% (2016: 7.60%) per annum and are repayable upon demand in cash.

Loan receivables at the end of the reporting period are denominated in the following currencies:

	2017	2016
	$	$
Singapore dollar	2,466,343	560,948
Malaysia ringgit	1,115,645	-
United States dollar	2,691,358	1,020,448
	6,273,346	1,581,396

9. OTHER RECEIVABLES

	2017	2016
	$	$
Interest receivables from:		
Subsidiaries	43,334	7,260
Related companies	43,003	16,740
	86,337	24,000

9. OTHER RECEIVABLES (Cont'd)

Other receivables at the end of the reporting period are denominated in the following currencies:

	2017 $	2016 $
Malaysia ringgit	18,478	-
Singapore dollar	31,164	7,503
United States dollar	36,695	16,497
	86,337	24,000

10. CASH AND BANK BALANCES

	2017 $	2016 $
Cash at banks	880,840	70,287

Cash at banks earns interest at the prevailing bank interest rate.

Bank balances of $811,822 (2016: $Nil) are pledged in connection of bank loan obtained (Note 12).

Cash and bank balances at the end of the reporting period are denominated in the following currencies:

	2017 $	2016 $
Singapore dollar	67,778	70,287
Sri Lankan rupee	1,240	-
United States dollar	811,822	-
	880,840	70,287

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	2017 $	2016 $
Cash at banks	880,840	70,287
Less: Pledged bank balances	(811,822)	-
Cash and cash equivalents	69,018	70,287

11. SHARE CAPITAL

	2017 No. of shares	2017 $	2016 No. of shares	2016 $
Issued and fully paid				
At beginning of financial year/period	2,308,450	2,308,450	1,000	1,000
Issue of shares	10,023,576	10,023,576	2,307,450	2,307,450
At end of financial year/period	12,332,026	12,332,026	2,308,450	2,308,450

On 16 June 2015 (date of incorporation), 1,000 ordinary shares were issued for a total consideration of $1,000 in cash to the subscriber to the Memorandum and Articles of Association.

On 27 August 2015, the Company's issued 213,583 ordinary shares for a total consideration of $213,583 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 8 December 2015, the Company's issued 641,398 ordinary shares for a total consideration of $641,398 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 28 January 2016, the Company's issued 418,410 ordinary shares for a total consideration of $418,410 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 24 February 2016, the Company's issued 421,940 ordinary shares for a total consideration of $421,940 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 28 March 2016, the Company's issued 612,168 ordinary shares for a total consideration of $612,168 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 24 May 2016, the Company issued 1,518,505 ordinary shares for a total consideration of $1,518,505 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 26 August 2016, the Company issued 604,231 ordinary shares for a total consideration of $604,231 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 5 October 2016, the Company issued 613,497 ordinary shares for a total consideration of $613,497 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

11. SHARE CAPITAL (Cont'd)

On 18 November 2016, the Company issued 1,666,666 ordinary shares for a total consideration of $1,666,666 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 25 January 2017, the Company issued 416,743 ordinary shares for a total consideration of $416,743 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 13 February 2017, the Company issued 5,203,934 ordinary shares for a total consideration of $5,203,934 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

The newly issued ordinary shares ranked *pari passu* in all respects with the existing ordinary shares.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

12. BANK LOAN

	2017 $	2016 $
Bank loan – secured	23,178,584	-
Disclosed as:		
- Non-current liability	20,277,734	
- Current liability	2,900,850	-
	23,178,584	-

Bank loan bears interest at 3 months Libor rate plus 2.50% per annum and is repayable in 8 instalments by 30 June 2016. The bank loan is secured by:
- Fixed and current assets of the Company excluding long-term investments;
- Undertaking from its holding company for non-disposal of shares of the Company;
- Investment in a subsidiary newly acquired during the financial year (Note 5);
- Bank accounts maintain with the bank (Note 10); and
- Corporate guarantee from its holding company.

Bank loan at the end of the reporting period is denominated in United States dollar.

13. OTHER PAYABLES

	2017 $	2016 $
Non-current:		
Contingent consideration [(1)]	23,903,905	-
Current:		
Accruals	5,000	4,000
Contingent consideration [(1)]	2,480,000	-
Interest payable	100,069	-
	2,585,069	4,000

[(1)] During the financial year, the Company entered into share purchase agreement to acquire the share capital of Comtel Solutions Pte. Ltd. ("Comtel"), a Singapore-based company engages mainly in consultancy service, from a third party ("Vendor") in 4 tranches as follows:

First tranche
320,000 shares (64% of equity interest) to be acquired on 14 February 2017.

Second tranche
55,000 shares (11% of equity interest) to be acquired on 31 March 2018.

Third tranche
55,000 shares (11% of equity interest) to be acquired on 31 March 2019.

Fourth tranche
70,000 shares (14% of equity interest) to be acquired at the option of the Vendor, on a date between 1 April 2019 to 31 March 2022.

As the acquisition of Comtel has been completed towards end of the financial year, the management has decided to avail the one year measurement period available as per FRS 103 for completing the purchase price allocation exercise. Accordingly, for the financial year ended 31 March 2017, the Company has provisionally allocated the purchase consideration.

Other payables at the end of the reporting period are denominated in the following currencies:

	2017 $	2016 $
Non-current:		
Singapore dollar	23,903,905	-
Current:		
Singapore dollar	2,485,000	4,000
United States dollar	100,069	-
	2,585,069	4,000

14. OTHER INCOME

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Foreign exchange gain	1,082	-
Interest income from subsidiaries	36,074	7,260
Interest income from related companies	26,263	16,740
	63,419	24,000

15. FINANCE COST

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Interest expense - bank loan	123,073	-

16. LOSS BEFORE INCOME TAX

The following item has been included in arriving at loss before income tax:

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Foreign exchange gain/(loss)	1,082	(47,546)

There are no staff costs, directors' remuneration or key management personnel remuneration, for the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016.

17. INCOME TAX

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Current tax	-	-

17. INCOME TAX (Cont'd)

The reconciliation between the income tax and the product of accounting loss multiplied by the applicable corporate tax rate for the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016 are as follows:

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Loss before income tax	(87,113)	(32,387)
Tax calculated at rate of 17% (2016: 17%)	(14,809)	(5,506)
Expenses not deductible for tax	14,993	5,506
Non-taxable income	(184)	-
	-	-

18. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties on terms between the parties during the financial year/period:

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
With subsidiaries		
Expenses paid on behalf of a subsidiary	257,062	-
Interest income from subsidiaries	36,074	7,260
Loans to subsidiaries	2,686,505	316,772
Payment received from a subsidiary	463,781	-
With related companies		
Expenses paid on behalf of a related company	132	-
Interest income from related companies	26,263	16,740
Loans to related companies	2,744,774	1,264,624
Payment received from a related party	471,029	-

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2017	2016
	$	$
Financial assets		
Loans and receivables, at amortised cost	7,240,523	1,675,683
Financial liabilities		
Financial liabilities, at amortised cost	5,485,919	4,000

(b) Financial risk management policies and objectives

The main areas of financial risks faced by the Company are credit risk, liquidity risk, interest rate risk and foreign currency risk. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures these risks.

The Company's risk management approach seeks to minimise the potential material adverse effects from these exposures.

Credit risk management

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 obligation.

Credit risk concentration

At the end of the reporting period, the Company has significant concentration of credit risk arising from loans receivables of $6,273,346 (2016: $1,581,396) from its subsidiaries and related companies. Further information on these financial assets is disclosed in Note 8 to the financial statements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (cont'd)

Credit risk management (cont'd)

(i) Financial assets that are neither past due nor impaired

There are no financial assets that are neither past due nor impaired.

(ii) Financial assets that are either past due or impaired

There are no financial assets that are either past due or impaired.

Liquidity risk management

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient level of cash and cash equivalents to finance its activities.

Analysis of financial instruments by remaining contractual maturities

The following table summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligation:

	One year or less $	Two to five years $	More than five years $	Total $
At 31 March 2017				
Financial liabilities				
Bank loan	2,900,850	20,284,980	-	23,178,584
Other payables	2,585,069	19,101,177	4,802,728	26,488,974
Total undiscounted financial liabilities	5,485,919	39,386,157	4,802,728	49,667,558
At 31 March 2016				
Financial liabilities				
Other payable	4,000	-	-	4,000
Total undiscounted financial liabilities	4,000	-	-	4,000

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (cont'd)

Interest rate risk management

The Company's exposure to changes in interest rates risk arises primarily from the Company's interest-bearing bank loan. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Company's policy is to obtain the most favourable rates available to manage interest expense.

Information relating to the Company's interest rate exposure on bank loan is disclosed in Note 12 of the financial statements.

Sensitivity analysis

In managing its interest rate risk, the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, however, any prolonged adverse change in interest rate will have an impact on profit. For the bank loan, if interest rate had been 100 basis points lower/higher with all other variables held constant, the Company's profit before tax would have been $142,000 higher/lower.

The Company is not exposed to interest rate risk for financial period from 16 June 2015 (date of incorporation) to 31 March 2016.

Foreign currency risk management

The Company incurs foreign currency risk on transactions and balances that are denominated in currencies other than Singapore dollar ($). The Company does not have any formal policy with respect to foreign currency exposure but monitors it on an ongoing basis.

The Company's principal net foreign currency exposure mainly relates to United States dollar ("US$") for the financial period.

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) Financial risk management policies and objectives (cont'd)

Foreign currency risk management (cont'd)

As at the reporting date, the carrying amounts of financial assets and financial liabilities denominated in United States dollar are as follows:

	2017 $	2016 $
Financial assets		
Loan receivables	2,691,358	1,020,448
Other receivables	36,695	16,497
Cash and bank balances	811,822	-
	3,539,875	1,036,945
Financial liabilities		
Bank loan	23,178,584	-
Other payables	100,069	-
	23,278,653	-
Net exposure	(19,738,778)	1,036,945

Sensitivity analysis for foreign exchange risk

If the $ changes against the US$ by 10% each respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset position for the Company for the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016 will be as follows:

	Increase / (decrease) in profit or loss	
	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
S$ against US$		
- Strengthened	197,388	(10,369)
- Weakened	(197,388)	10,369

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(c) Fair value

Fair value of financial instruments by classes that are not carried at fair value and which carrying amounts are reasonable approximation of fair value

The carrying amounts of loan receivables, other receivables, cash and cash equivalents and other payables are assumed to approximate their respective fair values due to the relatively short term maturity of these financial instruments.

The carrying value of bank loan approximate their fair values as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Company.

Liability measured at fair value

The fair value of contingent consideration is estimated based on significant unobservable inputs at the reporting date (Level 3 of fair value hierarchy).

(d) Capital risk management policies and objectives

The capital structure of the Company comprises only of issued capital, retained earning net of accumulated loss. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016. The Company is not subjected to externally imposed capital requirements.

20. COMPARATIVE FIGURES

The financial statements cover the financial year ended 31 March 2017, whilst the comparative figures covered the financial period from 16 June 2015 (date of incorporation) to 31 March 2016. Hence, the financial statements may not be comparable.

21. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were approved and authorised for issue by the Board of Directors on 15 May 2017.

QUESSCORP HOLDINGS PTE. LTD.

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Revenue	-	-
<u>Other income</u>		
Foreign exchange gain	1,082	-
Interest income	62,337	24,000
	63,419	24,000
<u>Finance cost</u>		
Interest on bank loan	123,073	-
<u>Other expenses</u>		
Auditors' remuneration	5,000	4,000
Bank charges	6,657	772
Foreign exchange loss	-	47,546
Professional fees	15,802	4,069
	27,459	56,387
Loss before income tax	(87,113)	(32,387)

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

CONTENTS

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31st March 2017.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to date of the report are:-

Lim Seck Wah (f)	(Resigned: 12.5.2017)
Vijay Sivaram	
Anurag Gupta	(Resigned: 12.5.2017)
Abhinandan Raghuthaman	
Amitabh Jaipuria	(Appointed: 12.5.2017)

PRINCIPAL ACTIVITIES

The principal activities of the Company are providing services and consultancy and secondment of staff in information technology solutions and software development.

There have been no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

	RM
Net profit for the financial year attributable to ;	
- Owners of the Company	778,545
Net profit for the financial year	778,545

DIVIDENDS

The directors did not propose any final dividends for the financial year ended 31st March 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

ISSUE OF SHARES

The Company did not issue any new shares during the financial year.

Company No: 1127063 A

OTHER FINANCIAL INFORMATION

Before the financial statements of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability in respect of the Company which has arisen since the end of the financial year.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Company No: 1127063 A

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:-

	Number of Ordinary Shares of RM1/= each			
	As at 1.4.2016	**Bought**	**Sold**	**As at 31.3.2017**
Ultimate holding company-				
Quess Corp Limited				
Vijay Sivaram				
-Direct interest	88,384	38,525	(35,616)	91,293

Vijay Sivaram has interest in shares of the Company to the extent of his shareholdings in ultimate holding company, Quess Corp Limited.

No other directors in office held any interest in shares of the Company and the related corporations at the end of the financial year as per the register of directors shareholdings required to be kept under Section 59 of the Companies Act, 2016.

DIRECTORS REMUNERATIONS

The amounts of the remunerations of the directors of the Company comprising remuneration received from the Company during the year are as follows :

	2017 RM
Emoluments	398,993
Fees	10,625

None of the directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during the year, for any person who is the director, officer or auditor of the Company.

ULTIMATE HOLDING COMPANY

The directors regard Quess Corp Limited(Company No: U74140KA2007PLC043909), a company incorporated in India as the ultimate holding company.

HOLDING COMPANY

The directors regard Quessglobal Holdings Pte Ltd(Company No: 201526129N), a company incorporated in Singapore as the holding company.

AUDITORS REMUNERATIONS

Total amount paid to or receivable by the auditors as remuneration for their service as auditors is as follows:

	RM
Audit fees	8,997

Company No: 1127063 A

AUDITORS

The auditors, Messrs HALS & Associates have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 12 MAY 2017

Signed in accordance with a resolution of the directors:

VIJAY SIVARAM

ABHINANDAN RAGHUTHAMAN

Directors

KUALA LUMPUR

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2017

	Note	2017 RM	2016 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	126,406	12,815
Total non-current assets		126,406	12,815
CURRENT ASSETS			
Trade and other receivables	8	5,017,081	979,306
Deposits and prepayments		132,916	45,583
Cash and cash equivalent	9	808,618	90,814
Total current assets		5,958,615	1,115,703
TOTAL ASSETS		6,085,021	1,128,518
EQUITY			
Share capital	10	500,000	500,000
Retained profit/Accumulated Loss		761,856	(16,689)
Total equity		1,261,856	483,311
NON-CURRENT LIABILITIES			
Total non-current liabilities		-	-
CURRENT LIABILITIES			
Trade and other payables	11	4,589,165	644,807
Current tax liabilities		234,000	400
Total current liabilities		4,823,165	645,207
TOTAL LIABILITIES		4,823,165	645,207
TOTAL EQUITY AND LIABILITIES		6,085,021	1,128,518

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2017

	Note	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
REVENUE	12	12,400,537	1,812,598
Less: COST OF SALES		(9,543,690)	(1,222,977)
GROSS PROFIT		2,856,847	589,621
Other operating income		-	25,954
Administrative expenses		1,793,389	631,864
Profit/(Loss) from trading operations	13	1,063,458	(16,289)
Finance costs	14	51,313	-
Profit/(Loss) before taxation		1,012,145	(16,289)
Taxation	15	(233,600)	(400)
Profit/(Loss) for the year		778,545	(16,689)
Other Comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		778,545	(16,689)

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2017

	Share Capital RM	(Accumulated Loss)/ Retained Earnings RM	Total equity RM
Balance at 14th January 2015 (Date of incorporation)	2	-	2
Non-owner changes in equity			
Loss for the period	-	(16,689)	(16,289)
Total comprehensive loss for the period		(16,689)	(16,289)
Transactions with owners of the Company			
Issue of shares	499,998	-	499,998
Total transactions with owners	499,998	-	499,998
Balance at 31st March 2016	500,000	(16,689)	483,311
Non-owner changes in equity			
Profit for the year	-	778,545	778,545
Total comprehensive income for the year	-	778,545	778,545
Balance at 31st March 2017	500,000	761,856	1,261,856

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,012,145	(16,289)
Adjustments for:		
Waiver by payables	-	(25,954)
Depreciation	28,660	1,660
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	1,040,805	(40,583)
Increase in receivables	(4,125,108)	(1,024,889)
Increase in payables	3,944,358	670,761
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	860,055	(394,711)
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(142,251)	(14,475)
NET CASH USED IN INVESTING ACTIVITIES	(142,251)	(14,475)
CASH FLOW FROM FINANCING ACTIVITY		
Issue of shares	-	500,000
NET CASH GENERATED FROM FINANCING ACTIVITY	-	500,000
Net increase in cash and cash equivalents	717,804	90,814
Cash and cash equivalents at beginning of the year/period	90,814	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	808,618	90,814

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 2017

1. GENERAL

The financial statements of the Company are presented in Ringgit Malaysia (RM) which is the Company's functional currency. All financial information is presented in RM.

The Company was incorporated in Malaysia as a private company limited by shares. It is resident in Malaysia with its registered office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur and the principal place of business at Suite # 2308, Servcorp Level 2-3, NU Tower 2, Kuala Lumpur Sentral, Jalan Tun Sambanthan, 50470 Kuala Lumpur.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are providing services and consultancy and secondment of staff in information technology solutions and software development. There have been no significant changes in these activities during the financial year.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS) issued by Malaysian Accounting Standards Board's ("MASB") and the provisions of the Companies Act 2016.

3.1 Transition to new MPERS Framework

For the current year ended 31st March 2017, the Company has adopted the new Malaysian Private Entities Reporting Standard (MPERS). The date of transition to the new MPERS Framework is 15 April 2015.

Adoption of the new MPERS Framework requires that all the Standards in MPERS be applied to the Company's financial statements for the current year ended 31st March 2017, the comparative financial statements for the prior year ended 31st March 2016 and to the opening statement of financial position at the date of transition to MPERS. The transition from the previous PERS to MPERS does not have financial impact to the financial statements of the Company.

3.2 Early adoption of the Amendments to MPERS(2015)

In October 2015, the MASB issued Amendments to MPERS that are effective for financial statements beginning on or after 1 January 2017 with early application permitted. The Company has opted to early apply the Amendments for the current year ended 31 March 2017. The Amendments allow the option of the revaluation model for property, plant and equipment, align some standards to MPERS to those in the MFRS Framework and provide further clarifications and guidance on the Standards in MPERS.

The early adoption of the Amendments to MPERS has no effect on the financial statements of the Company for the current year ended 31st March 2017 and the comparative year ended 31st March 2016.

4. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company have been approved by the Board of Directors for issuance on........1 2 MAY 2017..

5. BASIS OF PREPARATION

5.1 Basis of Measurement

The financial statements of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realizable value).

5.2 Critical Judgements and Estimates Uncertainty

The preparation of the financial statements in conformity with MPERS 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 an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements other than as disclosed below:-

A. Estimation Uncertainty

(a) **Loss Allowance of Financial Assets**

The Company recognizes impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

(b) **Depreciation of Property, Plant and Equipment**

The cost of an item of property, plant and equipment is depreciated on the straight line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual value. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(c) **Measurement of Income Taxes**

Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different for the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period where such determination is made. The Company will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment

(i) Recognition and Measurement

All property, plant and equipment are initially measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self constructed assets also includes the cost of direct and indirect cost of construction.

For an exchange of non-monetary assets that has a commercial substance, cost is measured by reference to the fair value of the asset received.

All property, plant and equipment are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amounts of property, plant and equipment and is recognized net within "other income" or "other expenses" respectively in profit or loss.

(ii) **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized to profit or loss. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased 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. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The annual rates used are as follows:-

	%
Computer	20
Software	20
Furniture and fittings	20

At the end of each reporting period, the residual values, useful life and depreciation method for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

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

The carrying amounts of non-financial assets (ie. property, plant and equipment) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset, if an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a sale agreement, (ii) market price traded in an active market; and (iii) estimate of market price using the best information available. The value in use is estimated by discounting the net cash inflows (by an appropriate pre-tax discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecast cash flows.

An impairment loss is recognized if the carrying amount of an asset or its related cash- generating unit exceeds its estimated recoverable amount.

For an asset measured on a cost-based model, any impairment loss is recognized in profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognized previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognized in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognized previously.

(c) **Financial instruments**

(i) **Initial recognition and measurement**

A financial asset or financial liability is recognised in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instruments.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss, transaction cost are expensed to profit or loss when incurred) unless the arrangement constitutes, in effect, a financing transaction, If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instruments.

(ii) **Subsequent measurement**

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised costs.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 6c(v).

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method.

(iii) **Fair Value Measurement of Financial Instruments**

All other financial assets or liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

The fair value is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique.

(iv) **Recognition of Gains and Losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognized in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognized in profit or loss only when the financial asset or financial liability is derecognized or impaired, and through the amortization process of the instruments.

(v) **Impairment and Uncollectibility of Financial Assets**

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset (except for financial assets measured at fair value through profit or loss) or a group of financial assets is impaired.

An impairment loss is measured as follows:-

* For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

* For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(vi) **Derecognition**

A financial asset or part of it is derecognized when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of financial asset, the difference between the carrying amount of the financial asset derecognized and the consideration received, including any newly created rights, and obligations, is recognized in profit or loss.

A financial liability or part of it is derecognized when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(d) **Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) **Ordinary Shares**

Ordinary shares are classified as equity.

(e) **Revenue Recognition**

(i) **Services**

Revenue from services rendered is recognized in profit or loss upon services rendered and acceptance by customers.

(f) **Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized In profit or loss except to the extent that it relates to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided by the balance sheet liability method based on all taxable temporary differences by comparing carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax is not recognized if the temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time the transaction, affects neither accounting profit nor taxable profits.

Deferred tax is measured at the tax rates that is expected to be applied to the temporary differences when they reverse, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilized.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

(g) **Cash and Cash Equivalents**

Cash and cash equivalents consists of cash in hand, bank balances, deposits with bank and highly liquid investments with maturing within three months from the date of acquisition which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) **Employee Benefits**

(i) **Short term employee benefits**

Short term employee benefits in respect of wages, salaries, social security contributions, paid annual leaves, paid sick leaves, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed in the financial period when employees have rendered their services to the Company.

Bonuses are recognised as an expense when there is a present, legal or constructive obligations to make such payments, as a result of past services provided by employees and when a reliable estimate can be made of the amount of the obligations.

(ii) **Defined contribution plan**

The Company makes contributions to a statutory provident fund and recognise the contribution payable as an expense in the financial year in which the employees render their services. Once the contributions have been paid, the Company have no further payment obligations.

(p) **Currency Conversion**

Transactions denominated in foreign currencies are translated and recorded at the exchange rates prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currency are retranslated at the rates prevailing at the end of the period (ie. closing rate). Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair value were determined. Non-monetary items that are measured at their historical costs amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange gain or losses, including those arising from translation, are taken up in profit or loss.

7. **PROPERTY, PLANT AND EQUIPMENT**

2016 **Cost:**	**At 1st April 2016** **RM**	**Addition** **RM**	**At 31st March 2017** **RM**
Computer	13,725	18,191	31,916
Software	750	12,250	13,000
Furniture and fittings	-	111,810	111,810
Total	14,475	142,251	156,726

Accumulated Depreciation:	**At 1st April 2016** **RM**	**Charge for the year** **RM**	**At 31st March 2017** **RM**	**Carrying amount at 31st March 2017** **RM**	**Carrying amount at 31st March 2016** **RM**
Computer	1,635	5,023	6,658	25,258	12,090
Software	25	1,742	1,767	11,233	725
Furniture and fittings	-	21,895	21,895	89,915	-
Total	1,660	28,660	30,320	126,406	12,815

8. TRADE AND OTHER RECEIVABLES

	2017 RM	2016 RM
Current:		
Trade receivables	4,802,807	961,961
Other receivables	83,369	7,435
Amount due from related company	135,375	9,910
Total at cost	5,021,551	979,306
Less:		
Accumulated impairment losses (**)	4,470	-
	5,017,081	979,306

** Movement of impairment losses:

	2017 RM	2016 RM
Balance at beginning of the year	-	-
Allowance for doubtful debts recognised in profit or loss	4,470	-
Balance at end of the year	4,470	-

Other receivables and related company's balances represent non trade advances/loan made and are unsecured, interest free and repayable on demand.

9. CASH AND CASH EQUIVALENTS

	2017 RM	2016 RM
Cash and bank balances	808,618	90,814

10. SHARE CAPITAL

	2017 RM	2016 RM
Issued and fully paid:		
500,000 Ordinary shares	500,000	500,000

11. TRADE AND OTHER PAYABLES

	2017 RM	2016 RM
Other payables and accruals	1,003,979	207,154
Amount due to ultimate holding company	-	38,366
Amount due to holding company	3,585,186	316,000
Amount due to related company	-	74,000
Amount due to a director	-	9,287
	4,589,165	644,807

Amount due to related company, ultimate holding company and directors balances represent loan/advances made and are unsecured, interest free and repayable on demand.

The directors regard Quess Corp Limited(Company No: U74140KA2007PLCO433909), a company incorporated in India as the ultimate holding company.

The directors regard Quessglobal Holdings Pte Ltd(Company No. 201526129N), a company incorporated in Singapore as the holding company.

Amount due to holding company represent loan/advances made and are unsecured, bears interest rate of 2.25% and repayable on demand.

12. REVENUE

Revenue represents the invoiced value of services rendered net of discounts.

13. PROFIT/(LOSS) FROM TRADING OPERATIONS

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Profit/(Loss) from operations before taxation is stated after charging:-		
Audit fee		
- current year	7,497	11,500
- underprovision in prior period	1,500	-
Allowance for doubtful debts	4,470	-
Directors fees	10,625	18,400
Directors emoluments	398,993	92,216

14. FINANCE COST

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Interest charges	51,313	-

15. TAXATION

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Current year's/period's provision	234,000	400
Overprovision in prior period	(400)	-
	233,600	400

The Company has been granted Multimedia Supercoridor (MSC) status by the authority during the financial year. However, the commencement date of the tax incentive has not been fixed during the year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Profit/(Loss) before taxation	1,012,145	(16,289)
Taxation at Malaysian Statutory tax rate at 24% (2016: 24%)	242,915	(3,909)
Expenses not deductible for tax purposes	3,864	4,953
Overprovision in prior period	(400)	-
Deferred tax liability not recognised on property, plant and equipment	(12,779)	(644)
Tax expense for the year/period	233,600	400

The above are subject to the approval of the tax authorities.

15. FINANCIAL INSTRUMENTS

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorized as follows:-

(a) Financial assets and financial liabilities measured at amortised cost ("AC").

2017 Financial assets	Carrying Amount RM	AC RM
Deposit	36,625	36,625
Trade and other receivables	5,017,081	5,017,081
Cash and cash equivalent	808,618	808,618
	5,862,324	5,862,324
Financial liability		
Trade and other payables	4,589,165	4,589,165

2016 **Financial assets**	**Carrying Amount** **RM**	**AC** **RM**
Trade and other receivables	969,397	969,397
Deposit	15,916	15,916
Cash and cash equivalent	90,814	90,814
	1,076,127	1,076,127
Financial liability		
Trade and other payables	644,807	644,807

16. RELATED PARTIES

The significant related parties transactions of the Company are disclosed below:-

	2017 **RM**	**2016** **RM**
Key management personnel		
Directors:-		
- Emoluments	398,993	92,216
- Fees	10,625	18,400
Quessglobal Holdings Pte Ltd, holding company		
- interest charges	51,313	-

The related parties balances are disclosed in Note 11 to the financial statements.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, VIJAY SIVARAM and ABHINANDAN RAGHUTHAMAN , being two of the directors of QUESSGLOBAL (MALAYSIA) SDN. BHD., do hereby state that in our opinion, the financial statements set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31st March 2017 and financial performance of the Company for the financial year ended 31st March 2017 in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated

...12 MAY 2017.........

VIJAY SIVARAM

ABHINANDAN RAGHUTHAMAN

KUALA LUMPUR

DATE: 12 MAY 2017

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, VIJAY SIVARAM, Passport No.Z3290208, being the director primarily responsible for the accounting records and financial management of QUESSGLOBAL (MALAYSIA) SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 6 to 23 of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in Wilayah Persekutuan on

....12 MAY 2017......................

Before me,

PESURUHJAYA SUMPAH
No: W465
IASNI BIN YUSOFF
MALAYSIA

VIJAY SIVARAM

COMMISSIONER FOR OATHS

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur.

Company No: 1127063 A

HALS & Associates
Chartered Accountants
AF No: 0755

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quessglobal (Malaysia) Sdn. Bhd. which comprise the statement of financial position as at 31st March 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2017 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ('By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Suite 1602, 16th Floor, Wisma Lim Foo Yong, 86 Jalan Raja Chulan, 50200 Kuala Lumpur
P.O. Box 11688, 50754 Kuala Lumpur Tel :03-27320322(Hunting) Fax :03-21423116

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

* Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentations, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

HALS & Associates
AF 0755

Other Matters

1 As stated in Note 3 to the financial statements , Quessglobal (Malaysia) Sdn Bhd adopted Malaysian Private Entities Reporting Standard on 1st April 2016 with a transition date of 14th April 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Company as at 31st March 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company for the year ended 31st March 2017 and related disclosures. We were not engaged to report on the comparative information based on MPERS. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31st March 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 14th April 2015 do not contain misstatements that materially affect the financial position as at 31st March 2017 and the financial performance and cash flows for the year then ended.

2 This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HALS & ASSOCIATES
A.F. 0755
CHARTERED ACCOUNTANTS

Subramaniam Sankar
Bil 925/02/18 (J/PH)
Partner

KUALA LUMPUR

DATE: 12 MAY 2017

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

The pages which follow do not

form part of the Statutory

financial statements of the Company

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
REVENUE	12,400,537	1,812,598
Less: COST OF SALES		
Contract wages	9,543,690	1,173,669
Transportation and relocation expenses	-	4,827
Work permit	-	44,481
	(9,543,690)	(1,222,977)
GROSS PROFIT	2,856,847	589,621
Add: OTHER INCOME		
Waiver by payables	-	25,954
	2,856,847	615,575
Less:		
ADMINISTRATIVE EXPENSES (Schedule I)	(1,793,389)	(631,864)
FINANCE COST (Schedule II)	(51,313)	-
	(1,844,702)	(631,864)
PROFIT/(LOSS) BEFORE TAXATION	1,012,145	(16,289)

Schedule I

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.4.2015 To 31.3.2016 RM
Allowance for doubtful debt	4,470	-
Accomodation	-	1,610
Accounting fee	10,776	14,100
Advertisement	855	23,769
Audit fee		
- current year	7,497	11,500
- underprovision in prior period	1,500	-
Bank charges	2,169	3,656
Courier and postage	3,841	1,959
Depreciation	28,660	1,660
Directors emoluments	398,993	92,216
Directors' fee	10,625	18,400
Employee verification	2,500	-
Electricity	2,542	-
Entertainment	(19)	1,872
EPF and Socso	73,888	30,554
General expenses	2,655	20
GST not claimable	5,804	1,490
Insurance	13,116	3,102
Login cost	202,759	30,700
Maintenance	6,910	-
Office internet connection	5,310	29,572
Office refreshment	4,155	4,154
Office rental	125,358	60,347
Office team service charges	1,360	1,091
Penalty	2,205	255
Printing and stationery	8,156	7,303
Professional fee	11,118	3,000
Recruiter incentive	91,224	-
Realised loss on foreign exchange	5,317	206
Salary	532,107	226,626
Secretarial fee	4,529	16,130
Staff welfare	2,601	-
Staff claim	36,562	6,107
Taxation fee	-	530
Telephone	40,581	10,493
Travelling expenses	9,823	5,954
Uniform	-	1,050
Upkeep of office	3,012	450
Wages	118,500	19,492
Work permit	11,930	2,496
	1,793,389	631,864

Schedule II

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

FINANCE COST
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Interest charges	51,313	-

Consolidated Financial Statements

MFXCHANGE HOLDINGS, INC.

For the years ended March 31, 2017 and 2016

MFXCHANGE HOLDINGS, INC.
FINANCIAL STATEMENTS

INDEX

LIGGETT
& WEBB P.A.
CERTIFIED PUBLIC ACCOUNTANTS

432 Park Avenue South, 10th Floor
New York, NY 10016 / (212) 481-3490

1500 Gateway Boulevard, Suite 202
Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditors Report

Board of Directors
MFXchange Holdings, Inc.

Report on the Financial Statements
We have audited the accompanying consolidated balance sheets of MFXchange Holdings, Inc. ("the Company") as of March 31, 2017 and 2016, and the related consolidated statements of operations, stockholder's deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements. .

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MFXchange Holdings, Inc. as of March 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Liggett & Webb P.A.

New York, New York
May 12, 2017

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2017, AND 2016
(See Independent Auditors' Report)

ASSETS		2017		2016
Current assets:				
Cash and cash equivalents	$	3,421,428	$	2,337,775
Accounts receivable, net		989,938		1,067,794
Unbilled revenue		1,375,140		892,694
Prepaid expenses		1,146,274		1,211,555
Total current assets		6,932,780		5,509,818
Property and equipment, net		3,692,792		3,801,000
Software costs, net		446,631		285,555
Other assets		732,362		266,977
Total assets	$	11,804,565	$	9,863,350
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$	4,145,678	$	4,074,000
Accrued expenses		5,754,467		5,247,650
Deferred revenue		776,978		746,949
Capital lease, current portion		2,015,085		1,694,095
Lines of credit		4,000,000		4,000,000
Total current liabilities		16,692,208		15,762,694
Capital lease, long term portion		3,062,896		2,788,434
Total liabilities		19,755,104		18,551,128
Commitments and Contingencies		-		-
Stockholders' deficit:				
outstanding		229,050		229,050
Additional paid in capital		37,026,233		37,026,233
Accumulated deficit		(45,205,822)		(45,943,061)
Total stockholders' deficit		(7,950,539)		(8,687,778)
Total liabilities and stockholders' deficit	$	11,804,565	$	9,863,350

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
Revenue, net	$ 37,386,524	$ 35,012,928
Operating costs:		
Salaries and related benefits	12,834,068	12,029,629
Outside services	11,577,779	10,499,582
Hardware and software costs	6,780,480	7,586,492
Depreciation and amortization	1,991,274	3,183,977
General and administrative	1,716,507	2,031,796
Facility costs	1,330,162	1,331,443
Total operating expenses	36,230,270	36,662,919
Income (loss) from operations	1,156,254	(1,649,991)
Other income (expense):		
Financing expenses, net	(387,651)	(349,621)
Income (loss) before provision for income taxes	768,603	(1,999,612)
Income taxes	(31,364)	-
Net income (loss)	$ 737,239	$ (1,999,612)

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	Common Stock		Additional	Accumulated	Comprehensive	
	Shares	Amount	Paid in Capital	Deficit	Income (Loss)	Total
Balance, as of March 31, 2015	1,095	$ 229,050	$ 37,026,233	$ (43,943,449)	$ 115,566	$ (6,572,600)
Foreign currency transaction loss realized	-	-	-	-	(115,566)	(115,566)
Net loss for the year ended March 31, 2016	-	-	-	(1,999,612)	-	(1,999,612)
Balance, as of March 31, 2016	1,095	229,050	37,026,233	(45,943,061)	-	(8,687,778)
Net income for the year ended March 31, 2017				737,239		737,239
Ended, as of March 31, 2017	1,095	$ 229,050	$ 37,026,233	$ (45,205,822)	$ -	$ (7,950,539)

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 737,239	$ (1,999,612)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,991,274	3,183,977
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	77,856	569,578
Unbilled revenue	(482,446)	180,794
Prepaid expenses	679,960	(175,643)
Other asset	(465,385)	244,513
Increase (Decrease) in:		
Accounts payable	71,678	1,669,526
Accrued expenses	506,817	476,075
Deferred revenue	30,029	(592,904)
Other liabilities	-	(115,568)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,147,022	3,440,736
NET CASH FLOWS USED IN INVESTING ACTIVITIES:		
Payments for property and equipment	(67,200)	(125,853)
Payments for software costs	(24,225)	-
NET CASH USED IN INVESTING ACTIVITIES	(91,425)	(125,853)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of related party line of credit	-	(300,000)
Principal payments on notes payable and capital lease obligations	(1,971,944)	(1,305,172)
NET CASH USED IN FINANCING ACTIVITIES	(1,971,944)	(1,605,172)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,083,653	1,709,711
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,337,775	628,064
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,421,428	$ 2,337,775
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 353,113	$ 379,312
Income taxes paid	$ 31,364	$ 12,925
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Capital lease obligations on hardware, software and prepaid maintenance	$ 2,567,396	$ 2,086,568

See the accompanying notes to the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Business and organization

MFXchange Holdings, Inc., a Canadian corporation, was incorporated on December 17, 2001. The Company together with its subsidiaries (the "Company") provides customized datacenter and infrastructure services including private cloud offerings, across various industries. In addition, the Company provides end-to-end commercial technology applications and business process outsourcing solutions to the property and casualty insurance industry.

Basis of presentation

The consolidated financial statements include the Company and its wholly-owned subsidiaries, and reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the periods presented. All inter-company balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Significant items subject to such estimates include revenue recognition, the useful lives of property and equipment, unbilled revenue, allowance for doubtful accounts, valuation allowance for deferred tax assets, capitalized software, investments, long lived assets, deferred revenue, commitments and contingencies. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

The Company derives a significant amount of its revenues from recurring revenue streams, consisting primarily of (1) colocation, which includes the licensing of cabinet space and power; (2) interconnection offerings; (3) managed infrastructure services and (4) application management services. The remainder of the Company's revenues are from non-recurring revenue streams which primarily consists of professional services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

The Company's customers generally execute contracts with terms of one year or longer, which are referred to as recurring revenue contracts or long-term contracts. These contracts generally commit the customer to a minimum monthly level of usage with additional charges applicable for actual usage above the monthly minimum commitment. The Company defines usage as customer data sent or received using its content delivery service, or content that is hosted or cached by the Company at the request or direction of its customer. The Company recognizes the monthly minimum as revenue each month provided that an enforceable contract has been signed by both parties, the service has been delivered to the customer, the fee for the service is fixed or determinable, and collection is reasonably assured. Should a customer's usage of the Company's services exceed the monthly minimum commitment, the Company recognizes revenue for such excess in the period of the usage. For annual or other non-monthly period revenue commitments, the Company recognizes revenue monthly based upon the customer's actual usage each month of the commitment period and only recognizes any remaining committed amount for the applicable period in the last month thereof.

Revenue from bandwidth and equipment sales is recognized on a gross basis in accordance with the accounting standard related to reporting revenue gross as a principal versus net as an agent, primarily because the Company acts as the principal in the transaction, takes title to products and services and bears inventory and credit risk. To the extent the Company does not meet the criteria for recognizing bandwidth and equipment services as gross revenue, the Company records the revenue on a net basis.

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant. There were no significant service level credits issued during the years ended March 31, 2017 and 2016.

Deferred revenue consists of payments received in advance of revenue recognition and are recognized as the revenue recognition criteria are met. Amounts are recorded as deferred revenue and accounts receivable when the Company has a legal right to enforce the contract.

Cost of Revenue

Cost of revenues consists primarily of fees paid to network providers for bandwidth and backbone, costs incurred for non-settlement free peering and connection to Internet service provider networks and fees paid to data center operators for housing network equipment in third party network data centers, also known as co-location costs. Cost of revenues also includes leased warehouse space and utilities, depreciation of network equipment used to deliver the Company's content delivery services, payroll and related costs, and share-based compensation for its network operations, and professional services personnel.

The Company enters into contracts for bandwidth with third party network providers. These contracts generally commit the Company to pay minimum monthly fees plus additional fees for bandwidth usage above contracted minimums. A portion of the global computing platform traffic delivery is completed through direct connection to ISP networks, called peering.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with high quality financial institutions. The Company is exposed to credit risk for cash held in financial institutions in the event of a default to the extent that such amounts recorded on the balance sheet are in excess of amounts that are insured by the Federal Deposit Insurance Corporation ("FDIC").

Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers. Accounts receivable are recorded at invoiced amounts, net of the Company's estimated allowances for doubtful accounts. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. The Company regularly reviews the allowance by considering certain factors such as historical experience, industry data, credit quality, and age of accounts receivable balances and current economic conditions that may affect a customer's ability to pay. In cases where the Company is aware of circumstances that may impair a specific purchaser's ability to meet their financial obligations, the Company records a specific allowance against amounts due from the customer and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. There is judgment involved with estimating the Company's allowance for doubtful accounts and if the financial condition of its customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively pursues collection of the receivable. The Company's accounts receivable are not collateralized by any security. Based upon the review of the outstanding accounts receivable, the Company has not recorded any reserve for allowance for doubtful accounts as of March 31, 2017 and 2016.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. Maintenance and repairs that do not extend the life or improve an asset are expensed in the period incurred. The estimated useful lives of property and equipment are as follows:

Computer hardware	3 – 7 years
Software	3 years
Furniture and fixtures	5-7 years
Leasehold improvements	Shorter of the lease term or estimated useful life

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The Company's short-term financial instruments, including cash, accounts receivable, unbilled revenue, prepaid expenses, other assets, accounts payable, deferred revenue and accrued expenses, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, reasonably approximate their book value. The fair value of the Company's capital leases and other debt obligations are based on management estimates and reasonably approximates their book value.

Software Costs

In accordance with ASC 985-20, "*Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*," the Company capitalizes certain costs related to the development of new software products or the enhancement of existing software products for use in our product offerings. These costs are capitalized from the point in time that technological feasibility has been established, as evidenced by a working model or detailed working program design to the point in time that the product is available for general release to customers. Capitalized development and software purchased costs are amortized on a straight-line basis over the estimated economic lives of the products, beginning when the product is placed into service. The Company periodically evaluates whether events or circumstances have occurred that indicate that the remaining useful lives of the capitalized software development costs should be revised or that the remaining balance of such assets may not be recoverable.

Long-Lived Assets

The Company follows Accounting Standards Codification 360-10-15-3, "Impairment or Disposal of Long-lived Assets," which established a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Investments

The Company holds an investment in a privately held company which has no readily determinable fair value. Since the Company does not have significant influence, the investment is accounted for using the cost method. The Company assesses its long-term investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the companies, including current earnings trends and undiscounted cash flows, and other company-specific information. The fair value determination, particularly for investments in privately-held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other-than-temporary. As of March 31, 2017 and 2016 the carrying value of this investment was $266,977 and included in other assets. During the years ended March 31, 2017 and 2016, the Company did not impair this long-term investment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The Company translates the foreign currency financial statements of its foreign subsidiaries in accordance with the requirements of ASC 830-10, "Foreign Currency Translation." Assets and liabilities are translated at current exchange rates, and related revenue and expenses are translated at average exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component in stockholders' deficit. Foreign currency transaction gains and losses are included in the statement of operations.

Comprehensive Income (Loss)

The Company adopted ASC 220-10 "*Comprehensive Income*" ("ASC 220-10"), which establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by and distributions to shareholders. ASC 220-10 requires other comprehensive income (loss) to include foreign currency translation adjustments and unrealized gains and losses on available for sale securities.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets and liabilities are classified as non-current.

Recent Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which is effective for public entities for annual reporting periods beginning after December 15, 2016. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on the consolidated financial statements and has not yet determined the method by which the Company will adopt the standard in 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern-Disclosures of Uncertainties about an entity's Ability to Continue as a Going Concern ("ASU 2014-15")* . ASU 2014-15 provides new guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards and to provide related footnote disclosures. This new guidance is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The requirements of ASU 2014-15 did not have a significant impact on the consolidated financial statements.

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2- SOFTWARE DEVELOPMENT COSTS

Capitalized software costs primarily include third-party software. As of March 31, 2017 and 2016, the carrying value of software costs was $446,631 and $285,555, respectively. During the year ended March 31, 2017, the company recorded amortization expense in the amount of $263,057. During the year ended March 31, 2016, the Company recorded an aggregate impairment charge and amortization expense related to certain software assets totaling $1,544,647.

NOTE 3 – PROPERTY AND EQUIPMENT

As of March 31, 2017, and 2016, property and equipment consisted of the following:

	2017	2016
Leasehold Improvements	$ 2,746,156	$ 2,746,156
Hardware Costs	7,959,726	6,339,717
Furniture and Equipment	161,548	381,330
Vehicles	-	53,709
Subtotal	10,867,430	9,520,912
Less, accumulated depreciation	(7,174,638)	(5,719,912)
Property and equipment, net	$ 3,692,792	$ 3,801,000

Depreciation expense was $1,728,217 and $1,639,330 for the years ended March 31, 2017 and 2016, respectively.

NOTE 4 – ACCRUED EXPENSES

As of March 31, 2017, and 2016, accrued expenses consist of the following:

	2017	2016
Restructuring costs	$ 422,337	$ 664,670
Salaries and benefits	2,479,516	2,270,087
Other accrued expenses	2,852,614	2,312,893
Total	$ 5,754,467	$ 5,247,650

NOTE 5 – LINE OF CREDIT, RELATED PARTY

On November 3, 2014, the Company entered into an Amended and Restated Revolving Line of Credit Agreement with Fairfax (US), Inc., a related party. The revolving credit facility contains a maximum borrowing limit of $5,000,000. Borrowings under the revolving credit facility bear interest at 3% interest per annum for the first year and 4% per annum for the second year. If the termination date is extended by the Fairfax (US), Inc. then the interest shall increase to 5% per annum for the fourth anniversary of the closing date to the extended termination date. Overdue interest shall bear interest at a rate that is 2% per annum in excess of the then applicable interest rate. The obligations under the Revolving Facility shall rank pari-passu with all other senior indebtedness of MFXchange US, Inc. As of March 31, 2017 and 2016, the balance outstanding under the revolving line of credit was $4,000,000.

NOTE 6 – CAPITAL LEASE OBLIGATONS

The Company has entered into several agreements to lease certain computer hardware and software that are classified as capital leases. As of March 31, 2017 and 2016, capital leases consist of the following:

	2017	2016
Capital lease obligations	$ 5,077,981	$ 4,482,529
Less, current portion of capital leases	(2,015,085)	(1,694,095)
Long-term portion of capital leases	$ 3,062,896	$ 2,788,434

Year Ending March 31:	
2018	$ 2,015,085
2019	1,595,772
2020	1,235,282
2021	231,842
Total	$ 5,077,981

NOTE 7 – STOCKHOLDER EQUITY

The Company has an unlimited number of authorized common shares. As of March 31, 2017 and 2016, the Company has 1,095 shares of common stock issued and outstanding.

NOTE 8 – OTHER RELATED PARTY TRANSACTIONS

The Company uses a related party vendor MFX Infotech Private Limited to provide infrastructure and database technology services. As of March 31, 2017 and 2016, $3,012,334 and $2,432,853 was outstanding as a payable to the vendor, respectively.

As of March 31, 2017 and 2016 the Company also had other related party balance as follows:

	2017	2016
Accounts receivable due from Quess Corp (USA)	$ 82,979	$ 6,968
Accounts payable due to Brainhunter Systems	(62,365)	-
Accrued expenses due to Brainhunter Systems	(52,563)	-
Advance to Brainhunter Systems	464,300	-
Liability accrued due to corporate cross charge costs	-	(155,250)
Due (to) from Related parties, net	$ 432,351	$ (148,282)

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Concentrations

The Company had four customers who accounted for approximately 65% and 74% of the Company's revenues for the years ended March 31, 2017 and 2016, respectively. The Company had three and four customers that accounted for approximately 44% and 41% of total accounts receivable as of March 31, 2017 and 2016, respectively.

The Company utilized two and three major suppliers for outside services totaling approximately 59% and 50% of the Company total expenditures for outside services for the three months and year ended March 31, 2016, respectively. The Company's major supplier accounted for approximately 50% and 33% of total accounts payable and accrued expenses as of March 31, 2017 and 2016, respectively.

Restructuring Charges

The Company accounts for restructuring activities in accordance with ASC 420, *Exit or Disposal Cost Obligations*. Under the guidance for the cost of restructuring activities that do not constitute a discontinued operation, the liability for the current fair value of expected future costs associated with such restructuring activity shall be recognized in the period in which the liability is incurred. The Company segregates the costs of restructuring activities taken pursuant to a management approved restructuring plan.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

During December 2014, the Company's management initiated a restructuring plan to restore sustainable profitability and to improve its competitive position. Expenses related to this plan have resulted in a charge of $2,236,236 which primarily related to payroll severance expenses. The Company has a remaining reserve of $422,337 and $664,670 related to restructuring costs included in accrued expenses as of March 31, 2017 and 2016, respectively.

Operating leases

The Company leases certain of its properties under leases that expire on various dates through March 2021. In addition, the Company has entered into several agreements to lease office equipment and other software that are classified as operating leases that expire on various dates through year 2021. Rent expense incurred under the Company's operating leases amounted to $1,851,178 and $1,081,730 for the years ended March 31, 2017 and 2016, respectively.

The future minimum obligations under leases with non-cancelable terms in excess of one year is as follows:

2018	$	930,729
2019		700,105
2020		658,055
2021		648,618
2022		49,770
and thereafter	$	2,987,277
Total		

Share Purchase Agreement

On November 3, 2014, Fairfax Financial Holdings, Limited ("Fairfax"), the Company/s parent, entered into a Share Purchase Agreement ("SPA") to sell one hundred percent (100%) of the Company's common stock to an affiliate of Fairfax. In accordance with the SPA, Fairfax sold forty nine percent (49%) of the Company's equity as of the first closing date of November 3, 2014. The remaining fifty one percent (51%) of the Company's common stock was sold as of December 31, 2015. The purchase price for the one hundred percent (100%) interest will be paid based upon a defined earn out payments plus nominal upfront consideration. The earn out payments are based upon the Company's net income during a five year earn out period beginning January 1, 2016.

In accordance with the SPA, the buyer may, at its sole discretion, elect to pay up to eighty percent (80%) of the earn out payments in the form of the Company's Preferred Shares with the remaining portion paid in cash. Until the buyer satisfies the final earn out payment, the Company shall not make any amendment to the charter documents of the MFX Group or any other transaction that would require the approval of the Company Preferred Shares as a class (as if Company Preferred Shares were outstanding at the time of such amendment or transaction, whether or not in fact Company Preferred Shares are outstanding) without the prior written consent of Fairfax. The Company is restricted from paying any dividends or other distributions and not to redeem any shares until such time as the Revolving Facility has been repaid in full and all outstanding Company Preferred Shares have been redeemed. The Preferred Stock will include a 5% Fixed, cumulative, preferential

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

cash dividends payable quarterly on the last day of March, June, September and December in each year at an annual rate of $0.50 per Series A Preferred Share (pro-rated for the first period after issuance). The quarterly dividends will relate to the quarterly period ending the last day of the respective month.

So long as the Series A Preferred Shares are outstanding, the Company shall not without approval of the holders of a majority of the Series A Preferred Shares: (a) pay any dividend or other distribution on the Common Shares or any other shares ranking junior to the Series A Preferred Shares; (b) purchase, redeem or return capital in respect of any Common Shares or other shares ranking junior to the Series A Preferred Shares; or (c) sell, transfer, lease, exchange or otherwise dispose of a material portion of the assets of the Company and/or its subsidiaries, on a consolidated basis. The Series A Preferred Shares will rank prior to the Common Shares as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. The Series A Preferred Shares will be redeemable at the option of the Company at any time at a price of $10.00 per share, plus accrued and unpaid dividends to the date of redemption and redeemable at the option of the holder at any time after the third anniversary of the date of issue of such shares at a price of $10.00 per share, plus accrued and unpaid dividends to the date of redemption.

As of March 31, 2017, the Company has not amended the Articles of Incorporation to authorize the issuance of the above referenced Preferred Shares.

NOTE 10 -INCOME TAXES

For the years ended March 31, 2017 and 2016, the Company's effective tax rate was as follows:

	2017	2016
Federal tax benefit at statutory rate	30.00%	34.00%
State tax benefit, net of Federal benefits	5.00%	5.60%
Net change in valuation allowance	-35.00%	-39.60%
Income taxes, net	0.00%	0.00%

As of March 31, 2017 and 2016, the tax effects of temporary differences and carryforwards that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

	2017	2016
Net operating loss carry-forwards	$ 5,358,986	$ 5,618,000
Accrual and reserves	3,355,365	1,092,000
Total assets	8,714,351	6,710,000
Less, valuation allowance	(8,714,351)	(6,710,000)
Net deferred tax assets	$ -	$ -

NOTE 10 -INCOME TAXES (continued)

As of March 31, 2017, the Company had federal net operating loss carryforwards ("NOL's") of approximately $15.3 million that will be available to reduce future taxable income, if any. The Company performs an analysis each year to determine whether the expected future income will more likely than not be sufficient to realize the deferred tax assets. The Company's recent operating results and projections of future income weighed heavily in the Company's overall assessment. No tax benefit has been reported in the March 31, 2017 financial statements, since the potential tax benefit is offset by a valuation allowance of the same amount.

As of March 31, 2017, open tax years include the tax years ended December 31, 2011 through December 31, 2016.

The Company applies the standard relating to accounting (ASC 740-10) for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is required to recognize in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. There were no significant unrecognized tax benefits recorded as of March 31, 2017 and 2016, and there was no change to the unrecognized tax benefits during for the years ended March 31, 2017 and 2016.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of March 31, 2017 and 2016, the Company did not identify any other non-recurring assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with ASC Topic 825, *Financial instruments*.

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure through May 12, 2017, which is the date the financial statements were available to be issued.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 APRIL 2016 TO 31 MARCH 2017

pwc

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 27 APRIL 2016 TO 31 MARCH 2017

Independent auditor's report

To the board of directors of Quess Corp Lanka (Private) Limited [Formerly known as Randstad Lanka (Private) Limited]

1 We have audited the accompanying financial statements of Quess Corp Lanka (Private) Limited, which comprise the statement of financial position as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the period from 27 April 2016 to 31 March 2017, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 3 to 24.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of these special purpose financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and as per requirement of the board of directors of Quess Corp Lanka (Private) Limited for purposes of providing information to Quess Corp Limited to enable it to prepare consolidated financial statements of the group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3 Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

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

Opinion

6 In our opinion, the special purpose financial statements give a true and fair view of the financial position of Quess Corp Lanka (Private) Limited as at 31 March 2017, and its financial performance and its cash flows for the period from 27 April 2016 to 31 March 2017 in accordance with Sri Lanka Accounting Standards.

Independent auditor's report continued on page 2

Independent auditor's report

To the board of directors of Quess Corp Lanka (Private) Limited [Formerly known as Randstad Lanka (Private) Limited] (Contd)

Basis of preparation and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of accounting. This special purpose financial statements have been prepared for purposes of providing information to Quess Corp Limited to enable it to prepare the consolidated financial statements of the group as at 31 March 2017. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the board of directors of Quess Corp Lanka (Private) Limited and Quess Corp Limited and should not be distributed to or used by parties other than the board of directors of Quess Corp Lanka (Private) Limited and Quess Corp Limited.

CHARTERED ACCOUNTANTS

COLOMBO

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Note	27 April to 31 March 2017	1 January to 26 April 2016
Revenue	7	72,864,305	20,134,154
Administrative expenses	8	(39,403,692)	(35,327,063)
Operating profit/(loss)		33,460,613	(15,192,909)
Other Operating Income	9	43,802,493	Nil
Net finance income	10	985,136	444,149
Profit/(loss) before income tax		78,248,242	(14,748,760)
Income tax expense	11	(12,608,539)	(1,284,606)
Profit/(loss) for the year		**65,639,703**	**(16,033,366)**
Other comprehensive income/(loss)		Nil	Nil
Total comprehensive income/(expense)		**65,639,703**	**(16,033,366)**
Earnings/(loss) per share	12	**53.97**	**(13.18)**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of financial position

(all amounts in Sri Lanka Rupees)

	Note	As at 31 March 2017	As at 26 April 2016
ASSETS			
Non-current assets			
Property, plant and equipment	13	778,903	644,098
Intangible assets	14	Nil	Nil
Deferred income tax assets	19	6,878,848	1,586,199
		7,657,751	2,230,297
Current assets			
Trade and other receivables	15	122,394,427	90,389,737
Current income tax receivable	22	Nil	1,496,380
Cash and cash equivalents	16	64,064,979	44,543,464
		186,459,406	136,429,581
Total assets		**194,117,157**	**138,659,878**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	18	12,162,840	12,162,840
Retained earnings		116,832,941	51,193,238
		128,995,781	63,356,078
Non-current liabilities			
Defined benefit obligations	20	17,650,218	12,322,931
		17,650,218	12,322,931
Current liabilities			
Trade and other payables	21	32,286,704	62,980,869
Current income tax payable	22	15,184,454	Nil
		47,471,158	62,980,869
Total liabilities		**65,121,376**	**75,303,800**
Total equity and liabilities		**194,117,157**	**138,659,878**

I certify that these financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards.

....
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements were authorised for issue by Board of Directors on ....

.... **Directors**

....

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of changes in equity

(all amounts in Sri Lanka Rupees)

	Stated capital	Retained earnings	Total
Balance at 1 January 2016	12,162,840	67,226,604	79,389,444
Loss for the period	Nil	(16,033,366)	(16,033,366)
Other comprehensive income	Nil	Nil	Nil
Total comprehensive expense	Nil	(16,033,366)	(16,033,366)
Balance at 26 April 2016	**12,162,840**	**51,193,238**	**63,356,078**
Balance at 27 April 2016	12,162,840	51,193,238	63,356,078
Profit for the period	Nil	65,639,703	65,639,703
Other comprehensive income	Nil	Nil	Nil
Total comprehensive income	Nil	65,639,703	65,639,703
Balance at 31 March 2017	**12,162,840**	**116,832,941**	**128,995,781**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of cash flows

(all amounts in Sri Lanka Rupees)

	Note	27 April to 31 March 2017	1 January to 26 April 2016
Cash flows from operating activities			
Cash generated from operations	23	20,910,878	21,585,434
Net finance income received	10	985,136	444,149
Income tax paid		(1,220,353)	Nil
Retirement benefit obligation paid		(619,974)	Nil
Net cash generated from operating activities		**20,055,687**	**22,029,583**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(534,172)	Nil
Net cash used in investing activities		**(534,172)**	**Nil**
Increase in cash and cash equivalents		**19,521,515**	**22,029,583**
Movement in cash and cash equivalents			
At beginning of the year		44,543,464	22,513,881
Increase		19,521,515	22,029,583
At end of the year	16	**64,064,979**	**44,543,464**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

The Company is a limited liability company incorporated in Sri Lanka and approved under section 16 of the BOI law. The company has been incorporated on 09 February 2004 and has its registered office at 7th Floor, BOC Merchant Tower, 28 St. Michael's Road, Colombo 03. The Company was formerly known as Randstad Lanka (Private) Limited and was acquired by Quess Corp Holdings PTE Ltd with effect from 26 April 2016. The company is engaged in the business of providing human resource services to clients.

Quess Corp Lanka (Private) Limited is a 100% subsidiary company of Quess Corp Holdings PTE Ltd, a company incorporated in Singapore while Ultimate Parent of the company is Quess Corp Limited, a company incorporated in India.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared by the management for purposes of providing information to Quess Corp Limited to enable it to prepare the consolidated financial statements of the group. The financial statements cover the period from 27 April 2016 to 31 March 2017. Comparative figures are for the period from 1 January 2016 to 26 April 2016 and, therefore, the amounts presented in the financial statements are not entirely comparable.

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (LKASs and SLFRSs). The financial statements are prepared under the historical cost basis.

The preparation of financial statements in conformity with SLFRS/LKAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.3 Property, plant and equipment

All property, plant and equipment is initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated on a straight line method to write off the cost of each asset to their residual values over their estimated useful lives or the lease term, whichever is lower.

	%
Office equipment	25
Furniture and fittings	25
Computer equipment	25

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the income statement.

2.4 Intangible assets

Intangible assets wholly consist of computer software. Acquisition cost of computer software is capitalised and amortised using the straight-line method over the useful life of three years.

2.5 Impairment of non financial assets

Assets that have an indefinite useful life that intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

There were no financial assets other than loans and receivables at the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the balance sheet date in which case classified as non-current assets.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.6.2 Recognition and measurement of financial asset

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

During the reporting period, the Company did not record any financial assets that were available for sale or fair value through profit or loss or held to maturity.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - *(i)* adverse changes in the payment status of borrowers in the portfolio; and
  - *(ii)* national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.8 Impairment of financial assets (Contd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.9 Financial liabilities

The Company's financial liabilities include trade and other payables. All other financial liabilities except for financial liabilities at fair value through profit or loss are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.13 Employee benefits

(a) Defined benefit plan - gratuity

Provision has been made for retirement gratuities from the first year of services for all employees in conformity with LKAS 19. However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability has not been externally funded nor actuarially valued.

(b) Defined contribution plan

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Revenue recognition

The revenue represents all billings made during the accounting period. The company is not in the practice of accounting for work-in-progress.

Revenue is recognised upon performance of service. Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value added tax and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In agency relationships, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.

2.16 Current and deferred income taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

2.17 Stated capital

The Ordinary shares are classified under the stated capital.

2.18 Contingent liabilities and contingent assets

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company recognises contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

3 Financial risk management

3.1 Financial risk factors

The Company is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks, liquidity risks and investment risks. Based on our economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time.

(a) Market risk

(i) Foreign exchange risk

The company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the Sri Lankan Rupee (LKR) against the US Dollar (USD). The company's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes. Certain bank balances and trade and other payables are denominated in foreign currencies.

The Company's Financial Statements which are presented in Sri Lankan Rupees, are affected by foreign exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect the company's pricing of services rendered and cost incurred in foreign currencies. In particular, weakening of the Sri Lankan Rupee against the US Dollar can have adverse effects on the company's operating results through its impact on overheads incurred in Sri Lanka .

The table below shows the Company's sensitivity to reasonable possible change in exchange rate of LKR against USD, assessed by the Company, while all other variables are held constant. The USD is the major currency in which Company's financial instruments are denominated after the Company's presentation and document currency - LKR. The impact of the movement in exchange rates on equity is given in the table below.

	Increase in income LKR 2017	Increase in income LKR 2016
10% depreciation (2016 - 10% depreciation) of the LKR against USD	46,308	42,098
Net decrease in income	**46,308**	**42,098**

(ii) Interest rate risk

The Company's interest rate risk arises from short - term borrowings. Borrowings issued at variable rates expose the company to interest rate risk which is determined by the Government Bond rate of the country in which the lender is domiciled.

(b) Credit risk

The credit risk arises from trade and other receivables. Refer Note 17(b) for further disclosures on credit risk.

(c) 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.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

3.1 Financial risk factors (Contd)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2017	Less than 1 year	Between 1 to 3 years	Total
Trade and other payables (excluding statutory liabilities)	16,621,869	Nil	16,621,869
	16,621,869	**Nil**	**16,621,869**

At 26 April 2016	Less than 1 year	Between 1 to 3 years	Total
Trade and other payables (excluding statutory liabilities)	44,337,845	Nil	44,337,845
	44,337,845	**Nil**	**44,337,845**

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The company assesses solvency prior to declaration of dividend to maintain the dividend ratio. In addition the Company may adjust intercompany receivables and payables in managing capital and solvency.

3.3 Fair value estimation

The Company had no financial instruments measured at fair value.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) *Impairment of trade receivable*

The Company assesses at the date of the balance sheet whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of current status of existing receivable and historical collection experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

4 Critical accounting estimates and judgments (Contd)

(b) *Provisions*

The Company recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Company's current best estimate.

5 Changes in comparatives

Where necessary, comparative figures have been re-classified since management believes such reclassification gives a fairer presentation and conforms with the current year's presentation. Comparative figures are for the period from 1 January 2016 to 26 April 2016.

6 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

7 Revenue

	2017	2016
Recruitment fee	5,881,284	336,567
Contract staffing	66,920,990	19,797,587
Facility management service	62,031	Nil
	72,864,305	**20,134,154**

8 Expenses by nature

	2017	2016
Directors' emoluments	Nil	Nil
Auditors' remuneration - audit fee	700,000	175,554
- non-audit fee	Nil	50,000
Depreciation on property, plant and equipment (Note 13)	399,366	88,188
Amortisation on intangible assets (Note 14)	Nil	Nil
Staff costs (Note 8.1)	27,906,256	10,014,606
Consultancy charges	89,169	86,837
Rent - Office	3,276,486	1,098,922
Provision/(release) for impairment of trade receivables	200,751	21,113,647
Utilities	1,557,476	446,501
Rates and taxes	219,706	280,669
Travelling expenses - Local	1,345,219	237,912
Travelling expenses - Foreign	Nil	Nil
Advertisement	854,511	17,660
Printing and stationery	405,432	170,281
Database login charges	Nil	41,724
Insurance	1,672,091	1,006,258
Maintenance expenses	474,935	161,048
Other expenses	302,294	337,256
Total administrative expenses	**39,403,692**	**35,327,063**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

8.1 Staff costs

	2017	2016
Salaries and wages	19,372,711	4,473,973
Defined contribution plans	1,312,827	342,580
Defined benefit obligations (Note 20)	5,947,261	2,731,822
Leave encashment	Nil	1,291,868
Staff incentive	879,195	430,684
Staff welfare	394,262	743,679
	27,906,256	**10,014,606**

Average monthly number of persons employed by the Company during the period:

Full time	17	13

9 Other operating income

	2017	2016
Reversal of trade payables	43,802,493	Nil
	43,802,493	**Nil**

Other operating income includes amounts arising due to reversal of trade payables pertaining to Company's related party under former ownership, Randstad India (Pvt) Ltd.

10 Net finance (income)/costs

	2017	2016
Bank charges	648,902	111,837
Net exchange loss/(gain)	(1,688,736)	(555,986)
Interest epenses	54,698	Nil
	(985,136)	**(444,149)**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

11 Income tax expense

	2017	2016
Current income tax	16,823,324	1,284,606
Under provision in respect of previous year	Nil	Nil
Deemed dividend tax	Nil	Nil
Under provision of deemed dividend tax in respect of previous year	1,077,864	Nil
Deferred income tax credit (Note 19)	(5,292,649)	Nil
Income tax expense	**12,608,539**	**1,284,606**

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic rate of the Company as follows:

	2017	2016
Profit before income tax	78,248,242	(14,748,760)
Tax calculated at tax rate of 10% (2016 - 12%)	3,163,612	(1,865,718)
Tax calculated at tax rate of 28% (2016 - 12%)	13,051,395	Nil
Tax effects of:		
- Expenses not deductible for tax purposes	3,422	Nil
- Recognition of previously unrecognized deferred taxes	(4,687,754)	3,150,324
- Adjustment in respect of prior periods	Nil	Nil
- Under provision of income tax	Nil	Nil
- Deemed dividend tax	Nil	Nil
- Under provision of deemed dividend tax in respect of previous year	1,077,864	Nil
Income tax expense	**12,608,539**	**1,284,606**

The tax rate applicable to profits and income on taxable profit from supply of labour is 10% (2016- 10%).

12 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of shares in issue during the year, as follows:

	2017	2016
Net profit/(loss) attributable to shareholders	65,639,703	(16,033,366)
Weighted average number of ordinary shares in issue	1,216,284	1,216,284
Earnings/(loss) per share	**54**	**(13)**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

13 Property, plant and equipment

	Office equipment	Furniture and fittings	Computer equipment	Total
At 1 January 2016				
Cost	705,783	332,465	2,680,311	3,718,559
Accumulated depreciation	(617,894)	(292,341)	(2,076,039)	(2,986,274)
Net book amount	**87,889**	**40,124**	**604,272**	**732,285**
Period ended 26 April 2016				
Opening net book amount	87,889	40,124	604,272	732,285
Additions	Nil	Nil	Nil	Nil
Depreciation charge (Note 8)	(8,750)	(6,120)	(73,318)	(88,188)
Closing net book amount	**79,139**	**34,004**	**530,954**	**644,097**
At 27 April 2016				
Cost	705,783	332,465	2,680,311	3,718,559
Accumulated depreciation	(626,644)	(298,461)	(2,149,357)	(3,074,462)
Net book amount	**79,139**	**34,004**	**530,954**	**644,097**
Period ended 31 March 2017				
Opening net book amount	79,139	34,004	530,954	644,097
Additions	Nil	Nil	534,172	534,172
Depreciation charge (Note 8)	(79,139)	(17,052)	(303,175)	(399,366)
Closing net book amount	**Nil**	**16,952**	**761,951**	**778,903**
At 31 March 2017				
Cost	705,783	332,465	3,214,483	4,252,731
Accumulated depreciation	(705,783)	(315,513)	(2,452,532)	(3,473,828)
Net book amount	**Nil**	**16,952**	**761,951**	**778,903**

Cost and accumulated depreciation include fully depreciated office equipment of Rs 133,140, furniture and fittings of Rs 259,025 and computer equipment of Rs 1,057,260 at at 31 March 2017.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

14 Intangible assets

	Computer software	Total
At 1 January 2016		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**
Period ended 26 April 2016		
Opening net book amount	Nil	Nil
Amortisation charge (Note 8)	Nil	Nil
Closing net book amount	**Nil**	**Nil**
At 27 April 2016		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**
Period ended 31 March 2017		
Opening net book amount	Nil	Nil
Amortisation charge (Note 8)	Nil	Nil
Closing net book amount	**Nil**	**Nil**
At 31 March 2017		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**

Net book value consists of 'Sage UBS HRM System' for employee data management amounting to cost Rs 163,710 and accumulated depreciation Rs 163,710; and ' Sage UBS Payroll System' for employee salary recording amounting to cost Rs 96,390 and accumulated depreciation Rs 96,390. Cost and accumulated depreciation include fully depreciated computer software amounting to Rs 677,633.

15 Trade and other receivables

	2017	2016
Trade receivables	147,793,581	104,019,747
Less: provision for impairment of trade receivables	(27,711,315)	(27,711,315)
Trade receivables - net	120,082,266	76,308,432
Prepayments	828,381	2,554,387
Deposits	1,483,780	1,483,780
Other receivables	Nil	10,043,138
	122,394,427	**90,389,737**

As of 31 March 2017, trade receivables of Rs 84,057,586 (26 April 2016 : 54,920,781) were fully performing.

As of 31 March 2017, trade receivables of Rs 36,024,680 (26 April 2016 : 21,387,651) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables is as follows:

15 Trade and other receivables (Contd)

	2017	2016
Up to 3 months	Nil	Nil
3 to 6 months	36,024,680	21,387,651
	36,024,680	**21,387,651**

As of 31 March 2017, trade receivables of Rs 27,711,315 (26 April 2016 : Rs 27,711,315) were fully impaired. The amount of the provision was Rs 27,711,315 as of 31 March 2017 (26 April 2016 : Rs 27,711,315). The individually impaired receivables mainly relate to invoices outstanding more than 182 days. (26 April 2016 - more than 90 days). The aging of these receivables is as follows:

	2017	2016
Up to 3 months	Nil	Nil
3 to 6 months	Nil	27,711,315
More than 6 months	27,711,315	Nil
	27,711,315	**27,711,315**

The directors consider the carrying amount of the balance approximates its fair value. The carrying amounts of trade and other receivables are denominated in Sri Lanka Rupees.

Movement of the provision for impairment of trade receivables are as follows:

	2017	2016
At period beginning	27,711,315	6,597,668
Provision/(release) for the year	Nil	21,113,647
At period end	**27,711,315**	**27,711,315**

The creation and release of the provision for impaired receivables have been included in 'administrative expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

Deposits mainly consist of refundable deposit made on building rent amounting to Rs 1,066,000 (26 April 2016 - Rs 1,066,000). Further information in this regard is disclosed in Note 26(b).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

16 Cash and cash equivalents

	2017	2016
Cash at bank	64,064,979	44,438,033
Cash in hand	Nil	105,431
Cash at bank and in hand	**64,064,979**	**44,543,464**

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise of the following:

	2017	2016
Cash at bank and in hand	64,064,979	44,543,464
Overdraft	Nil	Nil
	64,064,979	**44,543,464**

17 (a) Financial instruments by category

	Loans and receivables	Total
31 March 2017		
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)	121,566,046	121,566,046
Cash and cash equivalents (Note 16)	64,064,979	64,064,979
	185,631,025	**185,631,025**

	Other financial liabilities	Total
31 March 2017		
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	16,621,869	16,621,869
	16,621,869	**16,621,869**

	Loans and receivables	Total
26 April 2016		
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)	87,835,350	87,835,350
Cash and cash equivalents (Note 16)	44,543,464	44,543,464
	132,378,814	**132,378,814**

	Other financial liabilities	Total
26 April 2016		
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	44,337,845	44,337,845
	44,337,845	**44,337,845**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

17 (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2017	2016
Trade receivables		
Counterparties without external credit rating		
Group 1	90,608,371	86,694,010
Group 2	29,473,895	10,505,189
Total unimpaired trade receivables	**120,082,266**	**97,199,199**

	2017	2016
Cash at bank		
AA(lka)	37,696,548	3,434,698
BB	Nil	Nil
AAA(lka)	26,368,431	41,003,334
BB+	Nil	Nil
Total	**64,064,979**	**44,438,032**

- *Group 1 - Fully performing trade receivables (T to T + 3)*
- *Group 2 - Past due and not impaired (More than T to T + 3 but not impaired)*

18 Stated capital

	Ordinary shares	
	Number of shares	Value
Issued and fully paid		
At 26 April 2016	1,216,284	12,162,840
At 31 March 2017	**1,216,284**	**12,162,840**

19 Deferred income tax assets

Deferred income taxes are calculated on all temporary differences under the liability method using a weighted average tax rate of 15% (2016 - 10%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows :

	2017	2016
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	(6,903,714)	(1,618,878)
- Deferred tax asset to be recovered within 12 months	Nil	Nil
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	14,761	27,850
- Deferred tax liability to be recovered within 12 months	10,105	4,829
Deferred tax liabilities / (assets) - net	**(6,878,848)**	**(1,586,199)**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

19 Deferred income tax assets (Contd)

The gross movement of the deferred tax account is as follows:

	2017	2016
At 26 April 2016	(1,586,199)	(1,586,199)
Credit to income statement (Note 11)	(5,292,649)	Nil
At 31 March 2017	**(6,878,848)**	**(1,586,199)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities/(assets)	Accelerated tax depreciation	Retirement benefit obligations	Provision for impairment of receivables	Total
At 1 January 2016	32,679	(959,111)	(659,767)	(1,586,199)
Charge/(credit) to the income statement	Nil	Nil	Nil	Nil
At 26 April 2016	**32,679**	**(959,111)**	**(659,767)**	**(1,586,199)**
At 27 April 2016	32,679	(959,111)	(659,767)	(1,586,199)
Charge/(credit) to the income statement	(7,813)	(1,727,131)	(3,557,705)	(5,292,649)
At 31 March 2017	**24,866**	**(2,686,242)**	**(4,217,472)**	**(6,878,848)**

20 Defined benefit obligations

The amounts recognised in the balance sheet are determined as follows:

	2017	2016
At 27 April 2016 / 1 January 2016	12,322,931	9,591,109
Payments made during the year	(619,974)	Nil
Charge for the year	5,947,261	2,731,822
At 26 April 2016/31 March 2017	**17,650,218**	**12,322,931**

21 Trade and other payables

	2017	2016
Trade payables	2,919,963	564,826
Payables to related parties (Note 26(d))	13,701,906	43,773,019
Accrued expenses and other payables	15,664,835	18,643,024
	32,286,704	**62,980,869**

Other payables mainly consist of Salary payable amounting to Rs 638,094 (26 April 2016 - Rs 2,686,633), EPF payable amounting to Rs 7,087,347 (26 April 2016 - Rs 9,164,643) and VAT payable amounting to Rs 2,753,636 (26 April 2016 - Rs 2,633,314).

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

22 Current income tax (receivables)/liabilities

	2017	2016
Income tax payable/(receivable)	15,184,454	(1,496,380)
	15,184,454	**(1,496,380)**

23 Cash generated from operations

Reconciliation of profit/(loss) before income tax to cash generated from operations:

	2017	2016
Profit/(loss) before income tax	78,248,242	(14,748,760)
Adjustments for:		
Net finance (income)/costs (Note 10)	(985,136)	(444,149)
Depreciation (Note 13)	399,366	88,188
Defined benefit obligations	5,947,261	2,731,822
Changes in working capital		
- (Increase)/decrease in trade and other receivables	(32,004,690)	31,770,024
- Increase/(decrease) in trade and other payables	(30,694,165)	2,188,309
Cash generated from operations	**20,910,878**	**21,585,434**

24 Contingent liabilities

There were no material contingent liabilities outstanding at the balance sheet date.

25 Commitments

Capital commitments

There were no material capital commitments outstanding at the balance sheet date.

Financial commitments

There were no material financial commitments outstanding at the balance sheet date.

26 Directors' interests in contracts and related party transactions

(a) The directors' interests in the shares of the Company on the balance sheet date were as follows:

	Number of shares	
	2017	2016
Name of the directors		
Mr. Vijay Sivaram	Nil	Nil
Mr. Guruprasad Srinivasan	Nil	Nil
Mr. Samik Basu	Nil	Nil

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

26 Directors' interests in contracts and related party transactions (Contd)

(b) Key management compensation

Key management includes directors (executive and non executive), and other key management personnel. The compensation paid or payable to key management for employee services is shown here.

	2017	2016
Salaries and other short term employee benefits	**Nil**	**1,883,439**

(c) Receivable from related parties

	2017	2016
Receivable from General Manager	1,066,000	1,066,000
	1,066,000	**1,066,000**

(d) Payable to related parties

	2017	2016
Ma Foi Global Search Services Ltd.(RESL)	Nil	3,764,208
Ma Foi Management Consultants Ltd.(Randstad India Ltd)	Nil	40,008,811
Quess Holdings PTE Ltd	13,701,906	Nil
	13,701,906	**43,773,019**

Payables to related parties include payable balances pertaining to Company's related parties under former ownership, Randstad India (Pvt) Ltd. The balances have been reversed and credited to the income statement during the period and shown under other operating income.

(e) Transactions with related parties

	2017	2016
Quess Holdings PTE Ltd		
Proceeds from short term loan	13,020,582	Nil
Translation of short term loan	626,626	Nil
Provision for Interest on short term loan facility	54,698	Nil
	13,701,906	**Nil**

27 Events after the reporting period

No significant events have occurred since the balance sheet date, which would require adjustments to, or disclosure in the financial statements.

COMTEL SOLUTIONS PTE LTD

Co. Reg. No.: 199801439D

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Joe Tan & Associates PAC
Chartered Accountants

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COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors are pleased to present their statement to the members together with the audited financial statements of Comtel Solutions Pte Ltd (the "Company") for the financial year ended 31 March 2017.

1. OPINION OF THE DIRECTORS

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTOR

The directors of the Company in office at the date of this statement are:

Gopal Vasudev	
Subrata Kumar Nag	– appointed on 14.02.2017
Ajit Abraham Isaac	– appointed on 14.02.2017

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial period was a company a party to any arrangement of which the object was to enable the directors of the Company to acquire benefits through the acquisition of share in, or debentures of, the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the company holding office at the end of the financial year had no interest of the share capital or debentures of the company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Cap. 50, except as follows:

Name of director and companies In which interest are held	Shareholdings in the name of director	
	As at 01.04.2016	As at 31.03.2017
	(No. of ordinary shares)	
The Company		
Gopal Vasudev	500,000	180,000
Subrata Kumar Nag	-	-
Ajit Abraham Isaac	-	-

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES – CONTINUED

Change in ownership
Pursuant to a share purchase agreement dated February 14, 2017, Quesscorp Holdings Pte. Ltd. (QHPL) acquired 320,000 (three hundred and twenty thousand) equity shares representing 64% (sixty four percent) of all the issued and outstanding equity shares of the Company from existing shareholder. Subsequent to the acquisition of shares, the Company became a subsidiary of QHPL.

5. SHARES OPTIONS

There were no options granted by the Company during the financial year.

There were no shares issued during the financial year by virtue of any exercise of option to take up unissued shares of the Company.

There were no unissued shares of the Company under shares option as at the end of the financial year.

6. AUDITORS

The auditors, **JOE TAN & ASSOCIATES PAC**, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as Auditors.

....
Gopal Vasudev
Director

Singapore

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMTEL SOLUTIONS PTE LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Comtel Solutions Pte Ltd (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the financial year ended 31 March 2016 were audited by another firm of auditors who expressed an unqualified opinion on those statements on 4 January 2017.

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement [set out on pages 1 to 2].

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The director's responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Joe Tan & Associates Pac

JOE TAN & ASSOCIATES PAC
Public Accountants and
Chartered Accountants

Singapore

26 APR 2017

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COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 S$	2016 S$
ASSETS			
Non-current assets:			
Plant and equipment	4	-	-
Total non-current assets		-	-
Current assets:			
Trade and other receivables	5	17,792,710	19,095,871
Cash and cash equivalents	6	7,681,267	3,008,275
Total current assets		25,473,977	22,104,146
TOTAL ASSETS		25,473,977	22,104,146
LIABILITIES AND EQUITY			
Current liabilities:			
Trade and other payables	7	7,728,638	4,189,946
Amount due to director	7	329,655	6,698,623
Amount due to related party	7	-	120,107
Income tax payables		1,570,432	783,241
Total current liabilities		9,628,725	11,791,917
Capital and reserves			
Share capital	8	500,000	500,000
Retained earnings		15,345,252	9,812,229
Total capital and reserves		15,845,252	10,312,229
TOTAL LIABILITIES AND EQUITY		25,473,977	22,104,146

The accompanying notes form an integral part of these financial statements.

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 S$	2016 S$
Revenue	9	95,850,434	81,351,316
Cost of services		(83,610,807)	(71,874,894)
Gross Profit		12,239,627	9,476,422
Other operating income	10	282,935	205,300
Administrative expenses		(4,126,105)	(3,799,395)
Profit before income tax	13	8,396,457	5,882,327
Income tax expense	14	(1,393,434)	(916,243)
Profit for the year, representing total comprehensive income for the year		7,003,023	4,966,084

The accompanying notes form an integral part of these financial statements.

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share capital S$	Retained earnings S$	Total S$
Balance at 1 April 2016		500,000	9,812,229	10,312,229
Profit for the year, representing total comprehensive income for the year		-	7,003,023	7,003,023
Dividend	15	-	(1,470,000)	(1,470,000)
Balance at 31 March 2017		500,000	15,345,252	15,845,252
Balance at 1 April 2015		200,000	10,038,145	10,238,145
Profit for the year, representing total comprehensive income for the year		300,000	4,966,084	5,266,084
Dividend	15	-	(5,192,000)	(5,192,000)
Balance at 31 March 2016		500,000	9,812,229	10,312,229

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 S$	2016 S$
Cash flow from operating activities			
Profit after income tax		7,003,023	4,966,084
Adjustments for:			
Depreciation of plant and equipment		11,534	11,412
Income tax expense		1,393,434	916,243
Operating profit before working capital changes		8,407,991	5,893,739
Changes in operating assets and liabilities:			
Decrease / (Increase) in trade and other receivables		1,303,161	(3,562,016)
Increase / (Decrease) in trade and other payables		3,538,692	(216,667)
Cash generated from from operations		13,249,844	2,115,056
Income tax paid		(738,076)	(714,335)
Income tax refund		131,833	254,132
Net cash generated from from operating acivities		12,643,601	1,654,853
Cash flow from investing activity			
Purchase of plant and equipment		(11,534)	(11,412)
Net cash used in investing activity		(11,534)	(11,412)
Cash flow from financing activity			
Issuance of Shares		-	300,000
Amount due to director		(6,368,968)	4,045,850
Amount due to related party		(120,107)	-
Dividend paid		(1,470,000)	(5,192,000)
Net cash used in financing activity		(7,959,075)	(846,150)
Net increase in cash and cash equivalents		4,672,992	797,291
Cash and cash equivalents at the beginning of year		3,008,275	2,210,984
Cash and cash equivalents at the end of year	6	7,681,267	3,008,275

The accompanying notes form an integral part of these financial statements.

1. GENERAL

The Company is a private limited company which is incorporated and domiciled in the Republic of Singapore.

The address of the Company's registered office and principal place of business of the Company is 10 Hoe Chiang Road #15-02, Keppel Towers, Singapore 089315.

The principal activities of the Company are those of providing consultancy services. There are no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue to the shareholders by the board of directors on 26 APR 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION
The financial statements are prepared in accordance with the provision of Singapore Companies Act, Cap.50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

ADOPTION OF NEW AND REVISED STANDARDS
The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any material effect on the financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE
A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FRS NOT YET EFFECTIVE

The following are the new or amended FRS and INT FRS issued in 2016 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective for annual periods beginning on or after
FRS 115	Revenue from Contractors with Customers	1 Jan 2018
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109	Financial Instruments	1 Jan 2018
Amendments to FRS 7	Disclosure Initiative	1 Jan 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115	Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
Amendments to FRS 34	*Interim Financial Reporting*	1 Jan 2018
FRS 116	Leases	1 Jan 2019
Amendments to FRS 102	Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FINANCIAL INSTRUMENTS

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company has the following non-derivative financial assets: loans and receivables.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalent comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b) Financial liabilities

Subsequent measurement

Financial liabilities at amortised cost
After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

		Useful lives
Office equipment	-	3 years
Computer	-	1 year

Fully depreciated assets are retained in the business until they are no longer in use. Newly acquired assets below S$5,000, or a total of S$5,000 are amortised in one year.

The carrying value of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal of when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes that asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF FINANCIAL ASSETS – CONTINUED

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand are subject to an insignificant risk of changes in value.

PROVISION

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax that reflected, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

a) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) Short-term employee benefits

Short-term employee benefit obligations 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 if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

c) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity.
Directors are considered key management personnel.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

Rendering of services

Revenue from services are recognised when consultancy services are rendered and accepted by the customers.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

TAXES

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b) Deferred tax – continued

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

RELATED PARTIES

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Company if that person:
   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

b) An entity is related to the Company if any of the followings conditions apply:
   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or jointly venture of the other entity (or an associate or joint ventures of an member of a group of which the other entity is a member).
   (iii) Both entities are joint venture of the same third party.
   (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

RELATED PARTIES – CONTINUED

b) An entity is related to the Company if any of the followings conditions apply – continued :
   (v) The entity is a post-employment benefits plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
   (vi) The entity is controlled or jointly controlled by a person identified in (a)
   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deduct against share capital.

DIVIDENDS

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting when these dividends have been approved by the shareholders and declared, they are recognised as liability.

Interim dividends are simultaneously proposed and declared because the articles of association of the Company grant the directors the authority to declare interim dividends consequently interim dividends are recognised as a liability when they are proposed and declared.

OPERATING LEASES

Lessee

Rental payables under operating leases (net of any incentives received from lessors) are charged to profit and loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgement made in applying accounting policies

Determination of functional currency
In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the current that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements wrer prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3.2 Key sources of estimation uncertainty

(a) Impairment of loans and receivables

The impairment of trade and other receivables and loan to the holding company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 March 2017 were S$17,792,710 (2016: S$19,095,871).

4. PLANT AND EQUIPMENT

	Office Equipment S$	Computers and Softwares S$	Total S$
Cost:			
As at 01.04.2015	888	97,055	97,943
Additions	-	11,412	11,412
As at 31.03.2016	888	108,467	109,355
Additions	-	11,534	11,534
As at 31.03.2017	888	120,001	120,889
Accumulated depreciation:			
As at 01.04.2015	888	97,055	97,943
Depreciation	-	11,412	11,412
As at 31.03.2016	888	108,467	109,355
Depreciation	-	11,534	11,534
As at 31.03.2017	888	120,001	120,889
Net carrying value:			
As at 31.03.2017	-	-	-
As at 31.03.2016	-	-	-

5. TRADE AND OTHER RECEIVABLES

	2017 S$	2016 S$
Trade receivables		
- third party	16,731,657	18,987,440
Deposits	76,959	87,516
Prepayment	90,406	-
Banker's guarantee	11,220	20,915
Unbilled revenue	423,819	-
Advances to employees	271,289	-
Due from related parties	112,913	-
MOM – Temporary employment credit	74,447	-
	17,792,710	19,095,871

Trade receivables are unsecured, non-interest bearing and are generally settled on 30 to 90 (2016: 30 to 90) days term.

The amounts advance to employees and due from related party are non-trade in nature, unsecured, interest-free and repayable on demand.

Other receivables are non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

5. TRADE AND OTHER RECEIVABLES – CONTINUED

There is no other class of financial assets that is past due except for trade receivables.

Receivables that are past due but not impaired

The Company had trade receivables amounting to S$16,731,657 (2016: S$18,987,440) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2017 S$	2016 S$
Trade receivables past due but not impaired:		
Lesser than 30 days	8,087,971	8,045,389
30 – 60 days	4,641,904	5,960,315
More than 60 days	4,001,782	4,981,736
	16,731,657	18,987,440

The carrying amounts of trade and other receivables approximate its fair value.

Trade and other receivables are denominated in Singapore dollar.

6. CASH AND CASH EQUIVALENTS

	2017 S$	2016 S$
Cash in hand	368	810
Cash at bank	7,680,899	3,007,465
	7,681,267	3,008,275

The cash and cash equivalents are denominated in Singapore dollar.

7. TRADE AND OTHER PAYABLES

	2017 S$	2016 S$
Trade payables - Third parties		
Sub-Contractor payables	406,785	-
Other payables	4,678,052	3,147,066
GST payables	2,068,293	1,025,130
Deferred revenue	539,223	-
Accruals	36,285	17,750
	7,728,638	4,189,946
Amount due to director	329,655	6,698,623
Amount due to related party	-	120,107
	8,058,293	11,008,676

7. TRADE AND OTHER PAYABLES – CONTINUED

Trade payables are non-interest bearing and are generally settled on 30 to 90 (2016: 30 to 90) days' term.

Other payables and accruals are non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

The amount due to director is unsecured, non-trade in nature, interest-free and repayable on demand.

The amount due to related party is unsecured, non-trade in nature, interest-free and repayable on demand.

The carrying amount of trade and other payables approximate their fair values.

Trade and other payables are denominated in Singapore dollar.

8. SHARE CAPITAL

	2017 S$	2016 S$
Issued and fully paid, without par value:		
500,000 (2016: 500,000) ordinary shares	500,000	500,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Change in ownership
Pursuant to a share purchase agreement dated February 14, 2017, Quesscorp Holdings Pte. Ltd. (QHPL) acquired 320,000 (three hundred and twenty thousand) equity shares representing 64% (sixty four percent) of all the issued and outstanding equity shares of the Company from existing shareholder. Subsequent to the acquisition of shares, the Company became a subsidiary of QHPL.

9. REVENUE

	2017 S$	2016 S$
Service Rendered	95,850,434	81,351,316

10. OTHER OPERATING INCOME

	2017 S$	2016 S$
Government grants	282,635	205,300
Other income	300	-
	282,935	205,300

11. EMPLOYEE BENEFITS

	2017 S$	2016 S$
Director's remuneration & allowance	533,602	521,800
Staff costs:		
- Salaries and bonuses	2,485,173	2,667,195
- Staff amenities	5,108	27,587
- CPF contribution	78,484	78,528
	3,702,367	3,295,110

12. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2017 S$	2016 S$
Director's remuneration & allowance	533,602	521,800

Key management personnel are those persons having the authority and responsibilities for planning, directing and controlling the activities of the Company.

13. PROFIT BEFORE INCOME TAX

	2017 S$	2016 S$
Profit before taxation has been arrived at after charging:		
Depreciation on plant and equipment	11,534	11,412
Director's remuneration & allowance	533,602	521,800
Rental expenses	240,190	166,799

14. INCOME TAX EXPENSE

The tax expense is determined on a basis of tax effect accounting, using the liability method and it is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

	2017 S$	2016 S$
Current tax	1,393,434	783,241

14. INCOME TAX EXPENSE

a) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate on profit before income tax as a result of the following differences:

	2017 S$	2016 S$
Profit before income tax	8,396,457	5,882,327
Tax at the statutory tax rate at 17% (2016: 17%)	1,427,398	1,018,356
Tax effect on non-deductible expenses	1,961	27,545
Capital allowances	-	(83,733)
Statutory stepped income exemption	(25,925)	(25,925)
Corporate tax rebate	(10,000)	(20,000)
	1,393,434	916,243

b) Movement in current tax liabilities is as follow:

	2017 $	2016 $
Balance at beginning of the year	783,241	327,201
Tax refund	131,833	254,132
Tax paid during the year	(738,076)	(714,335)
Prior year over provision	-	-
Recognised in statement of comprehensive income	1,393,434	916,243
Balance at end of year	1,570,432	783,241

The deferred taxation relates tax on the excess of net carrying amount over the tax written down amount of the property, plant and equipment.

15. DIVIDEND

	2017 S$	2016 S$
During the financial year, the following dividends were paid:		
Interim tax exempt (one-tier) dividend of S$2.94 (2016: S$10.38) per share on the issued and paid up ordinary shares in respect of the current financial year	1,470,000	5,192,000

16. OPERATING LEASE COMMITMENTS

The Company has operating lease agreements for its office. The lease has remaining lease term of 11 months (2016: 1 year 11 months).

Operating lease payments recognised in profit or loss during the year amounted to S$240,190 (2016: S$166,799).

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2017 S$	2016 S$
Not more than one year	208,848	227,832
Later than one year and not more than 5 years	-	170,874
	208,848	398,706

17. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

17. FINANCIAL RISK MANAGEMENT – CONTINUED

Financial risk management objectives and policies – continued

(a) Credit risk – continued

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

The company has no financial assets that are either past due or impaired.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand- by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

17. FINANCIAL RISK MANAGEMENT – CONTINUED

Financial risk management objectives and policies – continued

(b) Liquidity risk – continued

The table below summaries the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount S$	Contractual Cash flows S$	One year or less S$
2017			
Financial Assets			
Cash and cash equivalents	7,681,267	7,681,267	7,681,267
Trade and other receivables	17,318,102	17,318,102	17,318,102
Advance to employees	271,289	271,289	271,289
Due from related parties	112,913	112,913	112,913
	25,383,571	25,383,571	25,383,571
Financial Liabilities			
Other payables	4,678,052	4,678,052	4,678,052
Accrued expenses	36,286	36,286	36,286
Sub-Contractor payables	406,785	406,785	406,785
Amount due to director	329,655	329,655	329,655
	5,450,778	5,450,778	5,450,778
Total net undiscounted financial assets	19,932,793	19,932,793	19,932,793

	Carrying amount S$	Contractual Cash flows S$	One year or less S$
2016			
Financial Assets			
Cash and cash equivalents	3,008,275	3,008,275	3,008,275
Trade and other receivables	19,095,871	19,095,871	19,095,871
	22,104,146	22,104,146	22,104,146
Financial Liabilities			
Trade and other payables	4,189,946	4,189,946	4,189,946
Amount due to director	6,698,623	6,698,623	6,698,623
Amount due to related party	120,107	120,107	120,107
	11,008,676	11,008,676	11,008,676
Total net undiscounted financial assets	11,095,470	11,095,470	11,095,470

17. FINANCIAL RISK MANAGEMENT – CONTINUED

Financial risk management objectives and policies – continued

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Company is not exposed to interest rate risk as it has no borrowing from outside sources.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk as it has no transactions denominated in foreign currencies.

18. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2017 and 31 March 2016.

18. CAPITAL MANAGEMENT – CONTINUED

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2016.

19. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy
The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

19. FAIR VALUE OF ASSETS AND LIABILITIES – CONTINUED

Fair values
The fair value of financial instruments is the amount which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transactions.

The followings methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables
The carrying amounts of these balances approximate their fair value due to the short-term nature of these balances.

Trade receivables
The carrying amounts of these trade receivables approximate their fair values as they are subject to normal trade credit terms.

20. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2017 S$	2016 S$
Loans and receivables		
Trade and other receivables (Note 5)	17,702,304	19,095,871
Cash and cash equivalents (Note 6)	7,681,267	3,008,275
Total loans and receivables	25,383,571	22,104,146
Financial liabilities measured at amortised cost		
Trade and other payables (Note 7)	7,189,416	4,189,946
Amount due to director	329,655	6,698,623
Amount due to related party	-	120,107
	7,519,071	11,008,676

COMTEL SOLUTIONS PTE LTD
Co. Reg. No.: 199801439D

THE ACCOMPANYING SUPPLEMENTARY DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Appendix A

	2017 S$	2016 S$
Revenue		
Consultancy income	95,850,434	81,351,316
	95,850,434	81,351,316
Less : Cost of sales		
Consultants salary	78,027,965	68,330,742
CPF contribution	2,326,141	1,849,550
FWL & SDL	403,809	295,251
Medical insurance	183,853	183,259
Recruitment expenses	300,558	288,221
Sub-Contractor	2,322,706	-
Travelling expenses - Consultants	16,025	-
Staff amenities - Consultants	29,750	927,871
	83,610,807	71,874,894
Gross profit	12,239,627	9,476,422
Other operating income		
Government grant	282,635	205,300
Other income	300	-
	282,935	205,300
	12,522,562	9,681,722
Less:		
Administrative expenses **(Appendix B)**	(4,126,105)	(3,799,395)
Profit for the year	8,396,457	5,882,327

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Appendix B

	2017 S$	2016 S$
Administrative expenses		
Accounting fee	-	5,000
Advertisement charges	3,000	19,355
Audit fee	15,000	12,000
Audit & accounting prior years	-	4,385
Cleaning charges	11,634	14,628
Bank charges	10,414	7,789
Corporate entertainment/gift to customers	32,059	71,489
Depreciation	11,534	11,412
Legal & Professional fees	572,960	-
Licenses	3,918	-
Miscellaneous expenses	9,630	-
Office supplies	29,955	23,762
Postage & Delivery	9,226	-
Refreshment expenses	3,893	31,067
Rental expenses	240,190	166,799
Rental of copier	3,740	3,674
Repair and maintenance	6,340	41,735
Subscription	18,975	300
Tax fee	-	750
Telephone expenses	17,906	32,461
Travelling expenses - Internal	11,623	37,256
Transport expenses	329	8,211
Training expenses	6,955	5,948
Utilities	4,457	6,264
Salaries and related costs		
Director remuneration & allowance	533,602	521,800
Staff salaries and bonuses	2,485,173	2,667,195
CPF contribution	78,484	78,528
Staff amenities - Internal	5,108	27,587
	4,126,105	3,799,395

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Thomas Cook (Mauritius) Operations Company Limited

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Thomas Cook (Mauritius) Operations Company Limited

Corporate data

			Date appointed
Directors	:	Mr Mahesh Chandran Iyer	29 March 2013
		Mr Harsha Raghavan	29 March 2013
		Mr Mohinder Dyall	04 September 2013
		Mr Mathew John Lamport	21 January 2014
		Mr Ramakrishna Sithanen	07 May 2015
		Mr Rajeev Hasnah	25 April 2016

Registered office : Anglo Mauritius House
4, Intendance Street
Port Louis
Republic of Mauritius

Secretary : Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers : AfrAsia Bank Limited
Bank One Limited
Banque des Mascareignes Ltée
Barclays Bank Mauritius Limited
MauBank Ltd
SBM Bank (Mauritius) Ltd
Standard Chartered Bank (Mauritius) Limited
State Bank of India (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

Thomas Cook (Mauritius) Operations Company Limited

Annual report

The directors have the pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is to deal in foreign exchange.

Results and dividends

The results for the year are as shown on page 19.

The directors did not recommend any dividend during the year under review (2016: Rs 8,500,000).

Directors

The present membership of the Board is set out on page 2.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius;
- state whether the Guideline on Corporate Governance has been adhered to; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001 and the Banking Act 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that adequate accounting records have been maintained and effective system of internal control and risk management were in place.

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance

CORPORATE GOVERNANCE STATEMENT

Thomas Cook (Mauritius) Operations Company Limited, the "Company", is a subsidiary of Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius and a step down subsidiary of Thomas Cook (India) Limited, a company incorporated in the Republic of India. The ultimate parent is Fairfax Financial Holding Limited, Canada.

The Bank of Mauritius has issued a Guideline on Corporate Governance for financial institutions governed under the Banking Act 2004 and the corporate governance report has been prepared having regard to the requirements prescribed in the Guideline on Corporate Governance.

The Company is committed to the highest standard of business integrity, transparency and professionalism in all its activities.

During this financial year, the Board of Directors (the "Board") has tried to adopt these approaches that it believes are likely to work in the particular context of the Company's business and culture and which promote the following:

- Effective decision-making, risk management and controls;
- Keeping the interests of the owners of the business aligned with, and at the front of the mind of, the people charged with managing the business; and
- The ability of the Company to hear the voice all stakeholders. Principally, these are regulatory and standard bodies, employees, customers, suppliers and the environment in which the Company operates.

SHAREHOLDING STRUCTURE

The shareholding of the Company is as follows:

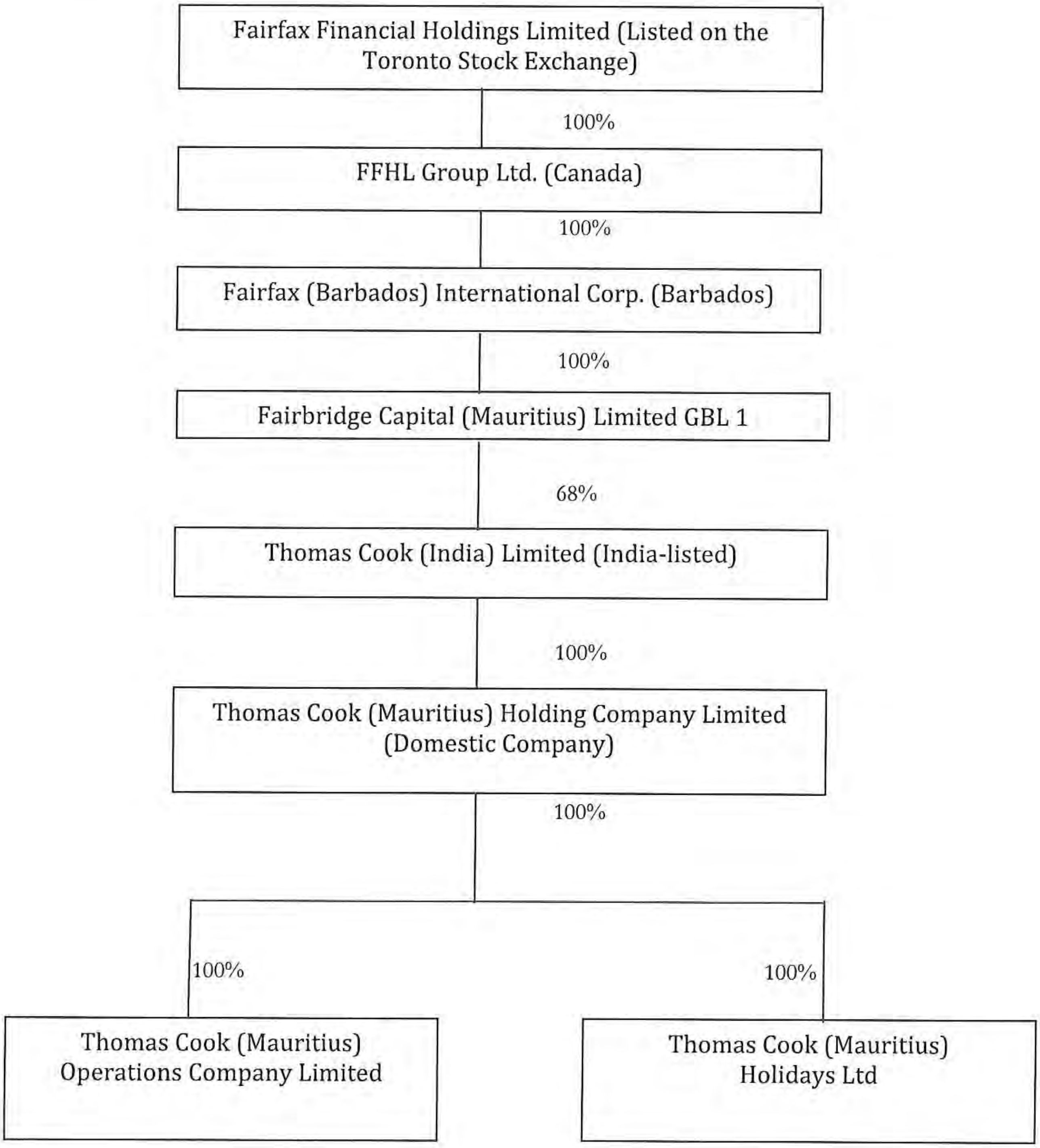
Shareholder	No. of Shares
Thomas Cook (Mauritius) Holding Company Limited	1,000,000
Total Number of Shares	**1,000,000**

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

SHAREHOLDING STRUCTURE (Contd)



Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

BOARD AND DIRECTORS

Structure of the Board

The Board's structure of the Company is a unitary Board. The directors of the Company share responsibility for directing it and promoting its affairs collectively when acting on behalf of the Company.

Composition of the Board

The Board currently comprises of one Executive Director, two Non-Executive Directors and three Independent Directors.

Attendance at Board Meetings:

	23/05/2016	20/07/2016	17/10/2016	27/01/2017
Chairman				
Ramakrishna SITHANEN (Independent Director)	✓	✓	✓	✓
Chief Operating Officer/Executive Director				
Mohinder Shakeel DYALL	✓	✓	✓	✓
Independent Director				
Matthew John LAMPORT	✓	✓	✓	✓
Rajeev HASNAH	✓	✓	✓	✓
Non-Executive Directors				
Mahesh Chandran IYER	×	✓	✓	✓
Harsha RAGHAVAN	×	✓	×	✓

Directors' Profile

Dr Ramakrishna SITHANEN – Independent Director *(Chairman of the Board of Directors)*

Appointment date: 07 May 2015

Dr Ramakrishna Sithanen is a member of the Audit and Risk Committee.

Skills and Experience

He holds a BSc Economics (with First Class Honours) and an M.Sc Economics (with a Mark of Distinction) from the London School Economics and Political Science (LSE) UK. He also holds a PhD in Political Science from Brunel University. He has been bestowed with the highest mark of distinction of the Republic of Mauritius with the Grand Commander of the Star and Key in 2009.

He has strong leadership skills and a broad experience in political, managerial, technical, financial and administrative experience as Deputy Prime Minister and Minister of Finance and Economic Development of the Republic of Mauritius, Director at Air Mauritius, General Manager, Strategy and Development of Rogers and Co, Partner in major accounting and consulting firm, economist and consultant/adviser on economic issues, airline restructuring and policy matters.

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

BOARD AND DIRECTORS (Contd)

Directors' Profile (Contd)

Mr Mohinder Shakeel DYALL – Executive Director *(Chief Operating Officer)*

Appointment date: 04 September 2013

Mr Mohinder Shakeel Dyall is a member of the Audit and Risk Committee.

Skills and Experience

He joined the Company in September 2013 as the Chief Operating Officer. He holds a Post Graduate Diploma in marketing from the Chartered Institute of Marketing and an M.Sc E-Business from the University of Mauritius. He is both a member of the Chartered Institute of Marketing (CIM) and a Chartered Marketer from the same Institute. He is the former Chief Operations Officer at Flemingo Duty Free Mauritius Ltd and Chief Executive Officer at Mauritius Duty Free Paradise Ltd.

Mr Matthew John LAMPORT – Independent Director *(Chairman of the Audit and Risk Committee)*

Appointment date: 21 January 2014

Skills and Experience

He holds an MSc Finance and a BSc Management Studies from the University of Mauritius. He is also a member of the Association of Chartered and Certified Accountants (ACCA). He had fifteen years of experience as a Senior Lecturer in Accounting and Finance at the University of Mauritius. He is also an academic member representing the University of Mauritius on the Financial Reporting Council.

Mr Mahesh Chandran IYER – Non-Executive Director

Appointment date: 29 March 2013

Skills and Experience

He holds a B.Com from Mumbai University, a Masters in Marketing Management – JBIMS and an Executive program in Business Management –IIM from Kolkata. He has twenty three years of experience as a Senior Vice President and Head in Foreign Exchange at Thomas Cook (India) Ltd. He is currently the Chief Executive Officer of Thomas Cook (India) Ltd.

Mr Harsha RAGHAVAN – Non-Executive Director

Appointment date: 29 March 2013

Skills and Experience

He holds a B.A in Computer Science and Economics from University of California, Berkeley, an M.Sc in Industrial Engineering & Engineering Management from Stanford University and an M.B.A from Stanford Graduate School of Business. He is the Managing Director of Fairbridge Capital in Mumbai, India since 2011.

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

BOARD AND DIRECTORS (Contd)

Directors' Profile (Contd)

Mr Rajeev HASNAH – Independent Director

Appointment date: 25 April 2016

Mr Rajeev Hasnah is a member of the Audit and Risk Committee.

Skills and Experience

He is a CFA Charter holder from the CFA Institute and also an affiliate member of Association of Chartered Certified Accountants (ACCA). He is currently the Managing Director of Blue Delta Advisory, Republic of Mauritius.

Role and function of the Board

The Board is the decision-making body for all matters material to the Company's finances, strategy and reputation. It is collectively responsible for the long-term success of the Company and has ultimate responsibility for management, direction and performance of the Company and its businesses. The Board is required to exercise objective judgement on all corporate matters and is accountable to shareholders for the proper conduct of the business. The Board has also delegated specific responsibilities to the Audit Committee.

There is a defined division of responsibilities between the Non-Executive Chairman and the Chief Operating Officer.

Role and function of the Chairman

The Chairman is responsible to manage and provide leadership to the Board of Directors. He is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Operating Officer. The Chairperson also acts as the communicator for Board decisions where appropriate.

Role and function of the Chief Operating Officer

The Chief Operating Officer ("COO") is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholder value. The COO's leadership role also entails being ultimately responsible for all day-to day management decisions and for implementing the Company's long and short term plans.

Role of the Non-Executive Director and the Independent Director

The Non-Executive Director and the Independent Director make a significant contribution to the functioning of the Board and are involved in policy making and planning exercise. They ensure that no individual or group dominates the decision-making process.

Role and function of the Company Secretary

The Company Secretary manages the provision of timely, accurate and considered information to the Board and ensures that the Board maintains its awareness of the ever-changing corporate governance environment. The Company Secretary attends every board meeting.

Conflicts of interests

Each director ensures that no decision or action is taken that places his interests in front of the interests of the business. At each Board meeting, a director is required to disclose any actual or potential conflicts of interests.

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

BOARD AND DIRECTORS (Contd)

Remuneration of directors

The Board decided to allocate an aggregate amount of Rs 15,000 as remuneration and benefits to the independent directors for each quarterly meeting.

Board induction and professional development

All new directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and visits to the Company's operational locations. The Board recognises that its directors have a diverse range of experience, and so it encourages them to attend external seminars and briefings that will assist them individually.

Board evaluation

The Board recognises that a continuous and constructively critical evaluation of their performance is a powerful feedback for improving board effectiveness, maximising strengths and highlighting areas for further development.

Board meetings

The Board met four times during this financial year. At each meeting, the Board receives regular reports, for example covering current operations and management accounts. At certain points during the year, the Board reviews results of the operations, budgets, capital expenditure, risks and audited financial statements and also reviews other topics such as technical or legal developments and the competitive environment as appropriate.

BOARD COMMITTEES

The Board has a standing Audit and Risk Committee (the "Committee"). The Committee reports to and has its terms of reference approved by the Board on the 18 November 2015. The minutes of the Committee Meetings are circulated and reviewed by the Board.

Audit and Risk Committee

The main duties and responsibilities of the Audit and Risk Committee are:

1.1 The basic responsibility of the members of the Audit and Risk Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

1.2 The Board authorises the Audit and Risk Committee, within the scope of its responsibilities to:

(a) perform activities within the scope of this charter.
(b) investigate any activity it deems appropriate.
(c) appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties.
(d) instruct any officer or employee of the Company to attend any meetings and provide pertinent information as necessary and appropriate.
(e) have unrestricted access to members of management, employees and relevant information.
(f) establish procedures regarding accounting, internal controls and auditing matters.

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

BOARD COMMITTEES (Contd)

Audit and Risk Committee (Contd)

(g) establish procedures for the receipt and treatment of audit observations received by the Company regarding accounting controls and auditing matters.

(h) make recommendations to the Board in relation to the appointment, termination and remuneration of external auditors and evaluate the work of the latter.

(i) review the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors.

(j) pre-approve all audit services fees and terms as well as review policies for the provision of non-audit services by the external auditors.

Membership of the Committee

The members of the Committee during the year were Mr Matthew Lamport (Committee Chairman), Dr Ramakrishna Sithanen, Mr Rajeev Hasnah and Mr Mohinder Shakeel Dyall.

Attendance at Committee:

	10/05/2016	11/07/2016	30/09/2016	17/01/2017
Mr Matthew LAMPORT	✓	✓	✓	✓
Dr Ramakrishna SITHANEN	×	✓	✓	✓
Mr Rajeev HASNAH	✓	✓	✓	✓
Mr Mohinder Shakeel DYALL	✓	✓	✓	✓

The General Manager - Finance, General Manager - Foreign Exchange, the Senior Manager - Compliance/MLRO and the external auditors attend meetings by invitation.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Internal Audit and Internal Control

The scope of the internal audit function is to assist the Board and management to maintain and improve the process by which risks are identified and managed, and to help the Board to discharge its responsibilities and to maintain and strengthen the internal control framework.

During the year under review the Board has outsourced the internal audit function to KPMG and subsequently to BDO.

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT (Contd)

Risk Management

The Board of Directors has overall responsibility for the Company's risk management and the process in place in relation to the identification, evaluation and management of the significant risks faced by the Company in compliance with the Corporate Governance Code.

The risk management mechanism in place includes:
- A system for the on-going identification and assessment of risks; and
- Communication of risk management across all levels of organisation.

The Financial Risk Management is outlined on pages 33 to 36 of these audited financial statements.

ACCOUNTING AND AUDITING

Auditors

The fees charged by the auditors (exclusive of VAT), **Grant Thornton** (2016: Pricewaterhouse Coopers), for audit and other services, were:

	2017 **Rs**	2016 Rs
Audit fees	**500,000**	800,000
Other services*	**200,000**	287,150
	700,000	1,087,150

*Other services comprise tax services and review of the Company's internal control systems.

The auditors, **Grant Thornton**, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual Meeting.

INTEGRATED SUSTAINABILITY REPORT

Ethics and business conduct

The Company is committed to a Code of Business Conduct and Ethics which sets out the business practices and personal ethics for all its employees. The Code of Business Conduct and Ethics was approved by the Board of Directors on 18 November 2015.

COMMUNICATION AND DISCLOSURE

Related Party Transaction

Related party transactions are disclosed in Note 23 to these audited financial statements.

Constitution

The Company's constitution is in conformity with the provisions of the Mauritius Companies Act 2001.

Thomas Cook (Mauritius) Operations Company Limited

Annual report (Contd)

Report on corporate governance (Contd)

COMMUNICATION AND DISCLOSURE (CONTD)

Dividend Policy

The payment of dividends is subject to the performance of the Company, its cash flows, its investments requirements and its solvency ratio.

Directors' interests

The directors do not hold any interests in the ordinary shares of the Company.

Significant Contracts

No contracts of significance exist between the Company and its directors.

Donations

The Company made no donations during the year ended 31 March 2017 (2016: Rs Nil).

Directors' Remuneration

During the year ended 31 March 2017, remuneration paid to the directors by the Company are as follows:

	2017	2016
	Rs	Rs
Non-Executive Independent directors - sitting fee	**225,000**	105,000
Executive director	**4,029,324**	2,876,046

Approved by the Board of Directors on 23 MAY 2017 and signed on its behalf by:

Director

Director

Thomas Cook (Mauritius) Operations Company Limited

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Operations Company Limited

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of **Thomas Cook (Mauritius) Operations Company Limited** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2017.

for **Executive Services Limited**
Secretary

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Date: 23 MAY 2017

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thomas Cook (Mauritius) Operations Company Limited, the "Company", which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 18 to 50 give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and Annual Report sections, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of Thomas Cook (Mauritius) Operations Company Limited for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on the financial statements on 23 May 2016.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and the Banking Act 2004, and for such internal control as management determines is necessary to enable the preparation of the financial statements that 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

(a) Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in the Company other than in our capacity as auditors and tax advisors;

- we have obtained all the information and explanations that we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

(b) Banking Act 2004

In our opinion, the financial statements:

- have been prepared on a basis consistent with that of the preceding year;

- are complete, fair and properly drawn up; and

- comply with the Banking Act 2004 as well as the regulations and guidelines of the Bank of Mauritius.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Operations Company Limited

Report on Other Legal and Regulatory Requirements (Contd)

Other

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 23 MAY 2017

Ebene 72201, Republic of Mauritius

Thomas Cook (Mauritius) Operations Company Limited

Statement of financial position as at 31 March

	Notes	2017 Rs	2016 Rs
Assets			
Non-current			
Plant and equipment	7	**13,566,405**	13,207,769
Intangible assets	8	**2,586,641**	2,849,591
Deferred tax asset	20	**-**	984,800
Non-current assets		**16,153,046**	17,042,160
Current			
Investment in treasury bills	9	**47,935,712**	47,338,139
Trade and other receivables	10	**5,457,622**	10,756,010
Cash and cash equivalents	11	**63,149,599**	75,602,467
Current assets		**116,542,933**	133,696,616
Total assets		**132,695,979**	150,738,776
Equity and liabilities			
Equity			
Stated capital	12	**100,000,000**	100,000,000
Retained earnings		**22,484,406**	16,188,476
Gratuity benefit deficits		**(166,000)**	(52,000)
Investment revaluation reserves	9	**31,202**	-
Total equity		**122,349,608**	116,136,476
Liabilities			
Non-current			
Gratuity obligations	13	**598,000**	352,000
Borrowings	14	**612,401**	926,634
Deferred tax liability	20	**53,296**	-
Non-current liabilities		**1,263,697**	1,278,634
Current			
Trade and other payables	15	**7,319,184**	23,100,279
Borrowings	14	**1,763,490**	10,223,387
Current liabilities		**9,082,674**	33,323,666
Total liabilities		**10,346,371**	34,602,300
Total equity and liabilities		**132,695,979**	150,738,776

Approved by the Board of Directors on 23 MAY 2017. and signed on its behalf by:

Director

Director

The notes on pages 22 to 50 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of comprehensive income for the year ended 31 March

	Notes	2017 Rs	2016 Rs
Net gains from foreign currency dealings	16	**48,806,955**	39,599,425
Other operating income	17	**12,291,185**	11,305,612
Sundry income		**99,551**	54,873
Administrative expenses		**(55,226,429)**	(50,994,035)
Operating profit/(loss)	21	**5,971,262**	(34,125)
Finance income	18	**1,824,684**	1,708,797
Finance costs	19	**(461,920)**	(461,974)
Net finance income		**1,362,764**	1,246,823
Profit before tax		**7,334,026**	1,212,698
Tax expense	20	**(1,038,096)**	(150,000)
Profit for the year		**6,295,930**	1,062,698
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on gratuity benefit obligations	13	**(114,000)**	(38,000)
Items that will be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale financial assets	9	**31,202**	-
Other comprehensive loss for the year, net of tax		**(82,798)**	(38,000)
Total comprehensive income for the year		**6,213,132**	1,024,698

The notes on pages 22 to 50 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Retained earnings Rs	Gratuity benefit deficits Rs	Investment revaluation reserve Rs	Total Rs
At 01 April 2016	**100,000,000**	**16,188,476**	**(52,000)**	**-**	**116,136,476**
Profit for the year	**-**	**6,295,930**	**-**	**-**	**6,295,930**
Other comprehensive (loss)/income	**-**	**-**	**(114,000)**	**31,202**	**(82,798)**
Total comprehensive income for the year	**-**	**6,295,930**	**(114,000)**	**31,202**	**6,213,132**
At 31 March 2017	**100,000,000**	**22,484,406**	**(166,000)**	**31,202**	**122,349,608**
At 01 April 2015	100,000,000	23,611,778	-	-	123,611,778
Reclassification adjustment (Note 25)	-	14,000	(14,000)	-	-
Dividends (Note 22)	-	(8,500,000)	-	-	(8,500,000)
Transactions with the shareholder	-	(8,500,000)	-	-	(8,500,000)
Profit for the year	-	1,062,698	-	-	1,062,698
Other comprehensive loss	-	-	(38,000)	-	(38,000)
Total comprehensive income for the year	-	1,062,698	(38,000)	-	1,024,698
At 31 March 2016	100,000,000	16,188,476	(52,000)	-	116,136,476

The notes on pages 22 to 50 form an integral part of these financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Statement of cash flows for the year ended 31 March

	2017 Rs	2016 Rs
Operating activities		
Profit before income tax	**7,334,026**	1,212,698
Adjustments for:		
Depreciation of plant and equipment	**1,694,699**	1,520,869
Amortisation of intangible assets	**338,170**	315,451
Gratuity benefit obligations	**132,000**	85,000
Interest income	**(1,824,684)**	(1,708,797)
Interest expense	**461,920**	461,974
Assets written off / loss on disposals	**983,308**	992,778
Total adjustments	**1,785,413**	1,667,275
Net changes in working capital:		
Change in trade and other receivables	**5,298,388**	7,872,586
Change in trade and other in payables	**(15,781,095)**	16,357,763
Total changes in working capital	**(10,482,707)**	24,230,349
Interest received	**670,003**	952,542
Interest paid	**(461,920)**	(461,974)
Net cash from operating activities	**(1,155,185)**	27,600,890
Investing activities		
Purchase of plant and equipment	**(3,059,493)**	(3,000,530)
Purchase of intangible assets	**(129,995)**	(1,138,500)
Proceeds from treasury bills redeemed	**48,000,000**	95,824,968
Purchase of treasury bills	**(47,411,690)**	(119,508,990)
Proceeds from sale of plant and equipment	**77,625**	15,000
Net cash used in investing activities	**(2,523,553)**	(27,808,052)
Financing activities		
Finance lease principal payments	**(414,848)**	(380,920)
Dividends paid	**-**	(8,500,000)
Net cash used in financing activities	**(414,848)**	(8,880,920)
Net decrease in cash and cash equivalents	**(4,093,586)**	(9,088,082)
Cash and cash equivalents at beginning of the year	**65,793,928**	74,882,010
Cash and cash equivalents at end of year (Note 11)	**61,700,342**	65,793,928

The notes on pages 22 to 50 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2017

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Thomas Cook (Mauritius) Operations Company Limited, the "Company", was incorporated in the Republic of Mauritius under the former Mauritius Companies Act 1984 on 14 January 2000 as a private company with liability limited by shares. The Company's registered office is Ground Floor, Anglo Mauritius House, 4, Intendance Street, Port Louis, Republic of Mauritius.

The main activity of the Company is to deal in foreign exchange under a licence issued by the Bank of Mauritius on 17 June 2005.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Adoption of new and revised International Financial Reporting Standards

2.1 New and revised standards that are effective for the annual period beginning on 01 April 2016

In the current year, the following new and revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 April 2016:

IAS 1, Disclosure Initiative (Amendments to IAS 1)

The amendments represent the first authoritative output from the IASB's Disclosure Initiative project. The disclosure initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short- and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing standards can be improved.

IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

IAS 27, Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IAS 16 and IAS 41, Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

These amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

Notes to the financial statements

For the year ended 31 March 2017

2. Adoption of new and revised International Financial Reporting Standards (Contd)

2.1 New and revised standards that are effective for the annual period beginning on 01 April 2016 (Contd)

IFRS 11, Accounting of Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

These amendments provide new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

IFRS 14, Regulatory Deferral Accounts

This standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and one interpretation have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activities, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new standards, amendments and interpretation is provided below:

IFRS 9, Financial Instruments (2014)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss.

IFRS 16, Leases

The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRS 15, Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

Notes to the financial statements

For the year ended 31 March 2017

2. Adoption of new and revised International Financial Reporting Standards (Contd)

2.1 New and revised standards that are effective for the annual period beginning on 01 April 2016 (Contd)

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments bring clarification on the following matters:

- the accounting for cash-settled share-based payment transactions that include a performance condition;
- the classification of share-based payment transactions with net settlement features; and
- the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IAS 7, Disclosure Initiative (Amendments to IAS 7)

The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes).

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4.

IAS 40, Transfer of Investment Property (Amendments to IAS 40)

Under these amendments an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

Management have yet to assess the impact of the above standards, amendments and interpretation on the Company's financial statements.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

The average exchange rates for the main foreign currencies against MUR for the year were as follows:

Currency	*Average exchange rate*
United States Dollar	35.07
Euro	37.44
Great Britain Pound	43.78

3.3 Plant and equipment

Plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment loss.

Depreciation is calculated on the straight-line method to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Office equipment	4.75%
Computer equipment	25%
Furniture and fittings	6.33%
Motor vehicles	15%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of an asset, the difference between the carrying value of the asset and sale consideration is taken to the statement of comprehensive income.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of significant accounting policies (Contd)

3.3 Plant and equipment (Contd)

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition and this policy has been implemented as from 01 February 2017.

3.4 Intangible assets

Computer software

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software has been assessed as having a finite useful life which has been estimated to 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Software under development

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 4 years) when the software is available for use.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into loans and receivables and available-for-sale financial assets.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance income or finance costs, except for impairment of receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimates is then based on recent historical counterparty default rates for each identified group.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include investments in Government of Mauritius treasury bills. The investment in treasury bills is measured at fair value and the unrealised gains or losses on remeasurement are accounted under the Investment Revaluation Reserves.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include obligations under finance leases, bank overdrafts and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of significant accounting policies (Contd)

3.5 Financial instruments (Contd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.7 Trade receivables

Trade receivables represents commission receivable on MoneyGram transfers.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial. Individually trade receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, net of bank overdrafts. Cash and cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Equity, reserves and dividend payments

Stated capital is determined using the values of the shares that have been issued.

Retained earnings include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

Investment revaluation reserves comprise of the unrealised gains or losses on re-measurement of available-for-sale financial assets.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the Board prior to the reporting date.

3.10 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of significant accounting policies (Contd)

3.10 Income tax (Contd)

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Corporate Social Responsibility (CSR)

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. The rate of contribution to National CSR Foundation will further change to 75% in the following year.

3.11 Employee benefits

Gratuity obligations

The Company does not operate a pension scheme for its employees. Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008. Accordingly, the Company's qualified actuary has determined for the gratuity obligations in line with the requirements of the Employment Rights Act 2008 at the end of the reporting period and the Company has booked this obligation in the statement of financial position.

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations is calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of significant accounting policies (Contd)

3.11 Employee benefits (Contd)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However, the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required from the Company and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses. All known risks at the reporting date are reviewed in detail and provision is made where necessary.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

3.13.1 Net gains from foreign currency dealings

Sale of foreign currency

Dealings in foreign exchange are recognised on customer acceptance. Gains and losses arising on dealing in foreign currencies are recognised on a net basis.

3.13.2 Other operating income

Other operating income comprise of net unrealised foreign exchange gains, fees and commission arising from telegraphic transfers, MoneyGram transactions, income from pick-up and delivery of foreign currencies to banks net of import charges.

Fees and commissions are recognised on an accrual basis when the service has been provided.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of significant accounting policies (Contd)

3.13 Revenue recognition (Contd)

3.13.3 Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

3.14 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Company. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.15 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.16 Expense recognition

All expenses are accounted for on an accrual basis in the statement of comprehensive income.

3.17 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables also include advances received from customers in respect of telegraphic transfers not yet processed by the Company at the reporting date.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of significant accounting policies (Contd)

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.19 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date was estimated at Rs 598,000 (2016: Rs 352,000).

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available; in that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 6).

Notes to the financial statements

For the year ended 31 March 2017

4. Financial instrument risk

Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risks are managed at the level of the Board of Directors with the assistance of line managers. The Board is responsible for overseeing the establishment of effective risk management systems and the monitoring of internal compliance and controls.

The Company's financial assets and financial liabilities by category are summarised below.

	2017 Rs	2016 Rs
Financial assets		
Available-for-sale financial assets:		
Current		
Investment in treasury bills	**47,935,712**	47,338,139
Loans and receivables:		
Trade and other receivables	**1,436,285**	5,823,639
Cash and cash equivalents	**63,149,599**	75,602,467
	64,585,884	81,426,106
Total financial assets	**112,521,596**	128,764,245

	2017 Rs	2016 Rs
Financial liabilities		
At amortised cost:		
Non-current		
Obligations under finance leases	**612,401**	926,634
Current		
Trade and other payables	**4,270,124**	11,710,676
Bank overdrafts	**1,449,257**	9,808,539
Obligations under finance leases	**314,233**	414,848
	6,033,614	21,934,063
Total financial liabilities	**6,646,015**	22,860,697

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD"), EURO and Great Britain Pound ("GBP"). Consequently, the Company is exposed to the risk that the exchange rates of USD, EURO and GBP relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in the foreign currencies. The effect of any change in the exchange rates of other currencies relative to MUR will not have any material impact on the operating cash flows.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets		Financial liabilities	
	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
MUR	**102,146,743**	124,870,603	**5,192,060**	9,691,576
USD	**6,005,933**	1,570,129	**1,055,191**	4,477,486
EURO	**2,451,015**	1,426,732	**-**	2,843,544
GBP	**607,755**	648,305	**394,066**	2,487,509
Others	**1,310,150**	248,476	**4,698**	3,360,582
	112,521,596	128,764,245	**6,646,015**	22,860,697

Foreign currency sensitivity

The information below illustrates the sensitivity of profit and equity in regards to the Company's financial instruments and the USD/MUR, EURO/MUR and GBP/MUR exchange rates, "all other things being equal".

It assumes a 10% change in the USD/MUR, EURO/MUR and GBP/MUR exchange rate for the year ended 31 March 2017 (2016: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD, EURO and GBP by 10%, profit and equity would have decreased by Rs 761,544 at 31 March 2017 (2016: Rs 616,337). If the MUR had weakened by the same percentage against the USD, profit and equity would have increased by Rs 761,544 (2016: Rs 616,337).

	2017		2016	
	Profit	Equity	Profit	Equity
	Rs	Rs	Rs	Rs
USD	**600,593**	**600,593**	290,736	290,736
EURO	**139,582**	**139,582**	141,681	141,681
GBP	**21,369**	**21,369**	183,920	183,920
	761,544	**761,544**	616,337	616,337

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of investment in treasury bills, bank balances, fixed deposits and finance leases respectively. The interest thereon is based on market rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be Rs 102,787 on the operating cash flows and equity.

4.2 Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has, as far as it is practicable, adopted a policy of only dealing with creditworthy counterparties in order to reduce the risk of financial loss from defaults.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2017 Rs	2016 Rs
Financial assets		
Available-for-sale financial assets:		
Current		
Investment in treasury bills	**47,935,712**	47,338,139
Loans and receivables:		
Trade and other receivables	**1,436,285**	5,823,639
Cash and cash equivalents	**63,149,599**	75,602,467
	64,585,884	81,426,106
Total	**112,521,596**	128,764,245

Trade receivables consist of amount due from MoneyGram on which the directors consider risk of default as minimal since the latter is a highly reputable organisation.

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For the year ended 31 March 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis (Contd)

The directors consider that no credit risk is associated with the amount due from the related parties as the latters are financially strong.

The Company holds investment in Government of Mauritius treasury bills on which credit risk is considered nil.

The credit risk for cash and cash equivalents is considered negligible, since the Company transacts with reputable banks.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

None of the above financial assets are secured by collaterals or other credit enhancements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by monitoring cash inflows and outflows due in day-to-day business.

The maturity profile of the financial liabilities is summarised as follows:

31 March 2017	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Current liabilities				
Trade and other payables	4,270,124	4,270,124	4,270,124	-
Bank overdrafts	1,449,257	1,449,257	1,449,257	-
Obligations under finance leases	926,634	1,044,209	377,730	666,479
	6,646,015	6,763,590	6,097,111	666,479

31 March 2016	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	1-5 years Rs
Current liabilities				
Trade and other payables	11,710,676	11,710,676	11,710,676	-
Bank overdrafts	9,808,539	9,808,539	9,808,539	-
Obligations under finance leases	1,341,482	1,555,410	511,200	1,044,210
	22,860,697	23,074,625	22,030,415	1,044,210

Notes to the financial statements

For the year ended 31 March 2017

5. Capital management policies and procedures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, buy back shares or issue new shares.

The structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital and retained earnings.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

	2017 Rs	2016 Rs
Total borrowings (Note (i))	**2,375,891**	11,150,021
Less: cash and cash equivalents	**(63,149,599)**	(75,602,467)
Net debt	**-**	-
Total equity (Note (ii))	**122,349,608**	116,136,476
Total capital	**122,349,608**	116,136,476
Gearing ratio	**-**	-

Based on the above information, the Company was not geared at 31 March 2017.

(i) Borrowings comprise of bank overdrafts and obligations under finance leases as detailed in Note 14.

(ii) Equity includes both capital and reserves.

(iii) The Company is required to maintain an unimpaired capital of Mauritian Rupee 25,000,000 and an additional two million rupees for each branch that it operates in accordance with the Terms and Conditions of its Foreign Exchange Dealer Licence. At 31 March 2017, the capital of the Company stood at Rs 122,349,608 and therefore the Company meets the unimpaired capital requirement.

Also, in accordance with Section 25 of the Banking Act 2004, the Company should maintain minimum liquid assets, equivalent to not less than 10 per cent of its liabilities, as may be determined by the Bank of Mauritius. Management considers cash and cash equivalents and Government of Mauritius treasury bills as liquid assets and the total amount of these assets exceeded the total liabilities balance at the reporting date.

Notes to the financial statements

For the year ended 31 March 2017

6. Fair value measurement

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability.

The hierarchy of the fair value measurement of the Company's financial assets measured at fair value on a recurring basis are as follows:

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs	**Rs**	**Rs**	**Rs**
Financial assets				
Government of Mauritius treasury bills	**-**	**47,935,712**	**-**	**47,935,712**

31 March 2016	Level 1	Level 2	Level 3	Total
	Rs	Rs	Rs	Rs
Financial assets				
Government of Mauritius treasury bills	-	47,338,139	-	47,338,139

There were no transfers between Level 1 and Level 2 during the year.

Measurement of fair value of financial instruments

The methods used for the purpose of measuring fair values of investments are detailed below:

Government of Mauritius treasury bills (Level 2)

The Government of Mauritius treasury bills are actively traded in the Mauritian market. The clean prices of the Government of Mauritius treasury bills are available on website of the Bank of Mauritius.

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

6.3 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of plant and equipment, intangible assets, deposits, deferred tax asset and prepayments. Its non-financial liabilities consist of advance received from customers, deferred tax liability and gratuity obligations.

For both non-financial assets and non-financial liabilities, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

Notes to the financial statements

For the year ended 31 March 2017

7. Plant and equipment

	Office Equipment	Computer Equipment	Furniture and Fittings	Motor Vehicles	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Cost						
At 01 April 2016	6,311,783	3,793,699	8,136,662	2,429,995	1,113,599	21,785,738
Additions	745,421	495,259	1,818,813	-	-	3,059,493
Transfers	-	1,113,599	-	-	(1,113,599)	-
Assets written off / Disposals	(1,352,801)	-	(589,604)	-	-	(1,942,405)
At 31 March 2017	**5,704,403**	**5,402,557**	**9,365,871**	**2,429,995**	**-**	**22,902,826**
Depreciation						
At 01 April 2016	2,568,793	2,718,478	2,572,283	718,415	-	8,577,969
Charge for the year	295,319	524,336	510,544	364,500	-	1,694,699
Assets written off / Disposals adjustments	(735,790)	-	(200,457)	-	-	(936,247)
At 31 March 2017	**2,128,322**	**3,242,814**	**2,882,370**	**1,082,915**	**-**	**9,336,421**
Net book values						
At 31 March 2017	**3,576,081**	**2,159,743**	**6,483,501**	**1,347,080**	**-**	**13,566,405**

At 31 March 2017, motor vehicles acquired under finance leases had a net book value of Rs **1,347,080** (2016: Rs 1,711,580).

Notes to the financial statements

For the year ended 31 March 2017

7. Plant and equipment (Contd)

	Office Equipment Rs	Computer Equipment Rs	Furniture and Fittings Rs	Motor Vehicles Rs	Assets in progress Rs	Total Rs
Cost						
At 01 April 2015	6,970,536	3,749,952	7,436,463	2,429,995	-	20,586,946
Additions	449,004	701,242	1,323,979	-	526,305	3,000,530
Transfer from intangible assets (Note 8)	-	-	-	-	587,294	587,294
Assets written off	(1,074,407)	(657,495)	(536,100)	-	-	(2,268,002)
Disposals	(33,350)	-	(87,680)	-	-	(121,030)
At 31 March 2016	6,311,783	3,793,699	8,136,662	2,429,995	1,113,599	21,785,738
Depreciation						
At 01 April 2015	2,664,536	3,047,131	2,372,772	353,915	-	8,438,354
Charge for the year	370,547	328,842	456,980	364,500	-	1,520,869
Assets written off	(457,181)	(657,495)	(218,155)	-	-	(1,332,831)
Disposals adjustments	(9,109)	-	(39,314)	-	-	(48,423)
At 31 March 2016	2,568,793	2,718,478	2,572,283	718,415	-	8,577,969
Net book values						
At 31 March 2016	3,742,990	1,075,221	5,564,379	1,711,580	1,113,599	13,207,769

Notes to the financial statements

For the year ended 31 March 2017

8. Intangible assets

	Computer software Rs	Assets in progress Rs	Total Rs
Cost			
At 01 April 2016	15,365,103	2,334,352	17,699,455
Transfers	2,334,352	(2,334,352)	-
Additions	129,995	-	129,995
Assets written off	(61,144)	-	(61,144)
At 31 March 2017	**17,768,306**	**-**	**17,768,306**
Amortisation			
At 01 April 2016	14,849,864	-	14,849,864
Charge for the year	338,170	-	338,170
Assets written off	(6,369)	-	(6,369)
At 31 March 2017	**15,181,665**	**-**	**15,181,665**
Net book values			
At 31 March 2017	**2,586,641**	**-**	**2,586,641**
Cost			
At 01 April 2015	14,992,790	2,155,459	17,148,249
Additions	372,313	766,187	1,138,500
Transfer to plant and equipment	-	(587,294)	(587,294)
At 31 March 2016	15,365,103	2,334,352	17,699,455
Amortisation			
At 01 April 2015	14,534,413	-	14,534,413
Charge for the year	315,451	-	315,451
At 31 March 2016	14,849,864	-	14,849,864
Net book values			
At 31 March 2016	515,239	2,334,352	2,849,591

9. Investment in treasury bills

	2017 Rs	2016 Rs
At fair value		
At 01 April	**47,338,139**	22,897,862
Additions during the year	**47,411,690**	119,508,990
Redeemed during the year	**(48,000,000)**	(95,824,968)
Interest	**1,154,681**	756,255
Fair value gain on remeasurement	**31,202**	-
At 31 March	**47,935,712**	47,338,139

Thomas Cook (Mauritius) Operations Company Limited

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For the year ended 31 March 2017

9. Investment in treasury bills (Contd)

Investments relate to the purchase of Government of Mauritius Treasury Bills. Details of the investments are as follows:

Contract date	Maturity Date	Yield %	Face Value Rs
01 July 2016	05 May 2017	2.6	23,000,000
10 February 2017	05 May 2017	1.7	25,000,000

(i) Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and the directors intend to hold them for the medium to long term. However, during the financial year 2016, the Company redeemed a material part of the investments before the maturity date and thereby in accordance with IAS 39, *Financial Instruments: Recognition and Measurement,* the Company's investments in treasury bills were classified as available-for-sale financial assets at 31 March 2016 and subsequently.

10. Trade and other receivables

	2017 Rs	2016 Rs
Trade receivables (Note (i))	**342,581**	-
Due from related parties (Note (ii))	**931,852**	5,823,639
Rental and other deposits	**1,496,082**	1,468,130
Other receivables and prepayments	**2,687,107**	3,464,241
	5,457,622	10,756,010

(i) Trade receivables represent commission receivable from MoneyGram. The credit period is one week and no interest is charged on overdue balances.

(ii) The amount due from the related parties are interest free, unsecured and receivable on demand.

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For the year ended 31 March 2017

11. Cash and cash equivalents

	2017 Rs	2016 Rs
Cash at bank:		
Local currency*	**43,341,716**	60,802,723
Foreign currency	**3,215,375**	638,624
Cash in hand:		
Local currency	**9,467,530**	9,983,980
Foreign currency	**7,124,978**	4,177,140
Cash at bank and in hand	**63,149,599**	75,602,467
Bank overdrafts (Note 14)	**(1,449,257)**	(9,808,539)
Total	**61,700,342**	65,793,928

* Includes fixed deposit of Rs 25,466,548 (2016: Rs 25,586,955) placed on 15 July 2016 and maturing on 17 July 2017.

12. Stated capital

	2017 Rs	2016 Rs
1,000,000 shares of Rs 100 each	**100,000,000**	100,000,000

13. Gratuity obligations

The Company has recognised gratuity obligations of Rs 598,000 (2016: Rs 352,000) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees as per the Employment Rights Act 2008 and as determined by the Company's actuary.

	2017 Rs	2016 Rs
Reconciliation of gratuity obligations		
At 01 April	**352,000**	229,000
Amount recognised in profit or loss	**132,000**	251,000
Amount recognised in other comprehensive income	**114,000**	38,000
Less employer contributions	**-**	(166,000)
At 31 March	**598,000**	352,000

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

13. Gratuity Obligations (Contd)

	2017 Rs	2016 Rs
Reconciliation of present value of gratuity obligations		
At 01 April	**352,000**	229,000
Current service cost	**106,000**	72,000
Interest expense	**26,000**	13,000
Liability experience loss	**114,000**	38,000
At 31 March	**598,000**	352,000
Components of amount recognised in profit or loss		
Current service cost	**106,000**	72,000
Net interest on net defined benefit liability	**26,000**	13,000
	132,000	85,000
Components of amount recognised in other comprehensive income		
Liability experience loss	**114,000**	38,000
Principal assumptions used at end of year		
Discount rate	**6.50%**	7.50%
Rate of salary increases	**5.00%**	6.00%
Average retirement age	**60**	60
Sensitivity analysis on gratuity obligations at end of year		
Increase due to 1% decrease in discount rate	**86,000**	53,000
Decrease due to 1% increase in discount rate	**72,000**	44,000

Future cash flows

(a) The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.	
(b) Expected employer contribution for the next year	Rs Nil
(c) Weighted average duration of the gratuity obligations	15 years

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

Thomas Cook (Mauritius) Operations Company Limited

Notes to the financial statements

For the year ended 31 March 2017

14. Borrowings

		2017 Rs	2016 Rs
14.1	**Non-current**		
	Obligations under finance leases (Note 14.2)	**612,401**	926,634
	Current		
	Bank overdrafts (Note 11)	**1,449,257**	9,808,539
	Obligations under finance leases (Note 14.2)	**314,233**	414,848
		1,763,490	10,223,387
	Total borrowings	**2,375,891**	11,150,021

14.2 Obligations under finance leases

	2017 Rs	2016 Rs
Within one year	**377,730**	511,200
More than 1 year but before 5 years	**666,479**	1,044,210
	1,044,209	1,555,410
Less future finance charges	**(117,575)**	(213,928)
Present value of finance lease obligations	**926,634**	1,341,482
Apportioned as follows:		
Repayable within one year	**314,233**	414,848
Repayable after 1 year and before 5 years	**612,401**	926,634
	926,634	1,341,482

Leasing arrangement

Finance leases relate to motor vehicles with lease terms of 5 years. The Company has options to purchase the vehicles for a nominal amount at the conclusion of the lease agreement. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

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For the year ended 31 March 2017

15. Trade and other payables

	2017 Rs	2016 Rs
Trade payables (Note (i))	**3,049,056**	13,351,239
Due to intermediate holding company (Note (ii))	**4,698**	3,360,582
Accruals and other payables	**4,265,430**	6,388,458
	7,319,184	23,100,279

(i) Trade payables include telegraphic transfer transactions and amounts due to MoneyGram in respect of normal business recurring expenses. Telegraphic transfers are settled on the day following the transactions.

(ii) The amount payable to the holding company is unsecured, interest free and repayable on demand.

16. Net gains from foreign currency dealings

Net gains from foreign currency dealings arise from sale of foreign currencies to customers. Dealings in foreign exchange are recognised on customer acceptance. Gains and losses arising on dealing in foreign currencies are recognised on a net basis.

17. Other operating income

	2017 Rs	2016 Rs
Income from pick-up and delivery of foreign currencies to banks, net of import charges	**513,300**	1,782,240
Income on telegraphic transfers	**1,353,945**	1,261,696
Net unrealised foreign exchange gains	**1,868,189**	58,923
Commission received on MoneyGram transactions	**8,555,751**	8,202,753
	12,291,185	11,305,612

18. Finance income

	2017 Rs	2016 Rs
Bank interest	**670,003**	952,542
Interest received on treasury bills	**1,154,681**	756,255
	1,824,684	1,708,797

Notes to the financial statements

For the year ended 31 March 2017

19. Finance costs

	2017 Rs	2016 Rs
Finance charges	**96,352**	130,280
Interest on bank overdrafts	**365,568**	331,694
	461,920	461,974

20. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2017 it had no income tax liability due to accumulated losses of **Rs 5,319,343** (2016: Rs 11,829,163) carried forward.

(ii) Tax expense

	2017 Rs	2016 Rs
Movement in deferred taxation	**1,038,096**	150,000

(iii) Income tax reconciliation

The tax charge on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2017 Rs	2016 Rs
Profit before tax	**7,334,026**	1,212,698
Tax at 15%	**1,100,104**	181,905
Non-allowable items	**708,343**	468,998
Movement on deferred taxation	**1,038,096**	150,000
Annual allowances	**763,238**	732,755
Exempt income	**-**	(24,900)
Tax loss utilised	**(2,571,685)**	(1,358,758)
Tax expense	**1,038,096**	150,000

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For the year ended 31 March 2017

20. Taxation (Contd)

(iv) Deferred taxation

Deferred taxation is based on all temporary differences under the liability method at the rate of 15%.

Movement on deferred tax liabilities/(assets) is as follows:

	2017 Rs	2016 Rs
At 01 April	**(984,800)**	(1,134,800)
Movement during the year	**1,038,096**	150,000
At 31 March	**53,296**	(984,800)

21. Operating profit/(loss)

	2017 Rs	2016 Rs
Operating profit is arrived at after charging:		
Depreciation	**1,694,699**	1,520,869
Amortisation	**338,170**	315,451
Rental expenses	**9,291,359**	9,328,322
Security charges	**2,444,300**	2,422,550
Connectivity charges	**1,724,137**	1,178,137
Mobile and telephone costs	**1,380,992**	1,126,579
Licences	**2,637,250**	1,521,865
Audit fees and other fees	**700,000**	1,087,150
Staff costs:		
Salaries and allowances	**20,611,951**	19,038,029
Social security costs	**1,000,729**	926,643
Other employee benefits	**3,302,260**	3,215,566

22. Dividends

	2017 Rs	2016 Rs
Dividend paid	-	8,500,000
Dividend per share (Rs)	-	8.5

Notes to the financial statements

For the year ended 31 March 2017

23. Related party transactions

During the year ended 31 March 2017, the Company had transactions with its related entities. The nature, volume of transactions and balances with related parties are as follows:

Nature of relationship	Nature of transactions	Volume of transactions Rs	Debit/(credit) balances at 31 March 2017 Rs	Debit/(credit) balances at 31 March 2016 Rs
Immediate holding company	Receivable	**3,073**	**34,500**	37,573
Intermediate holding company	Payable	**3,355,884**	**(4,698)**	(3,360,582)
Fellow subsidiary	Receivable	**4,888,714**	**897,352**	5,786,066
Fellow subsidiary	Sale of foreign currencies	**45,106,955**	**-**	-
Fellow subsidiary	Purchase of foreign currencies	**1,269,511**	**-**	-
Key Management Personnel	Salaries and related contributions	**4,254,324**	**-**	-

The terms and conditions of the receivables and payables are described in Notes 10 and 15 to these financial statements respectively.

24. Operating lease commitments

Operating lease arrangements where the Company is a lessee:

	2017 Rs	2016 Rs
Minimum lease payments under operating leases recognised in the statement of comprehensive income	**9,291,359**	9,328,322

At the reporting date, the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2017 Rs	2016 Rs
Not later than 1 year	**7,174,836**	7,438,463
Later than 1 year and not later 5 years	**3,275,030**	4,846,692
More than 5 years	**328,900**	416,000
	10,778,766	12,701,155

Operating leases payments represent rental of office spaces. The lease typically runs for a period of one year, with an option to renew the lease after that date.

Notes to the financial statements

For the year ended 31 March 2017

25. Reclassification adjustment

In the prior years, the Company accounted for the losses on remeasurement of the gratuity obligations directly in profit or loss. However, in accordance with IAS 19, Employee Benefits (Revised 2013), any gain or loss on remeasurement should be recognised in other comprehensive income.

Consequently, effective 01 April 2015, the Company has adopted the accounting principle of IAS 19 and the gain or loss arising on remeasurement of gratuity obligations has been accounted in other comprehensive income and effect of prior years has been reclassified from 'accumulated losses' to 'gratuity benefits deficits'.

26. Contingent liabilities

(i) The Company has given bank guarantees for an amount of Rs 60,000 and for which no financial loss is anticipated.

(ii) The Company is subject to a claim of Rs 300,000 from a former employee. Based on legal advices, the directors consider that this claim has no merit and consequently no provision is required in these financial statements.

27. Holding companies

The directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Thomas Cook (India) Limited, a company incorporated in the Republic of India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate holding'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing a 67.66% stake in Thomas Cook (India) Limited as on 31 March 2017.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Contents

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Corporate data

			Date appointed	Date resigned
Directors	:	Mr Ramakrishna Sithanen	16 July 2015	-
		Mr Matthew Lamport	16 July 2015	-
		Mr Mahesh Chandran Iyer	07 December 2012	-
		Mr Harsha Raghavan	07 December 2012	-
		Mr Shakeel Mohinder Dyall	04 September 2013	-
		Mr Shibani Shirish Phadkar	18 February 2015	01 September 2016
		Mr Rajeev Hasnah	25 April 2016	-

Registered office : Anglo Mauritius House
4, Intendance Street
Port Louis
Republic of Mauritius

Secretary : Executive Services Limited
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Auditors : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers : The Mauritius Commercial Bank Ltd
State Bank of India (Mauritius) Ltd
SBM Bank (Mauritius) Ltd

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report

The directors have pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Holidays Ltd, the "Company", for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is that of a tour operator and travel agent.

Results and dividends

The results for the year are as shown on page 11.

The directors did not recommend any dividends during the year under review (2016: Rs NIL).

Directors

The present membership of the Board is set out on page 2.

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' interests

The directors do not hold any interests in the ordinary shares of the Company.

Significant contracts

No contracts of significance exist between the Company and its directors.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Annual report (Contd)

Directors' remuneration

During the year ended 31 March 2017, the directors received an aggregate amount of Rs 225,000 (2016: Rs 90,000) as directors' fees. No other remuneration was received.

Donations

The Company made no donations during the year ended 31 March 2017 (31 March 2016: Rs Nil).

Auditors

The fees charged by the auditors, **Grant Thornton** (2016: PricewaterhouseCoopers), for audit and other services, were:

	2017 Rs	2016 Rs
Audit fees	**100,000**	160,000
Other services	**25,000**	27,575
	125,000	187,575

The auditors, **Grant Thornton**, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

Director

Director

Date: 23 MAY 2017

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Certificate from the Secretary to the member of Thomas Cook (Mauritius) Holidays Ltd

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Thomas Cook (Mauritius) Holidays Ltd** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2017.

for **Executive Services Limited**

Registered address:
2nd Floor, Les Jamalacs Building
Vieux Conseil Street
Port Louis
Republic of Mauritius

Date: 23 MAY 2017

Grant Thornton

Independent auditors' report
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thomas Cook (Mauritius) Holidays Ltd, the "Company", which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 10 to 37 give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data and Annual Report sections, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of Thomas Cook (Mauritius) Holidays Ltd for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on the financial statements on 23 May 2016.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Grant Thornton

Independent auditors' report (Contd)
To the member of Thomas Cook (Mauritius) Holidays Ltd

Report on Other Legal and Regulatory Requirements (Contd)

Other

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant Thornton
Chartered Accountants

Y NUBEE, FCCA
Licensed by FRC

Date: 23 MAY 2017

Ebene 72201, Republic of Mauritius

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of financial position as at 31 March

	Notes	2017 Rs	2016 Rs
Assets			
Non-current			
Plant and equipment	7	**689,343**	812,583
Intangible assets	8	**689,815**	185,587
Non-current assets		**1,379,158**	998,170
Current			
Trade and other receivables	9	**9,883,835**	10,191,396
Cash and cash equivalents	10	**6,838,392**	11,387,516
Current assets		**16,722,227**	21,578,912
Total assets		**18,101,385**	22,577,082
Equity and liabilities			
Equity			
Stated capital	11	**18,326,000**	18,326,000
Accumulated losses		**(14,121,993)**	(16,848,152)
Gratuity benefit deficits		**(23,000)**	(14,000)
Total equity		**4,181,007**	1,463,848
Liabilities			
Non-current			
Obligations under finance leases	14	**77,595**	272,104
Gratuity obligations	12	**97,000**	63,000
Non-current liabilities		**174,595**	335,104
Current			
Trade and other payables	13	**13,551,275**	20,602,059
Obligations under finance leases	14	**194,508**	176,071
Current liabilities		**13,745,783**	20,778,130
Total liabilities		**13,920,378**	21,113,234
Total equity and liabilities		**18,101,385**	22,577,082

Approved by the Board of Directors on 23 MAY 2017 and signed on its behalf by:

Director

Director

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of comprehensive income for the year ended 31 March

	Notes	2017 Rs	2016 Rs
Net commission income	15	**10,906,994**	9,575,654
Other income	16	**1,887,752**	5,229,191
Administrative expenses		**(10,215,259)**	(11,997,357)
Operating income	18	**2,579,487**	2,807,488
Net finance income/(costs)	19	**146,672**	(132,140)
Profit before tax		**2,726,159**	2,675,348
Tax expense	17	**-**	-
Profit for the year		**2,726,159**	2,675,348
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on gratuity benefit obligations	12	**(9,000)**	-
Items that will be reclassified subsequently to profit or loss		**-**	-
Other comprehensive loss for the year, net of tax		**(9,000)**	-
Total comprehensive income for the year		**2,717,159**	2,675,348

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of changes in equity for the year ended 31 March

	Stated capital Rs	Accumulated losses Rs	Gratuity benefit deficits Rs	Total Rs
At 01 April 2016	**18,326,000**	**(16,848,152)**	**(14,000)**	**1,463,848**
Profit for the year	**-**	**2,726,159**	**-**	**2,726,159**
Other comprehensive loss	**-**	**-**	**(9,000)**	**(9,000)**
Total comprehensive income for the year	**-**	**2,726,159**	**(9,000)**	**2,717,159**
At 31 March 2017	**18,326,000**	**(14,121,993)**	**(23,000)**	**4,181,007**
At 01 April 2015	18,326,000	(19,537,500)	-	(1,211,500)
Reclassification adjustment (Note 22)	-	14,000	(14,000)	-
Profit for the year	-	2,675,348		2,675,348
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	2,675,348	-	2,675,348
At 31 March 2016	18,326,000	(16,848,152)	(14,000)	1,463,848

The notes on pages 14 to 37 form an integral part of these financial statements.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Statement of cash flows for the year ended 31 March

	2017 Rs	2016 Rs
Operating activities		
Profit before tax	**2,726,159**	2,675,348
Adjustments for:		
Interest expense	**36,893**	248,630
Depreciation	**236,397**	228,879
Amortisation	**6,672**	7,632
Gratuity benefit obligations	**25,000**	19,000
Total adjustments	**304,962**	504,141
Net changes in working capital:		
Change in trade and other receivables	**307,561**	(6,077,319)
Change in trade and other payables	**(7,050,784)**	3,093,702
Total changes in working capital	**(6,743,223)**	(2,983,617)
Interest paid	**(36,893)**	(248,630)
Net cash used in operating activities	**(3,748,995)**	(52,758)
Investing activities		
Acquisition of plant and equipment	**(113,157)**	(115,798)
Acquisition of intangible assets	**(510,900)**	(175,500)
Net cash used in investing activities	**(624,057)**	(291,298)
Financing activities		
Capital payment of finance leases	**(176,072)**	(159,383)
Net cash used in financing activities	**(176,072)**	(159,383)
Net change in cash and cash equivalents	**(4,549,124)**	(503,439)
Cash and cash equivalents, beginning of the year	**11,387,516**	11,890,955
Cash and cash equivalents, end of the year	**6,838,392**	11,387,516
Cash and cash equivalents made up of:		
Cash in hand and at bank (Note 10)	**6,838,392**	11,387,516

The notes on pages 14 to 37 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2017

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

Thomas Cook (Mauritius) Holidays Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 14 June 2004 as a private company with liability limited by shares. The Company's registered office is Anglo Mauritius House, 4 Intendance Street, Port Louis, Republic of Mauritius.

The principal activity of the Company is that of a tour operator and travel agent.

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 April 2016

In the current year, the following new and revised standards issued by IASB became mandatory for the first time for the financial year beginning on 01 April 2016:

IAS 1	Disclosure Initiative (Amendments to IAS 1)
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)
IAS 16 and IAS 41	Agriculture: Bearer plants (Amendments to IAS 16 and IAS 41)
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
IFRS 14	Regulatory Deferral Accounts

The directors have assessed the impact of these new and revised standards and concluded that only *IAS 1, Disclosure Initiative (Amendment to IAS 1)* has an impact on the disclosures of these financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and one interpretation, have been published but are not yet effective, and have not been adopted early by the Company.

Notes to the financial statements

For the year ended 31 March 2017

2. Application of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

The Board anticipates that all of the relevant pronouncements, as applicable to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretation is provided below.

IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
IAS 7	Disclosure Initiative (Amendments to IAS 7)
IAS 40	Transfer of Investment Property (Amendments to IAS 40)
IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments (2014)
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 16	Leases
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The Board has yet to assess the impact of the above standards, amendments and interpretation on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "Mauritian Rupees" ("MUR" or "Rs").

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All foreign exchange gains and losses are presented in profit or loss within 'net finance income/(cost)'.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies (Contd)

3.3 Plant and equipment

Plant and equipment are stated at historical cost, less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office equipment:	4.75%
Computer equipment:	25%
Furniture and fittings:	6.33%
Motor vehicles:	15%

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income' in the statement of comprehensive income.

Assets of value up to Rs 10,000 are written off completely in the month of acquisition and this policy has been implemented as from 01 February 2017.

3.4 Intangible assets

Computer software and licences

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Acquired computer software and licences have been assessed as having a finite useful life of 4 years.

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies (Contd)

3.4 Intangible assets (Contd)

Software under development

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 4 years) when the software is available for use.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

3.5 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.6 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance income or finance costs, except for impairment of receivables which is presented within other expenses.

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies (Contd)

3.6 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimates is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include obligations under finance leases and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.7 Trade and other receivables

Trade receivables are amounts due from customers for provision of services in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective rate of interest less impairment. Discounting is omitted where the effect of discounting is immaterial. Individually trade receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, together with other short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

THOMAS COOK (MAURITIUS) HOLIDAYS LTD

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies (Contd)

3.9 Equity and reserves

Stated capital is determined using the values of the shares that have been issued.

Accumulated losses include all current and prior years' results.

Gratuity benefit deficits comprise of the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

3.10 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest. Discounting is omitted where the effect of discounting is immaterial.

3.11 Income tax

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility not recognised in other comprehensive income or directly in equity.

(i) Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

(iii) Corporate Social Responsibility (CSR)

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. The rate of contribution will further change to 75% in the following year.

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies (Contd)

3.12 Employee benefits

Gratuity obligations

The Company does not operate a pension scheme for its employees. Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008. Accordingly the Company's qualified actuary has determined for the gratuity obligations in line with the requirements of the Employment Rights Act 2008 at the end of the reporting period and the Company has booked this obligation in the statement of financial position.

The liability recognised in the statement of financial position in respect of gratuity obligations is the present value of the gratuity obligations at the end of the reporting period. The gratuity obligations is calculated annually by independent actuaries. The present value of the gratuity obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits

Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Termination benefits include wages, salaries, social security contributions, travelling and insurance. These costs are charged to the profit or loss when incurred.

Employee leave entitlement

Employee entitlement to annual leave and other benefits are supposed to be recognised when they accrue to the employees. However the Company encourages all employees to take all their annual leave and other benefits during the year and hence there is no provision required.

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required from the Company and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses. All known risks at the reporting date are reviewed in detail and provision is made where necessary.

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies (Contd)

3.14 Commission receivable

3.14.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Sale of air tickets and tour packages

Fees and commission on air tickets and travel packages sold by the Company are recognised when the service has been provided. Commissions earned as the general sales agent of airline operators are recognised on the basis of the revenue derived by the airline operator from all ticket sales made in Mauritius.

Sale of Euro rail tickets

Fees and commission on Euro rail tickets sold by the Company are recognised when the service has been provided.

"L'express" sales

Fees and commission earned on "l'express" (a daily newspaper) advertisements are recognised when the service has been provided.

Sale of travel insurance

Fees and commission earned on travel insurance sold by the Company are recognised when the service has been provided.

Sale of visa services

Fees are earned on the sale of visa form-filing services.

Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other operating income

Other operating income, representing funds received from a related party in respect of advertising services, is recognised on an accrual basis.

3.14.2 Direct costs

Direct costs incurred in generating income are recognised on an accrual basis.

Notes to the financial statements

For the year ended 31 March 2017

3. Summary of accounting policies (Contd)

3.15 Leased assets

Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

See Note 3.3 for the depreciation method and useful lives for assets held under finance leases. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of comprehensive income, as finance costs over the period of the lease.

3.16 Expense recognition

All expenses are accounted for on an accrual basis in the statement of comprehensive income.

3.17 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

3.19 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set out below.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

3. Summary of accounting policies (Contd)

3.19 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Gratuity benefit obligations

The cost of gratuity benefit obligations is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the gratuity benefit obligations amount and the annual defined benefit expenses.

These assumptions were developed by an independent actuarial appraiser. The benefit obligations at the reporting date was estimated at Rs 97,000 (2016: Rs 63,000).

Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

4. Financial instrument risk

Risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by management under policies approved by the board of directors. The board provides guidance for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2017 **Rs**	**2016** **Rs**
Financial assets		
Loans and receivables:		
Current		
Trade and other receivables	**9,464,415**	8,983,326
Cash and cash equivalents	**6,838,392**	11,387,516
Total financial assets	**16,302,807**	20,370,842

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Notes to the financial statements

For the year ended 31 March 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

	2017 Rs	2016 Rs
Financial liabilities		
At amortised cost:		
Non-current		
Obligations under finance leases	**77,595**	272,104
Current		
Trade and other payables	**13,124,191**	20,201,852
Obligations under finance leases	**194,508**	176,071
	13,318,699	29,377,923
Total financial liabilities	**13,396,294**	20,650,027

4.1 Market risk analysis

Foreign exchange risk

The Company has financial assets and liabilities denominated in United States Dollar ("USD") and EURO. Consequently, the Company is exposed to the risk that the exchange rate of USD relative to MUR may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in USD. The effect of any change in the exchange rate of EURO relative to MUR will not have any material impact on the operating cash flows.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets		Financial liabilities	
	2017 Rs	2016 Rs	2017 Rs	2016 Rs
Mauritius rupee	**10,793,420**	13,219,018	**10,200,217**	14,370,430
United States Dollar	**5,453,665**	7,123,154	**456,892**	6,279,597
Euro	**55,722**	28,670	**-**	-
	16,302,807	20,370,842	**10,657,109**	20,650,027

Foreign currency sensitivity

The Company is mainly exposed to fluctuations in United States Dollar.

The information below illustrates the sensitivity of profit and equity in regards to the Company's financial instruments and the USD/MUR exchange rate, "all other things being equal".

Notes to the financial statements

For the year ended 31 March 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

It assumes a 10% change in the USD/MUR exchange rate for the year ended 31 March 2017 (2016: 10%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened against the USD by 10%, profit and equity would have increased by Rs 367,354 at 31 March 2017 (2016: Rs 84,356). If the MUR had weakened by the same percentage against the USD, profit and equity would have decreased by Rs 367,354 (2016: Rs 84,356).

Interest rate risk

The Company has interest bearing financial assets and financial liabilities in the form of bank balances and finance lease respectively. The interest thereon is based on market rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rate on the financial instruments had been 25 basis points higher/lower, the net effect would be marginal on the operating cash flows and equity.

4.2 Credit risk analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2017 Rs	2016 Rs
Financial assets		
Loans and receivables:		
Current		
Trade and other receivables	**9,464,415**	8,983,326
Cash and cash equivalents	**6,838,392**	11,387,516
	16,302,807	20,370,842

Notes to the financial statements

For the year ended 31 March 2017

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and represents the Company's maximum exposure to credit risk. Refer to Note 9 for disclosure on financial risk management with respect to credit risk.

The directors consider that no credit risk is associated with the amounts due from the related parties.

The credit risk for the bank balances is considered negligible since the Company transacts with reputable banks.

None of the above financial assets are secured by collaterals or other credit enhancements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements.

The maturity profile of the financial instruments is summarised as follows:

	Carrying amount Rs	Contractual cash flows Rs	Less than one year Rs	More than one year Rs
31 March 2017				
Trade and other payables	**13,124,191**	**13,124,191**	**13,124,191**	-
Obligations under finance leases	**272,103**	**292,355**	**212,963**	**79,392**
	13,396,294	**13,416,546**	**13,337,154**	**79,392**
31 March 2016				
Trade and other payables	20,201,852	20,201,852	20,201,852	-
Obligations under finance leases	448,175	505,320	212,964	292,356
	20,650,027	20,707,172	20,414,816	292,356

5. Capital management policies and procedures

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

Notes to the financial statements

For the year ended 31 March 2017

5. Capital management policies and procedures (Contd)

The capital structure of the Company consists of debt, which includes borrowings, offset by cash and cash equivalents and equity comprising issued capital, and accumulated losses.

The Company monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

	2017	2016
	Rs	Rs
Total borrowings	**272,103**	448,175
Less: cash and cash equivalents	**(6,838,392)**	(11,387,516)
Net debt	**-**	-
Total equity	**4,181,007**	1,463,848
Total capital	**4,181,007**	1,463,848
Gearing ratio	**-**	-

Based on the above information, the Company was not geared at 31 March 2017.

(i) Borrowings comprise of obligations under finance leases as detailed in Note 14.

(ii) Equity includes both capital and reserves.

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The Company's financial assets and liabilities are measured at their carrying amounts which approximate their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of plant and equipment, intangible assets, deposits, prepayments and advances to suppliers. Its non-financial liabilities consist of advance received from customers and gratuity obligations.

For both non-financial assets and non-financial liabilities, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis.

Notes to the financial statements

For the year ended 31 March 2017

7. Plant and equipment

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost					
At 01 April 2016	57,990	373,357	209,193	977,604	1,618,144
Additions	-	70,000	43,157	-	113,157
At 31 March 2017	**57,990**	**443,357**	**252,350**	**977,604**	**1,731,301**
Depreciation					
At 01 April 2016	33,034	237,769	131,498	403,260	805,561
Charge for the year	2,640	70,872	16,245	146,640	236,397
At 31 March 2017	**35,674**	**308,641**	**147,743**	**549,900**	**1,041,958**
Net book values					
At 31 March 2017	**22,316**	**134,716**	**104,607**	**427,704**	**689,343**

At 31 March 2017, motor vehicles acquired under finance leases had a net book value of **Rs 427,704** (2016: Rs 574,344).

Notes to the financial statements

For the year ended 31 March 2017

7. Plant and equipment (Contd)

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Motor vehicles Rs	Total Rs
Cost					
At 01 April 2015	57,990	257,559	209,193	977,604	1,502,346
Additions	-	115,798	-	-	115,798
At 31 March 2016	57,990	373,357	209,193	977,604	1,618,144
Depreciation					
At 01 April 2015	28,158	173,921	117,983	256,620	576,682
Charge for the year	4,876	63,848	13,515	146,640	228,879
At 31 March 2016	33,034	237,769	131,498	403,260	805,561
Net book values					
At 31 March 2016	24,956	135,588	77,695	574,344	812,583

Notes to the financial statements

For the year ended 31 March 2017

8. Intangible assets

Cost	Software Rs	Software under development Rs	Total Rs
At 01 April 2016	131,840	175,500	307,340
Additions	-	510,900	510,900
At 31 March 2017	**131,840**	**686,400**	**818,240**
Amortisation			
At 01 April 2016	121,753	-	121,753
Charge for the year	6,672	-	6,672
At 31 March 2017	**128,425**	**-**	**128,425**
Net book values			
At 31 March 2017	**3,415**	**686,400**	**689,815**

Cost	Rs	Rs	Rs
At 01 April 2015	131,840	-	131,840
Additions	-	175,500	175,500
At 31 March 2016	131,840	175,500	307,340
Amortisation			
At 01 April 2015	114,121	-	114,121
Charge for the year	7,632	-	7,632
At 31 March 2016	121,753	-	121,753
Net book values			
At 31 March 2016	10,087	175,500	185,587

9. Trade and other receivables

	2017 Rs	**2016 Rs**
Trade receivables, gross	**3,597,864**	5,614,765
Allowance for credit losses	**(1,344,517)**	(1,344,517)
Net trade receivables (Note (i))	**2,253,347**	4,270,248
Due from related parties (Note iv)	**4,238,617**	4,713,078
Other receivables and prepayments	**3,391,871**	1,208,070
	9,883,835	10,191,396

(i) Total trade receivables (net of allowances) held by the Company at 31 March 2017 amounted to Rs 2,253,347 (2016: Rs 4,270,248).

(ii) The average credit period provided to customers is generally within one month. No interest is charged on overdue balances.

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Notes to the financial statements

For the year ended 31 March 2017

9. Trade and other receivables (Contd)

(iii) Included in the Company's trade receivables balance are debtors with a carrying amount of Rs 445,868 (2016: Rs 253,870) which are past due at year end for which the Company has not provided as there has not been a significant change in the credit quality and the amounts are still recoverable. The Company does not require collateral in respect of its trade and other receivables.

Ageing of past due not impaired

	2017 Rs	2016 Rs
30 - 60 days	**279,234**	221,753
60 - 90 days	**121,528**	28,037
Over 90 days	**45,106**	4,080
Total	**445,868**	253,870

There was no movement in allowance for credit losses during the year.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that no additional credit provision is required for doubtful debts.

(iv) The amounts due from the related companies are interest free, unsecured and receivable on demand.

10. Cash and cash equivalents

	2017 Rs	2016 Rs
Cash in hand (MUR)	**6,025**	1,505
Cash at bank:		
- MUR	**6,490,206**	10,151,642
- USD	**342,161**	1,234,369
	6,838,392	11,387,516

11. Stated capital

	2017 Rs	2016 Rs
183,260 ordinary shares of Rs 100 each	**18,326,000**	18,326,000

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Notes to the financial statements

For the year ended 31 March 2017

12. Gratuity obligations

The Company has recognised a gratuity obligations of Rs 97,000 (2016: Rs 63,000) in the statement of financial position in respect of any retirement gratuities that are expected to be paid out of the Company's cash flows to its employees as per the Employment Rights Act 2008 and as determined by the Company's actuary.

	2017 Rs	2016 Rs
Reconciliation of gratuity obligations		
At 01 April	**63,000**	44,000
Amount recognised in profit or loss	**25,000**	19,000
Amount recognised in other comprehensive income	**9,000**	-
At 31 March	**97,000**	63,000

	2017 Rs	2016 Rs
Reconciliation of present value of gratuity obligations		
At 01 April	**63,000**	44,000
Current service cost	**20,000**	16,000
Interest expense	**5,000**	3,000
Liability experience loss	**9,000**	-
At 31 March	**97,000**	63,000
Components of amount recognised in profit or loss		
Current service cost	**20,000**	16,000
Net interest on gratuity obligations	**5,000**	3,000
	25,000	19,000
Components of amount recognised in other comprehensive income		
Liability experience loss	**9,000**	-
Principal assumptions used at end of year:		
Discount rate	**6.50%**	7.50%
Rate of salary	**5.00%**	6.00%
Average retirement age	**60**	60
Sensitivity analysis on gratuity obligations at end of year:		
Increase due to 1% decrease in discount rate	**16,000**	10,000
Decrease due to 1% increase in discount rate	**13,000**	8,000

Future cash flows

(a) The funding policy is to pay benefits out of the Company's cash flows as and when due.
(b) Expected employer contribution for the next year — Rs Nil
(c) Weighted average duration of the gratuity obligations — 15 years

Notes to the financial statements

For the year ended 31 March 2017

12. Gratuity obligations (Contd)

Future cash flows (Contd)

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by a decrease in inflationary pressures on salary increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year, except for data adjustments.

13. Trade and other payables

	2017 Rs	2016 Rs
Trade payables (Note (i))	**3,038,948**	350,043
Due to related parties (Note (ii))	**897,351**	5,786,066
Accruals	**6,201,761**	7,180,694
Other payables	**3,413,215**	7,285,256
	13,551,275	20,602,059

(i) The average credit period on purchase of air ticket is generally within one month. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) The amounts due to the related parties are unsecured, interest free and payable on demand.

14. Obligations under finance leases

	2017 Rs	2016 Rs
Within one year	**212,963**	212,964
More than 1 year but before 5 years	**79,392**	292,356
	292,355	505,320
Less future finance charges	**(20,252)**	(57,145)
Present value of finance lease obligations	**272,103**	448,175
Apportioned as follows:		
Repayable within one year	**194,508**	176,071
Repayable after 1 year and before 5 years	**77,595**	272,104
	272,103	448,175

Notes to the financial statements

For the year ended 31 March 2017

14. Obligations under finance leases (Contd)

Leasing arrangement

Finance leases relate to motor vehicles with lease term of 5 years. The Company has option to purchase the vehicles for a nominal amount at the conclusion of the lease agreement. The Company's obligations under the finance leases are secured by the lessor's title to the leased asset.

15. Net commission income

	2017	2016
	Rs	Rs
Gross billings	**101,999,730**	97,878,221
Direct costs	**(91,092,736)**	(88,302,567)
	10,906,994	9,575,654

16. Other income

Other income includes mainly funds received from a related party in respect of advertising services pursuant to an agreement dated 10 July 2015.

17. Taxation

(i) Income tax

The Company is liable to income tax at the rate of 15% and at 31 March 2017 it had no income tax liability due to accumulated tax losses of **Rs 3,969,746** (2016: Rs 6,480,144) carried forward.

(ii) Income tax reconciliation

The income tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective tax rate is as follows:

	2017	2016
	Rs	Rs
Profit before tax	**2,726,159**	2,675,348
Tax at effective rate of 15%	**408,924**	401,302
Exempt income	**(22,011)**	-
Non-allowable expenses	**56,470**	46,726
Annual allowances	**(16,974)**	-
Tax loss utilised	**(426,409)**	(448,028)
Tax expense	**-**	-

Notes to the financial statements

For the year ended 31 March 2017

17. Taxation (Contd)

(iii) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%. No provision for deferred tax asset has been made as no taxable income is probable in the foreseeable future.

18. Operating income

	2017 Rs	2016 Rs
Operating income is arrived at after charging/(crediting)		
Advertising income from Sterling Holding Resort (India) Limited	**(1,887,752)**	(5,097,993)
Depreciation	**236,397**	228,879
Amortisation	**6,672**	7,632
Rental expenses	**1,082,775**	1,064,232
Marketing expenses	**453,389**	243,453
Staff costs:		
Salaries and allowances	**6,087,482**	5,779,096
Performance bonus	**349,182**	319,890
Social security costs	**247,068**	217,153

19. Net finance income/(costs)

	2017 Rs	2016 Rs
Finance Income		
Exchange gains	**183,565**	109,133
Interest income	**-**	7,357
	183,565	116,490
Finance Costs		
Interest on finance leases	**(36,893)**	(248,630)
Net finance income/(costs)	**146,672**	(132,140)

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For the year ended 31 March 2017

20. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related only in one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at 31 March 2017	Debit/(credit) balances at 31 March 2016
		Rs	Rs	Rs
Intermediate holding company	Trade receivables	**474,641**	**4,238,617**	4,713,078
Fellow subsidiary	Amount payable	**4,888,715**	**(897,351)**	(5,786,066)
Fellow subsidiary	Other income	**1,887,234**	**-**	-

The terms and conditions are described in Notes 9 and 13 to the financial statements.

21. Operating lease commitments

Operating lease arrangements where the Company is a lessee:

	2017	2016
	Rs	Rs
Minimum lease payments under operating leases recognised in the statement of comprehensive income	**1,082,775**	1,064,232

At the reporting date, the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2017	2016
	Rs	Rs
Within one year	**1,118,989**	1,082,615
More than one year	**282,454**	1,401,443
	1,401,443	2,484,058

Operating leases payments represent rental of office space. The lease typically runs for a period of one year, with an option to renew the lease after that date.

Notes to the financial statements

For the year ended 31 March 2017

22. Reclassification adjustment

In the prior years, the Company accounted for the losses on remeasurement of the gratuity obligations directly in profit or loss. However, in accordance with IAS 19, *Employee Benefits* (Revised 2013), any gain or loss on remeasurement should be recognised in other comprehensive income.

Consequently, effective 01 April 2015, the Company has adopted the accounting principle of IAS 19 and the gain or loss arising on remeasurement of gratuity obligations has been accounted in other comprehensive income and effect of prior years has been reclassified from 'accumulated losses' to 'gratuity benefits deficits'.

23. Contingent liabilities

At 31 March 2017, there were contingent liabilities in respect of guarantees in the ordinary course of business from which it is anticipated that no material liabilities will arise. At 31 March 2017, bank guarantees amounted to Rs 3,130,000 (2016: Rs 3,130,000).

24. Holding and ultimate parent company

The directors consider Thomas Cook (Mauritius) Holding Company Limited, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company. Thomas Cook (Mauritius) Holding Company Limited holds 100 % of the shares of the Company.

Thomas Cook (India) Limited, a company incorporated in India, holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited, a subsidiary of Fairfax Financial Holdings Limited (the 'ultimate parent'), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each representing to 67.66% stake in Thomas Cook (India) Limited as on 31 March 2017.

LUXE ASIA (PVT) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2017

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LUXE ASIA (PVT) LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Luxe Asia (Pvt) Limited, ("the Company"), which comprise the statement of financial position as at 31st March 2017, and the statements of profit or loss and other comprehensive income, changes in equity and, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements of the Company as of 31st March 2016 were audited by another auditor whose report dated 20th May 2016, expressed an unqualified opinion on those statements.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 29 in these financial statements. The Company has incurred a net loss of Rs. 14,771,126 for the year ended 31st March 2017 (2016 – Rs. 45,671,306), and as of that date the Company's accumulated loss was Rs. 86,674,381 (2016 – Rs. 72,537,646). Further, as at the reporting date, the current liabilities exceeded current assets by Rs. 84,607,860 (2016 – Rs 71,157,135) and total liabilities exceeded total assets by Rs. 81,674,381 (2016 – Rs. 67,537,646). Although these conditions indicate that the Company may not continue as a going concern, as explained in Note 29 to these financial statements, the Board of Directors of the Company is of the view that the Company will continue as a going concern. Therefore, no adjustments have been made to these financial statements.

KPMG

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act 07 of 2007, except that the Company's net assets are less than half of its stated capital and in a negative state of affairs resulting in a serious loss of capital situation in terms of section 220 of the same act.

KPMG

CHARTERED ACCOUNTANTS

Colombo

15th May 2017

LUXE ASIA (PVT) LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	2017 Rs	2016 Rs
Revenue	6	662,746,673	545,117,969
Cost of sales		(596,279,260)	(487,142,046)
Gross profit		**66,467,413**	**57,975,923**
Other income	7	4,376,143	2,573,157
Administrative expenses		(79,219,918)	(94,959,771)
Distribution expenses		(14,571,080)	(19,234,084)
Loss from operations	8	**(22,947,442)**	**(53,644,775)**
Finance income		11,808,687	8,992,565
Finance expenses		(3,632,371)	(1,019,096)
Net finance income	9	**8,176,316**	**7,973,469**
Loss before tax		**(14,771,126)**	**(45,671,306)**
Income tax reversal	10	-	-
Loss for the year		**(14,771,126)**	**(45,671,306)**
Other comprehensive income, net of income tax			
Actuarial gain / (loss) on defined benefit plans		634,391	(100,923)
		634,391	**(100,923)**
Total comprehensive income for the year		**(14,136,735)**	**(45,772,229)**
Loss per share	11	**(29.54)**	**(91.34)**

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

LUXE ASIA (PVT) LTD
STATEMENT OF FINANCIAL POSITION

As at March,

	Note	2017 Rs	2016 Rs
ASSETS			
Property, plant & equipment	12	6,901,912	6,292,233
Intangible assets	13	1,026,083	1,317,515
Total non-current assets		**7,927,995**	**7,609,748**
Trade and other receivables	14	45,502,411	40,724,962
Advance and prepayments	15	11,418,070	5,992,565
Investments		500,000	500,000
Amount due from related parties	16	-	840,500
Cash and cash equivalents	17	6,316,483	14,029,675
Total current assets		**63,736,964**	**62,087,702**
Total assets		**71,664,959**	**69,697,450**
EQUITY AND LIABILITIES			
Stated capital	18	5,000,000	5,000,000
Accumulated losses		(86,674,381)	(72,537,646)
Total equity		**(81,674,381)**	**(67,537,646)**
Liabilities			
Employee benefits	19	4,994,516	3,990,259
Total non-current liabilities		**4,994,516**	**3,990,259**
Trade and other payables	20	105,019,710	82,993,183
Amount due to related party	21	25,000,000	25,000,000
Bank overdraft	17	18,325,114	25,251,654
Total current liabilities		**148,344,824**	**133,244,837**
Total liabilities		**153,339,340**	**137,235,096**
Total equity and liabilities		**71,664,959**	**69,697,450**

The notes to the Financial Statements form an integral part of these Financial Statements.
I certify that these Financial Statements are in compliance with the requirements of Companies Act No 7 of 2007.

....
Thajul Riyaz
Chief Financial Officer

The Directors are responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board;

....
Chaminda Dias
Director

....
Aravinda De Silva
Director

15th May 2017
Colombo.

LUXE ASIA (PVT) LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2017	Stated capital Rs	Accumulated loss Rs	Total Rs
Balance as at 01st April 2015	5,000,000	(26,765,417)	(21,765,417)
Total comprehensive income for the Year			
Loss for the year	-	(45,671,306)	(45,671,306)
Other comprehensive income for the year	-	(100,923)	(100,923)
Total comprehensive income for the year	-	(45,772,229)	(45,772,229)
Balance as at 31st March 2016	**5,000,000**	**(72,537,646)**	**(67,537,646)**
Balance as at 01st April 2016	5,000,000	(72,537,646)	(67,537,646)
Total comprehensive Income for the period			
Loss for the period	-	(14,771,126)	(14,771,126)
Other comprehensive income for the period	-	634,391	634,391
Total comprehensive income for the period	-	(14,136,735)	(14,136,735)
Balance as at 31st March 2017	**5,000,000**	**(86,674,381)**	**(81,674,381)**

The notes to the Financial Statements form an integral part of these Financial Statements.
Figures in bracket indicate deductions.

LUXE ASIA (PVT) LTD
STATEMENT OF CASHFLOWS

For the year ended 31st March 2017

	Note	2017 Rs	2016 Rs
Cash flow from operating activities			
Loss before income tax expense		(14,771,126)	(45,671,306)
Adjustments for :			
Depreciation / amortisation	12	2,640,875	2,088,398
Provision for fall in value of investments		-	6,750,000
Write-off of related party receivable		-	30,316,284
Irrecoverable economic service charge		-	1,481,257
Provision for bad and doubtful debts	14	1,800,000	11,473,161
Profit on disposal of property, plant and equipment	7	(25,000)	-
Provision for gratuity	19	1,762,023	1,529,713
Operating profit/(loss) before working capital changes		**(8,593,228)**	**7,967,507**
Increase in trade and other Receivables		(6,577,449)	(18,135,480)
Increase in advance and prepayments		(5,425,505)	(22,037,242)
Decrease in amounts due from related parties		840,500	-
Increase in amounts due to related parties		-	5,000,000
Increase in trade and other payables		22,026,527	31,458,238
Cash generated from operations		**2,270,845**	**4,253,023**
Gratuity paid		(123,375)	(245,500)
Net cash flows from operating activities		**2,147,470**	**4,007,523**
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(2,717,384)	(3,407,966)
Acquisition of intangible asset	13	(241,738)	(490,222)
Proceeds from disposal of property, plant and equipment	12	25,000	-
Net cash used in investing activities		**(2,934,122)**	**(3,898,188)**
Net increase / (decrease) in cash and cash equivalents		(786,652)	109,335
Cash and cash equivalents at the beginning of the year		(11,221,979)	(11,331,314)
	17	**(12,008,631)**	**(11,221,979)**

The accounting policies and notes on pages 7 through 24 form an integral part of the Financial Statements.

1 REPORTING ENTITY

1.1. Domicile and Legal Form

Luxe Asia (Pvt) Ltd is a limited liability Company incorporated on 22th June 2011 and domiciled in Sri Lanka. The registered office of the Company is located at No 327, Union Place, Colombo 02, Sri Lanka and the principle place of business is situated at No 272, Vauxhall Street, Colombo 02.

1.2. Principal Activities and Nature of Operations

The Principal activity of the Company is to act as a travel agent and to provide travel related services.

1.3. Parent Enterprise and Ultimate Parent Enterprise

The immediate parent and controlling party of Luxe Asia (Pvt) Ltd is Thomas Cook Lanka (Pvt) Ltd which is incorporated in Sri Lanka. Company's ultimate parent undertaking is Thomas Cook India (Pvt) Ltd.

1.4. Number of Employees

The total number of employees of the Company as at 31st March 2017 was 49 (2016 – 54)

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Statement of Cash Flows, together with the notes, (the "Financial Statements") of the Company as at 31st March 2017 and for the year then ended have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors affecting the financial statements.

2.3 Functional and presentation currency

The financial statements of the company are presented in Sri Lankan Rupees, which is the company's functional currency. All financial information presented in Rupees has been rounded to the nearest Rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual result may differ from these judgments and estimates.

Estimates and underline assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in following notes.

- Note 3.12a Current taxes
- Note 3.12b Deferred tax assets
- Note 3.7b Employee benefits

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities dominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss except the differences arising on retranslation of available for- sale equity instruments, which are recognized in other comprehensive income.

Non-monitory items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Non derivative financial instrument

3.2.1 Non-derivative financial assets.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a Company of similar transactions such as in the Company's trading activity. The non-derivative financial assets can be classified in to four categories. Namely, financial assets at Fair value through profit and loss, Held to maturity investments, Available for sale financial assets and Loans and Receivables.

The company has only loans and receivables as non-derivative financial assets.

(a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loan and receivables comprise of trade receivables, other receivables and cash & cash equivalents.

3.2.2 Non derivative financial liabilities

The Company initially recognizes liabilities on the date that they are originated. All other liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies financial liabilities into other financial liabilities category. Such finance liabilities recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Other financial liabilities comprise trade payables and other payables.

3.2.3. Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment and plus/minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount.

3.2.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

3.2.5 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the company and cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation on other assets is calculated on a straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives or the lease term, whichever is lower.

The expected useful lives of the assets categories are as follows.

Office equipment	8 years
Furniture and Fittings	8 years
Motor Vehicle	5 years
Technical Equipment	4 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale. (Or included in a disposal grouped that is classified as held for sale) and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.4 Intangible Assets

a. Recognition and measurement

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

b. Subsequent expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Intangible assets are amortized on a straight line basis over a period of 4 years from the date when the asset is available for use, over the best estimate of its useful economic life.

3.5 Impairment

3.5.1 Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active 'market for a security.

The company considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and made specific impairment provisions.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.5.2 Non financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Employee benefits

a. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 8% respectively on the salary of each employee is paid. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

b. Defined benefit plans

Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. The Company measures the present value of retirement benefits of gratuity based on internal assessment using formula. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Company measures the present value of retirement benefits of gratuity using the internally generated model. Actuarial gains or losses are recognized in Other Comprehensive Income.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The liability is not externally funded nor actuarially valued.

3.8 Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

3.9 Events after the Reporting date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

INCOME AND EXPENSES

3.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

The Company renders a wide range of travel services. The revenue from rendering these services is recognized in the profit or loss at the time when the significant risks and rewards are transferred to the customer. This is generally the case on the date of arrival of tour.

3.11 Finance income and finance costs

Finance income mainly comprises exchange gains arising from foreign transaction and finance costs comprise interest expense on borrowings and exchange losses arising from foreign transactions.

3.12 Income tax expenses

Income tax expense comprises current and deferred tax. Current tax and deferred tax expenses are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI), in which case it is recognized in equity or in OCI.

a. Current taxes

In terms of section 13 (ddd) of the Inland Revenue Act no.10 of 2006 and amendments thereto, the Company is exempt from Income Tax.

The Company is liable to pay tax on other income earned at the prevailing tax rate.

b. Deferred taxes

Deferred tax assets / liabilities are not recognized as the Company is exempt from income tax under the section 13 (ddd) of the Inland Revenue Act no. 10 of 2006. As such, the Company will not recognize deferred tax until any amendments or enactments to the said section of Inland Revenue Act in future.

3.13 Basic Earnings per Share

The financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4. STATEMENT OF CASH FLOW

4.1. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of statement of cash flow, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The statement of cash flow has been prepared using the "indirect method".

5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE.

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these financial statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

The following new standards are not expected to have a significant impact of the Company's financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statements
SLFRS 15 *Revenue from Contracts with Customers*	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contracts. SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 15.
SLFRS 9 *Financial Instruments*	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 *Financial Instruments: Recognition and Measurement*. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and de recognition of financial instruments from LKAS 39. Effective date of SLFRS 9 is 1st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9. This standard is not expected to have significant impact on the financial statement of the Company.
SLFRS 16 *Leases*	SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead there will be a single on balance sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 16.

For the year ended 31st March 2017	2017 Rs	2016 Rs
6. Revenue		
Inbound	642,267,989	519,024,202
Outbound	20,478,684	26,093,767
	662,746,673	**545,117,969**
7. Other income		
Shopping commission	3,943,009	-
Airport counter income	408,134	2,558,238
Disposal gain	25,000	-
Miscellaneous income	-	14,919
	4,376,143	**2,573,157**

8. Loss from operations

Loss from operations is stated after charging all the expenses including the following,

Salaries and wages	34,882,307	22,037,056
Employees provident fund	4,185,877	3,252,972
Employees trust fund	1,046,469	813,243
Provision for employee benefits	1,762,023	1,529,713
Depreciation and amortization	2,640,875	2,088,398
Auditor's remuneration	275,000	271,285

9. Net finance income		
Finance income		
Exchange gain	11,808,687	8,992,565
	11,808,687	**8,992,565**
Finance expenses		
Bank charges/OD interest	(3,632,371)	(1,019,096)
	(3,632,371)	**(1,019,096)**
	8,176,316	**7,973,469**
10. Income tax reversal		
Current tax expense		
Current year	-	-
(Over)/Under provision of income tax expense in respect of prior years	-	-
	-	-

11. Loss per share

Calculation of loss per share is based on the loss attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding as at the reporting date.

Loss for the year (Rs.)	(14,771,126)	(45,671,306)
Weighted average number of ordinary shares	500,000	500,000
Loss per share (Rs.)	**(29.54)**	**(91.34)**

As at 31st March

12. Property, plant & equipment

	Motor Vehicles	Office Equipment	Technical Equipment	Furniture and fittings	Total 2017	Total 2016
	Rest	Rs	Rs	Rs	Rs	Rs
Cost						
Balance as at 1st April	114,250	294,825	6,222,688	5,566,903	12,198,666	8,790,700
Additions during the year	235,990	469,864	1,846,607	164,923	2,717,384	3,407,966
Disposals during the year	(114,250)	-	-	-	(114,250)	-
Balance as at 31st March	**235,990**	**764,689**	**8,069,295**	**5,731,826**	**14,801,800**	**12,198,666**
Depreciation						
Balance as at 1st April	114,250	122,695	3,804,338	1,865,150	5,906,433	4,292,892
Charge for the year	39,331	84,222	1,269,394	714,758	2,107,705	1,613,541
Disposals during the year	(114,250)	-	-	-	(114,250)	-
Balance as at 31st March	**39,331**	**206,917**	**5,073,732**	**2,579,908**	**7,899,888**	**5,906,433**
Carrying amounts						
As at 31st March 2017	**196,659**	**557,772**	**2,995,563**	**3,151,918**	**6,901,912**	
As at 31st March 2016	-	172,130	2,418,350	3,701,753		**6,292,233**

12.1 Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 2,703,035/-.

13. Intangible assets

	2017 Rs	2016 Rs
Cost		
Balance as at 1st April	3,781,071	3,290,849
Additions during the year	241,738	490,222
Balance as at 31st March	**4,022,809**	**3,781,071**
Amortization		
Balance as at 1st April	2,463,556	1,988,698
Charge for the year	533,170	474,858
Balance as at 31st March	**2,996,726**	**2,463,556**
Carrying value as at 31 March	**1,026,083**	**1,317,515**

14. Trade and other receivables

	2017 Rs	2016 Rs
Trade receivables **(Note 14.1)**	39,294,046	38,287,166
Other receivables	6,208,365	2,437,796
	45,502,411	**40,724,962**

14.1. Trade receivables

	2017 Rs	2016 Rs
Trade receivables from related companies	13,528,977	24,529,578
Trade receivables from others	26,343,464	35,035,073
	39,872,441	59,564,651
Provision for impairment **(Note 14.2)**	(578,395)	(21,277,485)
	39,294,046	**38,287,166**

14.2. Provision movement

	2017 Rs	2016 Rs
Opening balance as at 1st April	21,277,485	9,804,324
Provision during the year	1,800,000	11,473,161
Write off during the year	(22,499,090)	-
Closing balance as at 31st March	**578,395**	**21,277,485**

As at 31st March

14. Trade and other receivables (Cont.)

14.3. The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in Note 23.

15. Advance and prepayments	**2017**	**2016**
	Rs	**Rs**
Advances	7,552,500	3,257,331
Prepayments	1,345,570	877,334
Refundable Deposit	2,520,000	1,857,900
	11,418,070	**5,992,565**

16. Amount due from related parties		
Khiri project	-	840,500
	-	**840,500**

17. Cash and cash equivalents		
Cash in hand	1,000,000	1,000,000
Cash at bank	5,316,483	13,029,675
	6,316,483	**14,029,675**
Bank overdraft	(18,325,114)	(25,251,654)
Cash & cash equivalents for the purpose of statement of cash flow	**(12,008,631)**	**(11,221,979)**

17.1. The Company's exposure to interest rate risk for financial assets and liabilities is disclosed in Note 23.

	2017	**2016**
	Rs	**Rs**
18. Stated capital		
Issued and fully paid		
500,000 ordinary shares	5,000,000	5,000,000

19. Employee benefits		
Balance at the beginning of the year	3,990,259	2,605,123
Provision recognised during the year in profit or loss (Note 19.1)	1,762,023	1,529,713
Actuarial (gain)/loss during the year in OCI (Note 19.2)	(634,391)	100,923
	5,117,891	4,235,759
Payments made during the year	(123,375)	(245,500)
Balance at end of the year	**4,994,516**	**3,990,259**

19.1 Provision recognized in profit or loss		
Current service cost	1,376,593	1,294,470
Interest on obligation	385,430	235,243
	1,762,023	1,529,713

19.2 Actuarial gains and losses recognised in other comprehensive income		
Cumulative gain at the beginning of the year	(86,429)	(187,352)
(Gain) / loss recognised during the year	(634,391)	100,923
Cumulative gain at the end of the year	(720,820)	(86,429)

19.3 Principal actuarial assumptions used		
Discount Rate	11.5%	12.0%
Future Salary Increment	10.0%	10.0%
Staff Turnover	14.0%	14.0%

As at 31[st] March	2017 Rs	2016 Rs
20. Trade and other payables		
Trade payables	25,820,062	23,697,711
Direct cost payable	32,197,089	46,710,217
Other payable (Note 20.1)	47,002,559	12,585,255
	105,019,710	**82,993,183**

20.1 Other payables includes advances received from customers amounting to Rs 41.1 Mn
The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23.

21. Amount due to related party

	2017 Rs	2016 Rs
Thomas Cook Lanka (Private) Limited	25,000,000	25,000,000
	25,000,000	**25,000,000**

22. Related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - *Related Party Disclosures*. The details of which are given below.

a) Transactions with Related Entities

(i)

Name of the Related Party	Relationship	Nature of Transaction	Transaction Amount 2017 Rs	Transaction Amount 2016 Rs
Thomas Cook Lanka (Pvt) Ltd	Parent	Loans received	-	25,000,000
		Investment	-	48,975,000
Thomas Cook India Ltd	Ultimate parent	Sales	44,431,715	-
Ceylon Hotel Holdings (Pvt) Lt	Parent	Loans received	-	5,000,000
Asia Global Ltd	Subsidiary	Transfer of cost of sal	-	31,156,784
Sita World Travel Lanka (Pvt) Ltd	Related	Cost of sales	91,638	-

(ii) The Company's parent as of the reporting date is Thomas Cook Lanka (Pvt) Ltd, which became the parent of the Company with effect from 1st August 2015, after acquiring the Company from Ceylon Hotel Holdings (Pvt) Ltd.

(iii) Amounts due from and due to related entities as at reporting date are disclosed in the Note 16 and 21 to the Financials Statements respectively.

b) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, the Key Management Personnel (KMP) are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company.

	2017 Rs	2016 Rs
Short Term Benefits	8,689,920	6,666,523
Post Employee Benefits	-	-

23. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

23.1. 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 and investment securities.

23.1.1. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March	**2017**	**2016**
	Rs	**Rs**
Trade and other receivables	45,502,411	40,724,962
Cash and cash equivalents	6,316,483	14,029,675
	51,818,894	**54,754,637**

23. Financial risk management (Cont.)

23.2. 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 comprises three types of risk: currency risk, interest rate risk and price risk.

23.2.1.Currency risk

'Currency risk' a form of risk that arises from the change in price of one currency against another. The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Company. The company has not invested nor borrowed in foreign currencies. The company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial statements is minimal as it represents local currency.

The following significant exchange rates were applied during the year:

	Average rate		**Reporting date spot rate**	
	2017	**2016**	**2017**	**2016**
USD	151.99	144.69	150.06	142.59
EURO	162.36	163.95	159.28	160.63

23.2.2. Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

23.3. 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 encounter the liquidity risk mainly due to its trade payables. However, Company's exposure to liquidity risk is very limited as current assets and liquid assets are much greater than its total liabilities.

23. Financial risk management (Cont.)

23.3. Liquidity risk (Cont.)

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
Trade and other receivables	45,502,411	-	45,502,411	-	-
Cash and cash equivalents	6,316,483	-	6,316,483	-	-
Total current assets	**51,818,894**	-	**51,818,894**	-	-
Employee benefits	4,994,516	4,994,516	-	-	4,994,516
Total non current liabilities	**4,994,516**	**4,994,516**	-	-	**4,994,516**
Trade and other payables	105,019,710	-	105,019,710	-	-
Total current liabilities	**105,019,710**	-	**105,019,710**	-	-
Total liabilities	**110,014,226**	**4,994,516**	**105,019,710**	-	**4,994,516**

24. Fair Values of Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2017		2016	
	Amount Rs	**Fair Value Rs**	**Amount Rs**	**Fair Value Rs**
Assets carried at amortised cost				
Trade and other receivables	45,502,411	45,502,411	40,724,962	40,724,962
Cash and cash equivalents	6,316,483	6,316,483	14,029,675	14,029,675
	51,818,894	**51,818,894**	**54,754,637**	**54,754,637**
Liabilities carried at amortised cost				
Trade and other payables	105,019,710	105,019,710	82,993,183	82,993,183
	105,019,710	**105,019,710**	**82,993,183**	**82,993,183**

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

a) Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.

b) Trade and other receivables/ Trade and other payables - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

25. Events occurred after the reporting date

There were no material events occurring after the reporting date as at 31st March 2017 that require adjustments to or disclosure in the financial statements.

26. Capital commitments

There were no capital commitments as at the reporting date.

27. Contingencies

There have been no significant Contingent Liabilities as at the reporting date.

28. Comparative Information

Comparative information has been reclassified where necessary to conform to current years presentation.

29. Going concern

The Company has incurred a net loss of Rs. 14,771,126 for the year ended 31st March 2017 (2016 - Rs. 45,671,306), and as of that date the Company's accumulated loss was Rs. 86,674,381 (2016 - Rs. 72,537,646). Further the Company's current liabilities exceeded the current assets by Rs. 84,607,860 (2016 - Rs. 71,157,135) and its total liabilities exceeded its total assets by Rs. 81,674,381 (2016 - Rs.67,537,646). Although these conditions indicate the existence of uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Board of directors of the Company is of the view that the Company is a going concern based on the future plans set by the board.

30. Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards.

mgb&co LLP
chartered accountants

Independent Auditor's Report

To The Members of **Sita Beach Resorts Private Limited**

1. Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **Sita Beach Resorts Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

2. Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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

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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 Ind AS financial statements.

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

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

II. As required by Section143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid 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 as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The Company has no transactions in cash and hence the requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 to the Ind AS financial statements is not applicable to the Company.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure A as referred to in Paragraph 5(I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Sita Beach Resorts Private Limited on the financial statements for the year ended 31 March 2017.

i. The Company does not have any fixed assets; hence the requirement of clause (i) of paragraph 3 of the Order is not applicable.

ii. Considering the nature of business activity carried out by the Company, the Company does not have any inventory. Hence the requirement of the clause (ii) of paragraph 3 of the Order is not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

iv. According to the records of the Company, examined by us and information and explanations given to us, the Company has neither given any loans/guarantees, made investments nor have provided securities within the provisions of Sections 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.

vii. According to the records of the Company, examined by us and information and explanations given to us:

a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

b) There are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.

viii. The Company has not taken any loan from banks/financial institutions/government or issued debentures during the year.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not taken any term loan during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.

xi. According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.

xiii. According to the records examined by us, and information and explanations given to us, transactions with the related parties are in compliance with Sections 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the accounting standards. Further, as explained to us, the provisions of Section 177 are not applicable to the Company.

xiv. According to the records of the Company examined by us, and information and explanations given to us, 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 records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Annexure - B 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") as referred to in paragraph 5(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company on the Ind AS financial statements for the year ended 31 March, 2017.

We have audited the internal financial controls over financial reporting of **Sita Beach Resorts Private Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MGB & Co LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 17 May 2017

Sita Beach Resorts Private Limited

Balance sheet as at 31 March, 2017

(In Rupees)

	Notes	As at 31 March , 2017	As at 31 March , 2016	As at April 1, 2015
ASSETS				
Current Assets				
Financial assets				
- Cash and cash equivalents	3A	2,133	7,106	1,347
- Other bank balances	3B	50,000	80,000	90,000
- Other financial assets	4	2,851	5,231	6,725
Total current assets		54,984	92,337	98,072
TOTAL ASSETS		**54,984**	**92,337**	**98,072**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	5A	100,000	100,000	100,000
Other equity	5B	(51,916)	(14,534)	(8,670)
Total equity		**48,084**	**85,466**	**91,330**
Current liabilities				
Other financial liabilities				
- Other payables	6	6,900	6,871	6,742
Total Current liabilities		**6,900**	**6,871**	**6,742**
TOTAL EQUITY AND LIABILITIES		**54,984**	**92,337**	**98,072**

As per our attached report of even date 1-16

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Beach Resorts Private Limited

Statement of profit and loss for the year ended 31 March, 2017 (In Rupees)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
Revenue from Operations		-	-
Interest income	7	5,171	7,195
Total Income		**5,171**	**7,195**
Expenses			
Other Expenses	8	42,554	13,058
Total Expenses		**42,554**	**13,058**
Profit / (loss) before tax		**(37,383)**	**(5,864)**
Less: Tax expense			
Current Tax		-	-
Deferred Tax		-	-
Profit / (Loss) after tax		**(37,383)**	**(5,864)**
Other comprehensive income		-	-
Total comprehensive income		**(37,383)**	**(5,864)**
Earnings per equity share			
Basic and diluted		(3.74)	(0.59)

As per our attached report of even date **1-16**

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Beach Resorts Private Limited

Statement of changes in equity

(In Rupees)

a) Share Capital	31-Mar-17		31-Mar-16	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	10,000	100,000	10,000	100,000
Changes during the year	-	-	-	-
Balance at the end of the year	10,000	100,000	10,000	100,000

b) Reserves and Surplus	Retained earnings	Total Equity
Balance at 1 April , 2015	**(8,670)**	**(8,670)**
Profit for the year	(5,864)	**(5,864)**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(5,864)**	**(5,864)**
Balance at 31 March, 2016	**(14,534)**	**(14,534)**
Profit for the year	(37,383)	(37,383)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(37,383)**	**(37,383)**
Balance at 31 March, 2017	**(51,916)**	**(51,916)**

As per our attached report of even date

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Beach Resorts Private Limited

Statement of cash flows for the year ended March 31, 2017

(In Rupees)

	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax from continuing operations	(37,383)	(5,864)
Profit before tax	(37,383)	(5,864)
Adjustments for		
Interest income	(5,171)	(7,195)
	(42,554)	(13,058)
Operating profit before working capital changes		
Increase/ (Decrease) in trade and other payables	30	128
	(42,524)	(12,930)
Direct Taxes paid (net)	-	-
Net cash used in operating activities	(42,524)	(12,930)
Cash flow from investing activities		
Interest received	7,551	8,688
Investment in bank deposits for more than 3 months	30,000	10,000
Net cash flows from investing activities	37,551	18,688
Cash flow from financing activities	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(4,973)	5,758
Cash and cash equivalents at the beginning of the year	7,106	1,348
Effect of exchanges rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	2,133	7,106

Notes to Cash Flow Statements

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

For MGB & Co. LLP
Chartered Accountants
Firm Registration Number 101169W/W-100035

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: May 17,2017

For and on behalf of the Board

Dipak Deva
Director

Sanjay Shroff
Director

Sita Beach Resorts Private Limited

Notes forming part of financial statements

1 **Corporate information**

The Company is a wholly owned subsidiry of SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')

2.1 **Significant accounting policies**

(a) **Basis of preparation of financial statements**

These financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value and the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the period ending on 31 March 2017. This being the first financial statements, post incorporation, previous year comparatives are not available.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) **Revenue recognition**

Interest income

Interest income is recognised using effective interest rate basis taking into account the amount outstanding and the applicable interest rate.

(c) **Accounting for taxes on income**

Tax expenses comprises of current tax and deferred tax

i) **Current tax**

Current tax is recognized in the statement of profit and loss except to the extent that the tax relates to items recognized directly in other comprehensive income or directly in equity. Current tax for current and prior periods is recognized 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 balance sheet date.

ii) **Deferred tax**

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of transition. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred 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.

(d) **Transactions in foreign currencies**

The functional currency of the Company is Indian Rupees ("Rs."). The financial statements are presented in Indian Rupees.

i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.

ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

iii) Non-monetary foreign currency items are carried at historical cost, at the exchange rate prevelant at the date of the transaction.

(e) **Financial Instruments**

Financial instruments is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Initial Recognition**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

ii) **Subsequent Measurement**

(a) Financial assets

Financial assets are classified into the following specified categories: Amortised cost, Fair value through other comprehensive income (FVTOCI), Fair value through profit or loss' (FVTPL). The classification depends on the Company's business model for managing the and the contractual terms of cash flows.

Debt Instruments

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition of financial assets

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised, is recognized as an impairment gain or loss in the statement of profit or loss.

(b) Financial liabilities

Amortised Cost

Financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the statement of profit or loss.

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) **Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

(e) **Provisions, contingent liabilities and contingent assets**
Provisions are recognised when the Company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the reporting date.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised but are disclosed in the notes unless the likelihood of their crystallizing is remote.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

(f) **Earnings per share**
Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.

(g) **Cash and cash equivalents**
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(h) **Use of estimate**
The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities . Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

(i) **Critical accounting judgment and estimates**
i) **Contingencies and commitments**
In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

ii) **Impairment testing**
a. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

b. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

iii) **Tax**
a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

Sita Beach Resorts Private Limited

Notes forming part of financial statements

Standards issued but not yet effective :

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

Amendment to Ind AS 7:

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

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

Amendment to Ind AS 102

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

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

The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

Sita Beach Resorts Private Limited

Notes forming part of the financial statements

(In Rupees)

		31-Mar-17	31-Mar-16	1 April , 2015
3A	**Cash and cash equivalents**			
	Balance with bank in current account	2,133	7,106	1,347
		2,133	**7,106**	**1,347**
3B	**Other bank balances**			
	Deposits with original maturity upto twelve months	50,000	80,000	90,000
		50,000	**80,000**	**90,000**
4	**Other financial assets**			
	Interest receivable	2,851	5,231	6,725
		2,851	**5,231**	**6,725**

mgb&co LLP CHARTERED ACCOUNTANTS

Sita Beach Resorts Private Limited

Notes forming part of the financial statements

(In Rupees)

	31-Mar-17	31-Mar-16	1 April, 2015
5A Share Capital			
a **Authorised :** Equity Shares of Rs. 10 each 10,000 shares (2016:10,000; 2015: 10000) Equity shares	100,000	100,000	100,000
	100,000	100,000	100,000
b **Issued and Subscribed and Paid up:** 10,000 shares (2016:10,000; 2015: 10000) Equity shares fully paid up	100,000	100,000	100,000
	100,000	100,000	100,000

c **Reconciliation of number of equity shares outstanding at the beginning and end of the year**

	31-Mar-17	31-Mar-16	1 April, 2015
Outstanding at the beginning of the year	10,000	10,000	10,000
Outstanding at the end of the year	10,000	10,000	10,000

d **Terms / Rights attached to each classes of shares**

1. Terms / Rights attached to Equity shares

The Company has only one class of equity shares with voting rights having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

f **Shareholders holding more than 5% shares in the company is set out below:**

	31 March 2017		31 March 2016		1 April , 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited')	10,000	100,000	10,000	100,000	10,000	100,000

g No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceeding 31 March, 2017

5B **Other equity**

(In Rupees)

	31-Mar-17	31-Mar-16
Retained earnings		
Balance at beginning of the year	(14,534)	(8,670)
Profit/(Loss) attributable to owners of the Company	(37,383)	(5,864)
Other comprehensive income arising from	-	-
	(51,917)	**(14,534)**

	31-Mar-17	31-Mar-16	1 April 2015
6 **Other financial liabilities**			
Other payables	6,900	6,870	6,742
	6,900	**6,870**	**6,742**

Sita Beach Resorts Private Limited

Notes forming part of the financial statements

(In Rupees)

	31-Mar-17	31-Mar-16
7 **Other Income**		
Interest Income	5,171	7,195
	5,171	**7,195**
8 **Other Expenses**		
Rates and Taxes	-	2,100
Payment to Auditors- Audit fees	6,900	6,870
Legal and Professional Charges	35,654	4,088
	42,554	13,058

Sita Beach Resorts Private Limited

Notes forming part of the financial statements

9 The Composite Scheme of Arrangement and Amalgamation 'Composite Scheme' which was approved by the Board in its meeting on 28 May 2016 and which was subsequently amended and approved by the Board in its meeting on 21 July 2016) to consolidate the Outbound Business Division of SOTC Travel Services Private Ltd. into SOTC Travel Private Limited by way of a slump exchange; and thereafter to consolidate the residual SOTC Travel Services Private Ltd. (i.e. post segregation of Outbound Business Division) including its subsidiaries (i.e. Distant Frontiers Tours Private Limited, SITA Beach Resorts Private Limited, SITA Destination Management Private Limited, SITA Holidays (India) Private Limited, SITA Holidays Resorts Private Limited and SITA Incoming (India) Private Limited) into Travel Corporation (India) Limited by way of amalgamation has been filed with the High Court Of Judicature at Bombay on 11 August 2016 and the same was admitted by the High Court of Judicature at Bombay on 16 August 2016. Pursuant to the relevant Scheme all the assets and liabilities of the Company will be transferred and vest with the Transferee company. Pending approval of the High Court, effect of the same has not been considered in these financial statements

10 There are no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2017

11 **Taxes on Income**

(a) In the absence of taxable income during the year, provision for current tax is not required

(b) There are no timing differences as per AS 22 "Accounting for Taxes on Income" issued by ICAI, hence deferred tax assets / liabilities are not accounted for

12 **Related party disclosures**

Holding Company- SOTC Travel Services Private Limited (formerly Kuoni Travel (India) Private Limited)

Distant Frontiers Tours Private Limited, KAT Management Consulting (Shanghai) Company Limited,KTI Support Services (India) Private Limited#, Sita Destination Management Private Limited, Sita Holidays (India) Private Limited, SOTC Travel Private Limited (Formerly Sita Travel Private Limited) , Sita Incoming (India) Private Limited, SOTC Travel Management Private Limited (formerly Sita Travels and Tours Private Limited), Sita Holiday Resorts Private Limited, Sita World Travel Lanka (Private) Limited, Sita World Travel (Nepal) Private Limited.

(#ceased w.e.f. 15 December 2015)

Key Management Personnel -Vishal Suri, Dipak Deva, Sanjay Shroff

Transactions with related parties during the year:

	31-Mar-17	31-Mar-16
Short-term borrowings		
Holding Company	200,000	-
Repayment of short-term borrowings		
Holding Company	200,000	-

There are no outstanding balances with related parties during the year

13 **First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.
Company has not applied any exemption for retrospective application given under Ind AS 101.

14 **Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Profit attributable to Equity shareholders **(In Rupees)**

	31-Mar-17	31-Mar-16
Profit / (loss) after tax	(37,383)	(5,864)
Weighted average number of equity shares	10,000	10,000
Nominal value per share	10	10
Basic and Diluted earnings per share	(3.74)	(0.59)

15 **Financial Instruments**

The Company does not have any financial assets and liablities, except, cash, short-term deposits, Interest accrued, and fees paybles which arise directly from its operations. The Company's financial assets and liability dose not exposed to a variety of financial risks, hence the requisite disclosures are not required.

No transactions are done during the year hence the other disclosures are not required.

16 Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this years classification. Figures in brackets pertain to previous year.

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED
BALANCE SHEET AS AT 31st MARCH 2017

Particulars	Note No.	As at 31st March,
		Rs.
ASSETS		
Non-current assets		
Property, plant and equipment	2	5,18,101
Capital work-in-progress		-
Investment properties		-
Intangible assets	2	49,97,810
Intangible assets under construction		-
Goodwill		-
Financial assets		
i. Investments		-
ii. Loans		-
iii. Other non-current financial assets		-
Deferred income tax assets (net)	3	-
Other non-current assets		-
Total non-current assets		**55,15,911**
Current Assets		
Inventories		-
Financial assets		
i. Investments		-
ii. Trade and other receivables	4	14,93,886
iii. Cash and cash equivalents	5	34,858
iv. Other bank balances		-
v. Loans		-
vi. Other financial assets		-
Other current assets	6	1,75,058
Total current assets		17,03,802
Total Assets		**72,19,713**

NAVEEN JAYADEEP & CO. FRN 15597S Bengaluru Chartered Accountants

Technologies Pvt Ltd Bangalore

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED
BALANCE SHEET AS AT 31st MARCH 2017

Particulars	Note No.	As at 31st March, Rs.
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	7	1,50,680
Share application money pending allotment		-
Other Equity		
i. Reserves & Suplus	7	48,62,826
Total equity attributable to equity holders of the Company		50,13,506
Non-controlling interests		-
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings		-
Deferred income tax liabilities (net)	3	5,16,666
Provisions for other liabilities and charges		-
Other non-current liabilities		-
Total non-current liabilities		55,30,172
Current liabilities		
Financial liabilities		-
i. Trade and other payables		-
ii. Borrowings	8	1,00,000
iii. Other financial liabilities		-
Current income tax liabilities		-
Provisions for other liabilities and charges	9	2,48,950
Other current liabilities	10	13,40,591
Total current liabilities		16,89,541
Total Equity and Liabilities		**72,19,713**

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For PRAVEEN JAYADEEP & CO
Chartered Accountants

Praveen Kumar
Partner
M No.229874
Firm Regn No. 015597s

Place: Bangalore
Date: 9th May, 2017

For and on behalf of Board of Directors
Simpliance Technologies Private Limited

Anil Prem DSouza
Director

Hansa Sharma
Director

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS

Particulars	Note No.	For the period ended 31st March, 2017 (In INR)
Income		
Revenue From the Operations	11	23,15,114
Other Income	12	83,500
Total Income (1+2)		**23,98,614**
Expenses		
Cost of material and stores and spare parts consumed		-
Employee Benefit Expenses	13	28,06,702
Other expenses	14	44,64,424
Depreciation	2	10,03,395
Finance Costs	15	3,921
Total Expenses		**82,78,442**
Profit before tax		(58,79,828)
Tax Expense:		
Current Tax		-
Adjustments of tax relating to earlier periods		
Deferred Tax	3	5,16,666
Total Tax Expense		5,16,666
Profit for the period		**(63,96,494)**
Other comprehensive income		-
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		-
Total comprehensive income attributable to :		
Equity holders of the parent		**(63,96,494)**
Non-controlling interests		-
Earnings/(Loss) per Equity Share	16	
(Face Value : Rs.10.00)		
Basic		**-424.51**
Diluted		**-424.51**

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For PRAVEEN JAYADEEP & CO
Chartered Accountants

Praveen Kumar
Partner
M No.229874
Firm Regn No. 015597s

Place: Bangalore
Date: 9th May, 2017

For and on behalf of Board of Directors
Simpliance Technologies Private Limited

Anil Prem DSouza
Director

Hansa Sharma
Director

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED
Notes To Financial Statements for the Year Ended 31 March 2017

All amounts are in INR, unless otherwise stated.

1 Corporate Information

SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED (the company) is a private limited company domiciled in India and incorporated under the provisions of Companies Act, 2013, on 27th April, 2016.

The Company is engaged in developing Labour Compliance Software and related consultancy services. Its registered office is at 2nd Floor, A S Chambers, No.6, 80 Feet Road, Koramangala, Bangalore, Karnataka, India-560095

1.1 Summary of significant accounting policies

a) Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The company has adopted all applicable Ind AS standards and the adoptions was carried out in accordance with *Ind AS 101 First time adoption of Indian Accounting Standards*. Since, the Company was incorporated in current accounting period no transition was required to be carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) and no reconciliation is required to be carried out. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Use of Estimates

The presentation of Financial Statements in conformity with Ind AS requires estimates and assumptions to be made that affect the reported amount of Assets and Liabilities as on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialized.

c) Property, plant and equipment & Intagible Assets

Property, plant and equipment are stated at cost, less accumulated depreciation / amortisation. Costs include all expenses incurred to bring the asset to its present location and condition.

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

The Company has developed their own Software tool called "Simpliance". The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred are also capitalized

d) Depreciation

In respect of fixed assets acquired during the year, depreciation/ amortisation is charged on a WDV basis so as to write off the cost of the assets over the useful lives. Depreciation has been charges based on Sch II of Co's Act 2013.

Usefull lives of the assets is as follows:

Furniture & Fixture	10 Years
Computer, Laptop & Mobile Phones	3 Years
Television	5 Years
Intagible Assets/Softwares	6 Years

e) Revenue Recognition

The revenue of sales & services rendered by the company is recognised on accrual basis. The sales are recognized on transfer of significant risks and rewards to the customer. The Company reports revenues net of taxes.

PRAVEEN JAYADEEP & CO. FRN 015687S Bengaluru Chartered Accountants

Technologies Bangalore

f) Employee Benefits

The company does not, presently, provide its employees with any retirement/superannuation benefits.

Eligible employees of Simpliance Technologies receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a portion to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries is being administered by the government.

g) Foreign Currency

The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to nearest number).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and 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 the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cashflow

items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

h) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

i) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

j) Earnings per share:

The basic earnings per share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

k) Investments:

As on the date of Balance sheet there are no investments held in the name of Company.

l) Leases:

Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payment at the inception of the lease term. These are disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Chartered Accountants Bengaluru

Simpliance Technologies Pvt Ltd Bangalore

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED
Notes To Financial Statements for the Year Ended 31 March 2017

All amounts are in INR, unless otherwise stated.

m) **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal 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 determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

n) **Inventory**

The nature of Business of company is service oriented. Hence, Inventory is not applicalble.

o) **Others**

The previous year's figures have been re-grouped / re-classified, wherever necessary, to conform to the current year's presentation.

No independent confirmation of balances have been received from creditors and, therefore, the amounts reported in the Balance Sheet are those which are reflected in the company's books of accounts.

Dues to micro, small and medium enterprises: The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2017 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

p) **Related Party Disclosure:**

Key Managerial Personnel	(1) Anil Prem D'souza
	(2) Hansa Sharma
Entity which Key Managerial Personnel has Significant Influence	(1) CBENSOL
Other Related Party	(1) Quess Corp Limited

Name of the Party	Amount Paid	Nature of Payment
Anil Prem D'souza	9,98,200	Salary
Hansa Sharma	7,26,800	Salary
CBENSOL	5,30,000	Consultancy Charges
Quess Corp Limited	9,18,581	Premises Rent
Total	31,73,581	

3 **Deferred Tax Asset/Liabitiles (Net)**

Particulars	As at 31st March, 2017 (In INR)
Timing difference on account of depreciation	5,16,666
Total	5,16,666

4 **Trade Receivables**

Particulars	As at 31st March, 2017 (In INR)
Trade Receivables outstanding for period less than six months from the date they are due for payment	
Unsecured, Considered good	14,93,886
Trade Receivables outstanding for period exceeding six months from the date they are due for payment	
Unsecured, Considered good	-
Total	14,93,886

PRAVEEN JAYADEEP & CO. FRN-015597S Bengaluru Chartered Accountants

Technologies Pvt Ltd Bangalore

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED
Notes To Financial Statements for the Year Ended 31 March 2017

All amounts are in INR, unless otherwise stated.

5 **Cash and Cash Equivalents**

Particulars	As at 31st March, 2017 (In INR)
Cash and cash equivalents	
Cash in hand	-
Balances with banks	-
In current accounts	-
In EEFC accounts	34,858
In deposit accounts	-
(mature within 3 months from the reporting date)	
Less: Book overdraft	-
Total	**34,858**

6 **Other Current Assets**

Particulars	As at 31st March, 2017 (In INR)
Balances with government authorities	1,75,058
Total	**1,75,058**

7 **a. Share Capital**

Share Capital	As at 31st March, 2017	
	Number	Amount (In INR)
Authorised Share Capital		
Equity Shares of Rs.10 Each	50,000	5,00,000
Issued, Subscribed & Paid-up Share Capital		-
Equity Shares of Rs.10 each fully paid	15,068	1,50,680
TOTAL CAPITAL		1,50,680

b. The reconciliation of number of shares outstanding as at March 31, 2017 and March 31, 2016 is set out as below:

Particulars	Equity Shares	
	Number	Amount (In INR)
Shares outstanding at the beginning of the year (1st April, 2016)	-	-
Shares Issued during the year	15,068	1,50,680
Shares bought back during the year	-	-
Shares issued on exercise of employee stock options		
Shares outstanding at the end of the year (31st March, 2017)	15,068	1,50,680

c. The details of the Equity shareholder holding more than 5% shares as at March 31st 2017 is set out below:

Name of Shareholder	As at 31st March, 2017	
	No. of Shares Held	% of Holding
Quess Corp Limited	4,068	27.00%
Anil Prem D'Souza	2,750	18.25%
Preetha Chrisma DSouza *(Representing CBENSOL as a partner)*	2,200	14.60%
Hansa Sharma	1,650	10.95%
Madhu Damodaran	1,650	10.95%
Veena Nataraju	1,650	10.95%
Subramanyam Raju	1,100	7.30%
Total	**15,068**	**100.00%**

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Technologies Pvt Ltd Bangalore

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED

Notes To Financial Statements for the Year Ended 31 March 2017

07. Other Equity

Particulars	Share Capital	Reserves and Surplus					Other Comprehensive Income		Total Equity attributable to Equity holders of the Company
		Securities Premium	Retained Earnings	Capital Reserve	General Reserve	Share options	Foreign currency	Other Items of Other comprehensive Income	
Balance as of April 1, 2016	-	-	-	-	-	-	-	-	-
Add: Increase in Share Capital	1,50,680	-	-	-	-	-	-	-	1,50,680
Less: Buyback of share capital	-	-	-	-	-	-	-	-	-
Add: Premium received on issue of Equity Shares	-	1,12,59,320	-	-	-	-	-	-	1,12,59,320
Less: Amount utilized for issue of Equity Shares	-	-	-	-	-	-	-	-	-
Add: Profit for the Period	-	-	-	-	(63,96,494)	-	-	-	(63,96,494)
Add: Arising on account of acquisition	-	-	-	-	-	-	-	-	-
Add : Transfer from stock options outstanding account	-	-	-	-	-	-	-	-	-
Less : Transfer to general reserve on forfeiture of stock options	-	-	-	-	-	-	-	-	-
Add : Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Add: Remeasurement of the net defined benefit Liability/Asset, net of tax effect	-	-	-	-	-	-	-	-	-
Balance as of 31 March 2017	1,50,680	1,12,59,320	-	-	(63,96,494)	-	-	-	50,13,506

PRAVEEN JAYADEEP & CO. FRN-015075S Bengaluru. Chartered Accountants

Simpliance Technologies Pvt Ltd. Bangalore

d. Other disclosures

The company has one class of equity shares having a par value of `10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

7 Reserves & Surplus

Particulars	As at 31st March, 2017 (In INR)
Balance in statement of profit and loss at the end of the period*	(63,96,494)
Securities premium account at the end of the period*	1,12,59,320
Total	**48,62,826**

* For detailed movement of reserves refer Statement of changes in Equity (Other Equity Note)

8 Current Borrowings

Particulars	As at 31st March, 2017 (In INR)
Loans from bank repayable on demand (Secured)	-
Cash credit and overdraft facilities	-
Bill discounting facility from bank	-
Working capital loan	-
Loan from related parties, unsecured	1,00,000
Total	**1,00,000**

There are no specific terms as to repayment of loans and the said loans do not carry any interest

9 Current Provisions

Particulars	As at 31st March, 2017 (In INR)
Provision for employee benefits	
Provision for gratuity	-
Provision for compensated absences	-
Provision for bonus and incentive	-
	-
Others	
Provision for warranty	-
Provision for onerous contracts	-
Provision for expenses	2,48,950
Provision for rent escalation	-
Total	**2,48,950**

10 Other Current Liabilities

Particulars	As at 31st March, 2017 (In INR)
Income received in advance	-
Advance received from customers	-
Balances payable to government authorities	2,71,901
Amount payable to related parties	10,68,690
Total	13,40,591

PRAVEEN JAIN DEEP & CO. FRN 016597S Bengaluru Chartered Accountants

Simpliance Technologies Pvt. Ltd. Bangalore

2 Property, plant and equipment

Particulars	Leasehold improvements	Furniture and fixtures	Vehicles	Vehicles - Finance lease	Office equipment	Plant and machinery	Computer equipment	Computer equipment - leased	Total
Gross block									
As at 1 April 2015									-
Additions during the period									-
Disposals for the period									-
Translation difference*									-
As at 31 March 2016	-	-	-	-	-	-	-	-	-
Additions	-	8,950.00	-	-	44,512.00	-	6,77,115.00	-	7,30,577.00
Disposals	-	-	-	-	-	-	-	-	-
Translation difference*	-	-	-	-	-	-	-	-	-
As at 31 March 2017	-	**8,950.00**	-	-	**44,512.00**	-	**6,77,115.00**	-	**7,30,577.00**
Accumulated Depreciation									-
As at 1 April 2015									-
Charge for the year									-
Disposals during the period									-
Translation difference*									-
As at 31 March 2016	-	-	-	-	-	-	-	-	-
Charge for the period	-	1,695.00	-	-	9,201.00	-	2,01,580.00	-	2,12,476.00
Disposals	-	-	-	-	-	-	-	-	-
As at 31 March 2017	-	**1,695.00**	-	-	**9,201.00**	-	**2,01,580.00**	-	**2,12,476.00**
Net Block :									-
As at 31 March 2017	-	**7,255.00**	-	-	**35,311.00**	-	**4,75,535.00**	-	**5,18,101.00**
As at 31 March 2016	-	-	-	-	-	-	-	-	-
As at 1 April 2015	-	-	-	-	-	-	-	-	-

* Represents translation of tangible assets of non intergral operations into Indian Rupees.

PRAVEEN JAYADEEP & CO. FRN-015597S Bengaluru. Chartered Accountants

Simpliance Technologies Pvt Ltd. Bangalore

Simpliance Technologies Private Limited
Notes to the financial statements for the period ended 31 March 2017

2 Intangible Assets and Intangible assets under development

Particulars	Goodwill	Brand value of business acquired (refer note 2)	Computer software	Computer software leased	Total	Intangible assets under development
Gross block						
Cost or Valuation						
As at 1 April 2015				-	-	-
Additions on Amalgamation				-	-	-
Additions during the period				-	-	
Disposals for the period					-	-
Translation adjustment					-	
As at 31 March 2016			-	-	-	-
Additions			56,18,874.40	1,69,854.56	57,88,728.96	-
Disposals			-		-	-
As at 31 March 2017			**56,18,874.40**	**1,69,854.56**	**57,88,728.96**	-
Accumulated Depreciation						
As at 1 April 2015					-	-
Additions on Amalgamation					-	-
Charge for the period					-	-
Disposals during the period					-	-
Translation adjustment					-	
As at 31 March 2016			-	-	-	-
Charge for the period			7,72,823.00	18,096.00	7,90,919.00	-
Disposals			-		-	-
As at 31 March 2017			**7,72,823.00**	**18,096.00**	**7,90,919.00**	-
Net Block						
As at 31 March 2017			**48,46,051.40**	**1,51,758.56**	**49,97,809.96**	-
As at 31 March 2016			-	-	-	-
As at 1 April 2015			-	-	-	-

PRAVEEN JAYADEEP & CO. FRN-015587S Bengaluru Chartered Accountants

Simpliance Technologies Pvt. Ltd. Bangalore

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED
Notes To Financial Statements for the Period Ended 31 March 2017

All amounts are in INR, unless otherwise stated.

11 Revenue From Operation

Particulars	For the year ended 31st March, 2017 (In INR)
Software sales and maintenance	23,15,114
Total	23,15,114

12 Other Income

Particulars	For the year ended 31st March, 2017 (In INR)
Consultancy Fee Received	83,500
Total	83,500

13 Employee Benefit Expenses

Particulars	For the year ended 31st March, 2017 (In INR)
Salaries & Wages	27,06,754
Staff Welfare Expenses	99,948
Total	28,06,702

14 Other Expenses

Particulars	For the year ended 31st March, 2017 (In INR)
Payment to Auditors:	
Audit Fees	25,000
Bad Debts-Write Off	25,305
Book Keeping Charges	30,000
Books & Typing Charges	32,619
Conference Fee/charges	15,000
Consultancy Fee Paid	8,34,350
Electricity Charges	3,475
Esic Employer Contribution	12,959
GST Migration Charges	2,000
Internet Charges	66,453
IT Maintenance Expenses	2,53,267
MCA Filing Charges	8,000
Office Rent	9,36,581
PF Employer Contribution	30,677
Printing & Stationery	25,239
Promotional & Marketing Exps	11,47,494
Round Off	(1)
Software Development Charges	30,752
Sundry Office Exps	93,289
Telephone & Mobile Phone Expenses	49,939
Travelling Expenses	8,40,271
Water Charges	1,757
Total	**44,64,424**

RAVEEN JAYADEEP & CO. FRN-015975 Bengaluru. Chartered Accountants

Simpliance Technologies Pvt Ltd Bengalore

M/s SIMPLIANCE TECHNOLOGIES PRIVATE LIMITED
Notes To Financial Statements for the Period Ended 31 March 2017
All amounts are in INR, unless otherwise stated.

15 Financial Costs

Particulars	For the year ended 31st March, 2017 (In INR)
Bank Charges & Credit Card Charges	3,921
Total	3,921

16 Earnings per Share

Particulars	For the year ended 31st March, 2017 (In INR)
Net Profit/ (Loss) after tax available for equity shareholders.	(63,96,494)
Basic Number of Equity Shares of Rs. 10 each	15,068
Weighted Average Number of Equity Shares of INR. 10 each.	15,068
Basic and diluted earnings/(loss) per share (INR)	(424.51)

As per our report of even date attached

For PRAVEEN JAYADEEP & CO
Chartered Accountants

Praveen Kumar
Partner
M No.229874
Firm Regn No. 015597S

For and on behalf of Board of Directors
Simpliance Technologies Private Limited

Anil Prem DSouza
Director

Hansa Sharma
Director

Place : Bangalore
Date: 9th May, 2017

PRAVEEN JAYADEEP & CO.
CHARTERED ACCOUNTANTS
No. 7, 2nd Floor, 22nd Cross,
Cubbonpet, Bengaluru - 560 002.

M/s SIMPLIANCE TECNOLOGIES PRIVATE LIMITED
Groupings to Financial Statements for the Year Ended 31 March 2017

1 Loan from related party-Directors

Particulars	As at 31st March, 2017 (In INR)
Hansa Sharma	1,00,000
Total	1,00,000

2 Current Liabilities- Provisions

Particulars	As at 31st March, 2017 (In INR)
For Expenses	
Oni360	1,15,950
Procain Consulting	1,05,000
Accounting Charges Payable	3,000
Audit Fees Payable	25,000
Total	2,48,950

3 Balances payable to government authorities

Particulars	As at 31st March, 2017 (In INR)
Swatch Bharath Cess	2,504
TDS Deducted	1,71,418
ESI Deducted	6,117
VAT Payable	26,774
PF Deducted	61,288
Profession Tax Deducted	3,800
Total	2,71,901

4 Amount payable to related parties

Particulars	As at 31st March, 2017 (In INR)
Anil Prem D'Souza	1,86,967
Cbensol	55,000
Quess Corp Ltd (Rent Payable)	8,26,723
Total	10,68,690

M/s SIMPLIANCE TECNOLOGIES PRIVATE LIMITED
Groupings to Financial Statements for the Year Ended 31 March 2017

5 Trade Receivables

Particulars	As at 31st March, 2017 (In INR)
Century Textiles And Industries Ltd	18,075
COACHIEVE SOLUTIONS PVT LTD	7,56,773
Hofincons Infotech & Ind Services (Quess Corp)	1,22,910
Natural Remedies Pvt Ltd	10,845
Peopleworks (A Division Of Crossdomain Solutions)	12,050
RRS People Works	9,582
SDS Accosphere Advisors Pvt Ltd	6,025
Tangoe India Softek Services Pvt. Ltd	16,100
United Breweries Limited	5,41,527
Total	14,93,886

PRAVEEN JAYADEEP & CO. FRN-015597S Bengaluru. Chartered Accountants

Simpliance Technologies Pvt Ltd. Bangalore

Terrier Security Services (India) Private Limited

Balance Sheet *(Amount in Rs)*

	Note	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	1,06,60,166	1,19,31,412	88,23,087
Intangible assets	5	8,00,525	37,543	1,01,907
Deferred tax assets (net)	6	2,07,21,453	1,18,93,698	65,91,687
Income tax assets (net)	7	9,38,25,267	5,67,97,109	4,27,73,054
Other non-current assets	8	47,731	4,97,939	6,22,162
		12,60,55,142	8,11,57,701	5,89,11,897
Current Assets				
Inventories	9	37,89,574	35,92,891	-
Financial assets				
Trade and other receivables	10	57,38,65,785	43,30,51,339	28,89,72,587
Cash and cash equivalents	11	99,18,625	1,78,51,948	1,72,10,318
Other bank balances	12	35,66,811	5,52,82,176	3,75,58,083
Loans	13	1,11,14,893	53,26,860	63,73,387
Other financial assets	14	33,45,036	-	-
Other current assets	15	20,85,83,618	97,60,720	1,79,47,829
		81,41,84,342	52,48,65,934	36,80,62,204
Total Assets		94,02,39,484	60,60,23,634	42,69,74,102
EQUITY AND LIABILITIES				
Equity				
Share capital	16	50,00,000	50,00,000	50,00,000
Other equity	17	24,59,55,569	18,53,89,569	14,89,83,263
		25,09,55,569	19,03,89,569	15,39,83,263
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	18	39,57,555	39,97,829	23,38,798
Provisions	19	39,45,528	-	-
		79,03,083	39,97,829	23,38,798
Current liabilities				
Financial liabilities				
Trade and other payables	20	50,52,908	77,04,166	34,46,810
Borrowings	21	3,64,16,642	10,90,42,973	5,57,20,589
Other financial liabilities	22	53,59,48,918	21,22,47,683	16,72,12,837
Other current liabilities	23	5,10,19,850	6,43,66,715	3,88,55,662
Provisions	24	5,29,42,514	1,82,74,699	54,16,143
		68,13,80,832	41,16,36,236	27,06,52,041
Total Equity and Liabilites		94,02,39,484	60,60,23,634	42,69,74,102

The notes referred to above form an integral part of the financial statement.
As per my report of even date attached

for and on behalf of Board of Directors of
Terrier Security Services (India) Private Limited

MEMBERSHIP No. 202618 B'lore CHARTERED ACCOUNTANTS

N N Somesh
Chartered Accountant
Membership No.: 202618

Place: Bengaluru
Date: 5 May 2017

Lt. Col. Darshan Singh Bal
Managing Director
DIN : 02679849

Terrier Security Services (I) Pvt. Ltd. Bangalore

Capt. S Ravi
Director
DIN : 01963752

N.N. SOMESH B.Sc., F.C.A., I.C.W.A.I
CHARTERED ACCOUNTANT
Unit No. 202, 356/20, Esteem Plaza,
13th Cross Road(Near Bashyam Circle)
Sadashivnagar, Bangalore-560 080

Terrier Security Services (India) Private Limited

Statement of Profit and loss	Note	For the year ended 31 March 2017	31 March 2016
			(Amount in Rs)
Income			
Revenue from operations	25	3,07,46,23,798	2,18,93,84,054
Other income	26	96,68,349	65,37,032
Total Income		**3,08,42,92,147**	**2,19,59,21,086**
Expenses			
Cost of materials, stores and spare parts consumed	27	2,71,41,595	23,19,569
Employee benefits expense	28	2,87,36,43,625	2,05,27,60,433
Finance costs	29	1,14,44,266	1,04,01,811
Depreciation and amortisation expense	30	70,45,903	39,74,039
Other expenses	31	9,67,50,899	5,47,68,113
Total expenses		**3,01,60,26,288**	**2,12,42,23,965**
Profit before tax		**6,82,65,859**	**7,16,97,121**
Tax expense			
Current tax	32	(2,32,36,750)	(3,03,46,686)
Deferred tax	32	88,27,754	78,80,699
Profit for the period		**5,38,56,863**	**4,92,31,134**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		35,37,157	52,21,336
Total comprehensive income for the period		**5,73,94,020**	**5,44,52,470**
Earnings per equity share (face value of Rs 10 each)			
Basic		114.79	108.90
Diluted		114.79	108.90

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

As per my report of even date attached

N.N. SOMESH MEMBERSHIP No. 202618 B'lore CHARTERED ACCOUNTANT

N N Somesh
Chartered Accountant
Membership No.: 202618

for and on behalf of Board of Directors of
Terrier Security Services (India) Private Limited

Lt. Col. Darshan Singh Bal
Managing Director
DIN : 02679849

Capt. S Ravi
Director
DIN : 01963752

Place: Bengaluru
Date: 5 May 2017

N.N. SOMESH B.Sc., F.C.A., I.C.W.A.I
CHARTERED ACCOUNTANT
Unit No. 202, 356/20, Esteem Plaza,
13th Cross Road(Near Bashyam Circle)
Sadashivnagar, Bangalore-560 080

Terrier Security Services (India) Private Limited
Statement of Cash Flows

(Amount in Rs)

	For the year ended	
	31 March 2017	**31 March 2016**
Cash flow from operating activities		
Profit/(loss) for the year	5,73,94,020	5,44,52,470
Adjustments for:		
Depreciation and amortisation of fixed assets	70,45,903	39,74,039
Deffered tax expenses	(88,27,754)	(53,02,011)
Income tax expense recognised in profit or loss	2,32,36,750	3,03,46,686
Loss/(Profit) on sale of fixed assets, net	(1,50,519)	-
Allowance for credit loss	37,33,522	23,78,174
Interest income on term deposits	(40,99,270)	(48,18,594)
Finance costs	1,14,44,266	1,04,01,811
Other Adjustments	(14,65,177)	(2,32,67,503)
Re-measurement gains / (losses) on defined benefit plans	35,37,157	52,21,336
Fair Value of Financial guarantee contracts	11,00,000	-
Operating cash flows before working capital changes	**9,29,48,898**	**7,33,86,408**
(Increase)/Decrease in inventories	(1,96,683)	(35,92,891)
(Increase)/Decrease in Trade and other receivable	(14,45,47,968)	(14,64,56,926)
(Increase)/Decrease in other financial assets	-	
(Increase)/Decrease in other assets	(19,83,01,603)	85,36,343
(Increase)/Decrease in Loans	(57,88,033)	10,46,527
Increase/(Decrease) in trade payables	(26,51,258)	42,57,356
Increase/(Decrease) in other financial liabilities	32,35,72,403	4,50,34,846
Increase/(Decrease) in other liabilities	(1,33,46,865)	2,55,11,053
Increase/(Decrease) in provisions	3,86,13,343	1,28,58,556
Cash generated from operations	**9,03,02,234**	**2,05,81,273**
Income taxes paid, net of refund	(6,02,64,908)	(4,43,70,741)
Net cash (used in) / provided by operating activities (A)	**3,00,37,326**	**(2,37,89,468)**
Cash flows from investing activities		
Expenditure on property,plant and equipment and intangible net of sale proceeds	(1,24,38,409)	(75,31,453)
Proceeds from sale of fixed assets	60,51,287	5,13,457
Bank deposits (having original maturity of more than three months)	5,17,15,365	(1,77,24,093)
Interest income on term deposits	6,83,147	45,93,583
Net cash (used in) / provided by investing activities (B)	**4,60,11,390**	**(2,01,48,506)**
Cash flows from financing activities		
Proceeds from borrowings	88,558	16,59,031
Finance cost paid	(1,14,44,266)	(1,04,01,811)
Net cash (used in) / provided by financing activities (C)	**(1,13,55,708)**	**(87,42,780)**
Net increase in cash and cash equivalents (A+B+C)	6,46,93,008	(5,26,80,754)
Cash and cash equivalents at the beginning of the period	(9,11,91,025)	(3,85,10,271)
Cash and cash equivalents at the end of the period (refer note 11)	**(2,64,98,017)**	**(9,11,91,025)**

The notes referred to above form an integral part of the financial statements
As per my report of even date attached

N N Somesh
Chartered Accountant
Membership No.: 202618

MEMBERSHIP No 202618 B'lore CHARTERED ACCOUNTANT

Place: Bengaluru
Date: 5 May 2017

N.N. SOMESH B.Sc., F.C.A., I.C.W.A.I
CHARTERED ACCOUNTANT
Unit No. 202, 356/20, Esteem Plaza,
13th Cross Road(Near Bashyam Circle)
Sadashivnagar, Bangalore-560 080

for and on behalf of Board of Directors of
Terrier Security Services (India) Private Limited

Terrier Security Services Pvt. Ltd. Bangalore

Lt. Col. Darshan Singh Bal
Managing Director
DIN : 02679849

Capt. S Ravi
Director
DIN : 01963752

1. Company overview

Terrier Security Services (India) Pvt. Ltd., ('the Company') is a private limited company incorporated and domiciled in India. The registered office of the Company is located at No.583, Vyalikaval HBCS Layout, 15th Main Road, Nagavara, Veerannapalya, Arabic college post, Bengaluru-560045, Karnataka state, India. The Company is engaged in the business of Security (Man guarding), Electronic Security & Surveillance, Investigation & Verification Services & Training of guarding personal.

The financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on 05th May 2017.

2. Significant accounting policies

2.1 Statement of compliance and basis of preparation of financial statements

The company being an Associate Company of M/s.Quess Corp Ltd., a company whose equity is listed in both Bombay Stock Exchange (BSE) & National Stock Exchange,(NSE) these financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) and the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted the principles of Ind As for the first time, Prior to this the Company was following the Indian Generally Accepted Accounting Principles (IGAAP) for the preparation of its financial statements.

The Company has adopted all the relevant Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. For the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Indian GAAP).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.1 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. 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;

2.1.2 Use of estimates and judgement

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized 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 recognized in the financial statements is included in the following notes:

i) Contingent liability: Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

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

iii) Other estimates: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.3 Summary of significant accounting policies

2.3.1 Functional and presentation currency

Items included in the financial statements of the Company 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 Rupee, the national currency of India, which is the functional currency of the Company.

2.3.3 Financial instruments

2.3.3.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Terrier Security Services (India) Pvt. Ltd. Bangalore

Terrier Security Services (India) Pvt. Ltd. Bangalore

N. SOMESH MEMBERSHIP No. 202618 B'lore CHARTERED ACCOUNTANT

Terrier Security Services (India) Private Limited

Notes to the Financial Statements for the year ended 31 March 2017

2.3.3.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Amortized costs are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

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

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified at fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividend are recognized in other comprehensive income which is not subsequently recycled to statement of profit and loss.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

2.3.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

2.3.5 Intangible assets

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

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

Brands acquired as part of acquisitions of businesses are capitalized separately from goodwill as capital assets as 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.

Terrier Security Services (India) Bangalore

N. SOMESH MEMBERSHIP No 202618 B'lore CHARTERED ACCOUNTANT

Terrier Security Services (India) Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

The estimated useful lives of intangible assets are as follows:

Category	Useful life
Software	3 years

Prior to the adoption of Ind As for presentation of its financial statements the Compnay was following the Written Down Value Method of providing derpreciation on its intangible assets under Indian Generally Accepted Accounting Principles (IGAAP), however after the changerover to the Ind As it is depreciating its intangible assets under the Straight Line Method(SLM), in line with the group accounting policy.

2.3.6 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the statement of profit and loss over the lease term.

2.3.7 Impairment

a. Financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive(i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b. Non-financial assets

(i) Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Terrier Security Services (India) Pvt. Ltd. Bangalore

N. SOMESH MEMBERSHIP No. 202618 B'lore CHARTERED ACCOUNTANT

Terrier Security Services (India) Private Limited
Notes to the Financial Statements for the year ended 31 March 2017
2.3.8 Employee benefit

(a) Defined benefit plans
The company's gratuity benefit scheme is defined benefit plans. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by an independent actuary using the projected unit credit method as at the reporting date.
Acturial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liabilty or asset through other comprehensive income.
Re-measurements 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 profit or loss in subsequent periods.

(b) Defined Contribution plans
The Company's ESI, & PF benefit schemes are defined contribution plans, in accounting the concerned employee benefits under the defined contribution plan as defined under the provision of IND AS 19.

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

2.3.9 Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

(a) Warranty provisions:
The Company does not provide for any estimated liability in respect of warranty clauses since the warranty is primarily provided by OEMs.
Further the company transfers only a portion of the original warranty to its customers and the credit for the remaining warranty is appropriated to itself by the company as and when the warranty claims are honoured by the OEMs.

(b) Onerous contracts:
The company has purchased a professional indemnity policy to cover any contingent event of onerous contracts to cover any probable losses to the tune of INR 20 Millions. The professional indemnity policy is purchased from National Insurance Company Limited., and the same is current as on 31-03-2017.

2.3.10 Revenue
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The entity has concluded that it is the principal in all of its revenue arrangements since it is exposed to the significant risks and rewards associated with rendering of services.
When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized 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 recognized on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.
Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

a) Man guarding services: Revenue from the Man guarding services are primarily earned on a fixed fee basis and are recognized ratably over the period of the contract with the customers. All arrangements are on time basis and are recognized as the services are performed as per the terms of arrangement with the customers.

b) Electronic Security Surveillance (Sales & Services) : Revenue from Electronic security surveillance services are earned and recognized on successful implementation of every project undertaken. The annual maintenance service contracts, both comprehensive and non comprehensive, are accepted after the expiry of warranty period given by the OEM's (original equipment manufacturers), the revenue is measured in the case of comprehensive AMC's based on the size of the project value and in the case of non-comprehensive AMC's the same is measured on case to case basis.

c) Training: Revenue from Training services are earned on a fixed fee basis depending on the nature of training imparted such as fire fighting, basic first aid, evacuation drill, fire mock drill, material management training, men management, key management, visitor management, discipline, communication, behavioral structure training etc., the revenue is recognized only after the completion of the training of the participants.

Security Services (India) Bangalore Pvt. Ltd.

N. SOMESH MEMBERSHIP No 202618 B'lore CHARTERED ACCOUNTANT

Terrier Security Services (India) Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

d) Verification and Investigation Services: Revenue from the Verification and Investigation services are primarily earned on a fixed fee basis for various types of assignments entrusted by the clients like background verification such as present & permanent address, educational qualification, previous employment, police verification, court records check, and global database check etc., & Investigation services such as surveillance, dual employment, pre and post-matrimonial, etc., the revenue is recognized only after the completion of each assignment.

2.3.11 Other income

Other income is comprised primarily of interest income, Administration charges, collected from the guards while discharging them from service. Interest income is recognized using the effective interest method.

2.3.12 Inventories

Inventories which comprise of, operating supplies such as uniform items, are valued at the lower of cost which is determined on a FIFO basis and the net realizable value.

2.3.13 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

The costs of the company are broadly categorized in employee benefit expenses, depreciation and amortization and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, recruitment and training expenses, contribution to various funds and staff welfare expenses. Other operating expenses majorly include sub-contractor charges, rent, travelling and conveyance, legal and professional fees and communication expenses.

2.3.14 Finance costs

Interest expense consists of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.3.15 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each renized as part of re-measurement of net defined liabilty or asset through other comprehensive income.
Re-measurements co

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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set onized as part of re-measurement of net defined liabilty or asset through other comprehensive income.
Re-measurements 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 profi

2.3.16 Cash flow statement

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

2.3.17 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. The company does not have potential dilutive equity shares outstanding during the period.

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

N. SOMESH
MEMBERSHIP No 202618
B'lore
CHARTERED ACCOUNTANT

N N Somesh
Chartered Accountant
Membership No.: 202618

for and on behalf of Board of Directors of
Terrier Security Services (India) Private Limited

Lt. Col. Darshan Singh Bal
Managing Director
DIN : 02679849

Capt. S Ravi
Director
DIN : 01963752

Place: Bengaluru
Date: 5 May 2017

N.N. SOMESH B.Sc., F.C.A., I.C.W.A.I
CHARTERED ACCOUNTANT
Unit No. 202, 356/20, Esteem Plaza,
13th Cross Road(Near Bashyam Circle)
Sadashivnagar, Bangalore-560 080

3 First-time adoption of Ind-AS

These financial statements of Terrier Security Services (India) Private Limited for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

The transition to Ind AS has resulted in changes in the presentation of the Standalone financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet, Statement of profit and loss, is set out in note 3.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 3.1.

3.1 Exemptions and exceptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions and exceptions:

I. Ind AS optional exemptions availed

Property, plants and equipments and Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Previous GAAP financial as deemed cost at the transition date.

II. Ind AS mandatory exemptions

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) Estimates

AS per Ind AS 101 , an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i)Impairment of financial assets based on expected credit loss model.
(ii)Fair value of financial assets (Financial Guarantee contracts)

(ii) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Terrier Security Services (India) Pvt. Ltd. Bangalore

N.N. SOMESH MEMBERSHIP No 202618 B'lore CHARTERED ACCOUNTANT

3.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at 1 April 2015 and 31 March 2016.
2. Net profit for the year ended 31 March 2016.

Reconciliation of equity as previously reported under IGAAP to Ind AS

(Amount in Rs)

Particulars	Note	*Opening Balance sheet as at March 31,2016*			*Opening Balance sheet as at April 1,2015*		
		IGAAP	**Effects of transition to Ind-AS**	**Ind AS**	**IGAAP**	**Effects of transition to Ind-AS**	**Ind AS**
ASSETS							
Non-current assets							
Property, plant and equipment		1,19,31,412	-	1,19,31,412	88,23,087	-	88,23,087
Intangible assets		37,543	-	37,543	1,01,907	-	1,01,907
Intangible assets under construction		-	-	-	-	-	-
Financial assets							
Investments		-	-	-	-	-	-
Loans	a	-	-	-	-	-	-
Other financial assets		-	-	-	(0)	-	(0)
Deferred tax assets (net)		11,03,404	1,07,90,294	1,18,93,698	7,08,232	58,83,455	65,91,687
Income tax assets (net)		5,67,97,109	-	5,67,97,109	4,27,73,054	-	4,27,73,054
Other non-current assets		-	4,97,939	4,97,939	-	6,22,162	6,22,162
		6,98,69,468	**1,12,88,233**	**8,11,57,701**	**5,24,06,280**	**65,05,617**	**5,89,11,897**
Current Assets							
Inventories		35,92,891	-	35,92,891	-	-	-
Financial assets							
Trade receivables		44,57,80,979	(1,27,29,640)	43,30,51,339	29,93,24,053	(1,03,51,466)	28,89,72,587
Cash and cash equivalents		1,78,51,948	-	1,78,51,948	1,72,10,318	-	1,72,10,318
Other bank balances		5,52,82,176	-	5,52,82,176	3,75,58,083	-	3,75,58,083
Loans		58,91,887	(5,65,027)	53,26,860	70,62,536	(6,89,149)	63,73,387
Other financial assets		-	-	-	-	-	-
Other current assets		97,60,720	-	97,60,720	1,79,47,829	-	1,79,47,829
		53,81,60,601	**(1,32,94,667)**	**52,48,65,934**	**37,91,02,819**	**(1,10,40,615)**	**36,80,62,204**
Total Assets		**60,80,30,069**	**(20,06,434)**	**60,60,23,634**	**43,15,09,099**	**(45,34,998)**	**42,69,74,102**
EQUITY AND LIABILITIES							
Equity							
Share Capital		50,00,000	-	50,00,000	50,00,000	-	50,00,000
Other equity		19,49,05,481	(95,15,915)	18,53,89,566	15,35,18,261	(45,34,998)	14,89,83,263
		19,99,05,481	**(95,15,915)**	**19,03,89,566**	**15,85,18,261**	**(45,34,998)**	**15,39,83,263**
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings		39,97,829	-	39,97,829	23,38,798	-	23,38,798
Provisions	b	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-
		39,97,829	**-**	**39,97,829**	**23,38,798**	**-**	**23,38,798**
Current liabilities							
Financial liabilities							
Trade payables		77,04,166	-	77,04,166	34,46,810	-	34,46,810
Borrowings		10,90,42,973	-	10,90,42,973	5,57,20,589	-	5,57,20,589
Other financial liabilities		21,22,47,683	-	21,22,47,683	16,72,12,837	-	16,72,12,837
Provisions	c	1,07,65,218	75,09,481	1,82,74,699	54,16,143	-	54,16,143
Other current liabilities		6,43,66,719	-	6,43,66,719	3,88,55,661	-	3,88,55,661
		40,41,26,759	**75,09,481**	**41,16,36,240**	**27,06,52,040**	**-**	**27,06,52,040**
Total Equity and Liabilites		**60,80,30,069**	**(20,06,434)**	**60,60,23,634**	**43,15,09,099**	**(45,34,998)**	**42,69,74,102**

Bangalore

N. N. SOMESH MEMBERSHIP No 202618 B'lore CHARTERED ACCOUNTANT

Reconciliation Statement of Profit and Loss as previously reported under IGAAP to IND AS

(Amount in Rs)

Particulars	Note	Year ended 31 March 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS
				-
Income				-
Revenue from operations		2,18,93,84,054		2,18,93,84,054
Other income	a	63,12,021	2,25,011	65,37,032
Total Income		**2,19,56,96,075**	**2,25,011**	**2,19,59,21,086**
		-		-
Expenses		-		-
Cost of materials, stores and spare parts consumed		23,19,569		23,19,569
Employee benefits expense		2,03,74,50,928	1,53,09,505	2,05,27,60,433
Finance costs		1,04,01,811		1,04,01,811
Depreciation and amortisation expense		39,74,039		39,74,039
Other expenses	b	5,21,64,826	26,03,286	5,47,68,113
Total expenses		**2,10,63,11,173**	**1,79,12,791**	**2,12,42,23,965**
Profit before tax		**8,93,84,902**	**(1,76,87,780)**	**7,16,97,121**
		-		
Tax expense		-		-
Current tax		(3,03,46,686)		(3,03,46,686)
Adjustments of tax relating to earlier periods				-
Deferred tax	c	3,95,172	74,85,527	78,80,699
Profit for the period		**5,94,33,388**	**(1,02,02,253)**	**4,92,31,134**
		-		-
Other comprehensive income		-		-
Re-measurement gains / (losses) on defined benefit plans		-	52,21,336	52,21,336
		-		-
Total comprehensive income for the period		**5,94,33,388**	**(49,80,917)**	**5,44,52,470**

Terrier Security Services (India) Pvt. Ltd. Bangalore

N.N. SOMESH CHARTERED ACCOUNTANT MEMBERSHIP No 202618 B'lore

Terrier Security Services (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

4 Tangible assets

(Amount in Rs)

Particulars	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
Gross block					
As at 1 April 2015	19,60,653	1,26,53,784	22,26,756	22,74,033	1,91,15,226
Additions during the year	12,32,528	48,61,755	4,28,332	10,08,838	75,31,453
Disposals for the year		17,67,852			17,67,852
As at 31 March 2016	**31,93,181**	**1,57,47,687**	**26,55,088**	**32,82,871**	**2,48,78,827**
Additions during the year	3,87,847	81,35,576	16,28,781	13,90,768	1,15,42,972
Disposals for the year		72,62,314	32,945		72,95,259
As at 31 March 2017	**35,81,028**	**1,66,20,949**	**42,50,924**	**46,73,639**	**2,91,26,540**
Accumulated Depreciation					
As at 1 April 2015	7,18,827	65,22,316	28,53,942	1,97,054	1,02,92,139
Charge for the year	5,51,836	25,33,433	4,03,321	4,21,085	39,09,675
Disposals during the year		12,54,399			12,54,399
As at 31 March 2016	**12,70,663**	**78,01,350**	**32,57,263**	**6,18,139**	**1,29,47,415**
Charge for the year	5,39,969	51,54,770	5,57,777	6,60,930	69,13,446
Disposals		13,72,353	22,135		13,94,488
As at 31 March 2017	**18,10,632**	**1,15,83,767**	**37,92,905**	**12,79,069**	**1,84,66,373**
Net Block :					
As at 31 March 2017	**17,70,396**	**50,37,182**	**4,58,019**	**33,94,570**	**1,06,60,166**
As at 31 March 2016	**19,22,518**	**79,46,337**	**(6,02,175)**	**26,64,732**	**1,19,31,412**

Terrier Security Services (India) Pvt. Ltd. Bangalore *

N. N. SOMESH MEMBERSHIP No 202618 B'lore CHARTERED ACCOUNTANT

Terrier Security Services (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

5 Intangible Assets and Intangible assets under development *(Amount in Rs)*

Particulars	Computer software	Total
Gross block		
Cost or Valuation		
As at 1 April 2015	9,32,821	9,32,821
Additions during the year	-	-
Disposals for the year	-	-
As at 31 March 2016	**9,32,821**	**9,32,821**
Additions during the year	8,95,437	8,95,437
Disposals for the year		-
As at 31 March 2017	**18,28,258**	**18,28,258**
Accumulated Depreciation		
As at 1 April 2015	8,30,914	8,30,914
Charge for the year	64,364	64,364
Disposals during the year	-	-
As at 31 March 2016	**8,95,278**	**8,95,278**
Charge for the year	1,32,455	1,32,455
Disposals	-	-
As at 31 March 2017	**10,27,733**	**10,27,733**
Net Block		
As at 31 March 2017	**8,00,525**	**8,00,525**
As at 31 March 2016	**37,543**	**37,543**

Terrier Security Services (India) Pvt. Ltd. Bangalore

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6 Deferred income tax assets

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Deffered tax on fixed assets	22,28,799	11,78,352	8,00,799
Deffered tax on gratuity	88,75,333	32,98,471	21,17,974
Deffered tax on compensated absense	39,34,385	30,26,037	68,333
Deferred tax PV of financial instruments	56,82,936	43,90,839	36,04,581
	2,07,21,453	**1,18,93,698**	**65,91,687**

7 Income tax assets (net)

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Advance income tax/(Provision for Incom Tax) net	9,38,25,267	5,67,97,109	4,27,73,054
	9,38,25,267	**5,67,97,109**	**4,27,73,054**

8 Other non-current assets

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Prepaid expenses	47,731	4,97,939	6,22,162
	47,731	**4,97,939**	**6,22,162**

9 Inventories

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Valued at lower of cost and net realizable value			
Raw material and consumables	37,89,574	35,92,891	-
	37,89,574	**35,92,891**	**-**

10 Trade receivables

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Unsecured			
Considered good	57,38,65,785	43,30,51,339	28,89,72,587
Considered Doubtful	1,64,63,162	1,27,29,640	1,03,51,466
Less: allowances for credit loss	(1,64,63,162)	(1,27,29,640)	(1,03,51,466)
	57,38,65,785	**43,30,51,339**	**28,89,72,587**

11 Cash and cash equivalents

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Cash and cash equivalents			
Cash in hand	1,63,264	2,71,526	1,09,879
Balances with banks			
In current accounts	97,55,361	1,75,80,422	1,71,00,439
	99,18,625	**1,78,51,948**	**1,72,10,318**
	99,18,625	**1,78,51,948**	**1,72,10,318**

12 Other bank balances

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
In deposit accounts (mature after 3 months from the reporting date)	35,66,811	5,52,82,176	3,75,58,083
	35,66,811	**5,52,82,176**	**3,75,58,083**

13 Loans (current)

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Unsecured, considered good			
Security deposits	1,11,14,893	53,26,860	63,73,387
	1,11,14,893	**53,26,860**	**63,73,387**

Terrier Security Services (India) Pvt. Ltd. Bangalore

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Terrier Security Services (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

14 Other financial assets

	31 March 2017	31 March 2016	(Amount in Rs) 1 April 2015
Interest accrued but not due	33,45,036	-	-
	33,45,036	-	-

15 Other current assets

	31 March 2017	31 March 2016	(Amount in Rs) 1 April 2015
Advances other than capital advances			
Advances to suppliers	-	3,36,922	1,31,749
Advances to employees	1,59,935	7,38,206	16,77,946
Other advances	5,49,207	86,85,592	1,61,38,134
Prepaid expenses	32,41,335	-	-
Balances with government authorities	41,706	-	-
Unbilled revenue	20,45,91,435	-	-
	20,85,83,618	**97,60,720**	**1,79,47,829**

16 Share capital

	31 March 2017	31 March 2016	(Amount in Rs) 1 April 2015
Authorised			
10,00,000 equity shares of par value of Rs 10 each	1,00,00,000	1,00,00,000	1,00,00,000
	1,00,00,000	**1,00,00,000**	**1,00,00,000**
Issued, subscribed and paid-up			
5,00,000 equity shares of par value of Rs 10 each, fully paid up	50,00,000	50,00,000	50,00,000
	50,00,000	**50,00,000**	50,00,000

	Particulars	**31 March 2017**	**31 March 2016**	(Amount in Rs) **1 April 2015**
	SHARE CAPITAL	**No. of Shares**	**Amount (Rs.)**	**No. of Shares**
A.	Authorised Share Capital			
	Equity Shares of Rs. 10/- each	1000000	10000000	10,00,000
B.	Issued, Subscribed and Paid up Capital			
	Equity Shares of Rs. 10/- each	500000	5000000	5,00,000
	TOTAL	**500000**	**5000000**	**5,00,000**
C.	Reconciliation of Paid up Share Capital			
	Opening Paid up Equity Share Capital	500000	5000000	5,00,000
	Add : Shares issued during the year	-	-	-
	Less : Shares bought back during the year	-	-	-
	Closing Paid up Equity Share Capital	500000	5000000	5,00,000
D.	**List of Share holders having 5% or more Shares**			
	Name Of Shareholders	**No. of Shares**	**In %'age**	**No. of Shares**
	Capt. S. Ravi	125000	25	1,25,000
	Terrier Employee Welfare Trust (EWT)	130000	26	1,30,000
	Quess Corp Limited	245000	49	2,45,000

As per the records of the Company, including its register of members/shareholders, the above shareholding represents both legal and benefecial ownership of the shares.

E. Terms / Rights attached to Equity Shares

1 The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

2 In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all preferential amounts. The distribution to the equity shareholders will be in proportion to the number of equity shares held by the shareholders.

17 Reserves and surplus*

	31 March 2017	31 March 2016	(Amount in Rs) 1 April 2015
Profit and loss account	18,85,61,549	13,09,37,096	14,89,83,263
Balance in statement of profit and loss at the end of the period*	5,73,94,020	5,44,52,473	-
	24,59,55,569	18,53,89,569	14,89,83,263

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

Bangalore Ltd.

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Terrier Security Services (India) Private Limited

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

18 Non-current borrowings

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Unsecured			
Vehicle loan	39,57,555	39,97,829	23,38,798
	39,57,555	**39,97,829**	**23,38,798**

19 Non-current provisions

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefit			
Provision for compensated absences	39,45,528	-	-
	39,45,528	-	-
	39,45,528	-	-

20 Trade payables

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Dues to micro, small and medium enterprises		-	
Dues to other than micro, small and medium enterprises*	50,52,908	77,04,166	34,46,810
	50,52,908	**77,04,166**	**34,46,810**

Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2017 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

21 Current borrowings

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Loans from bank repayable on demand			
Secured			
Cash credit and overdraft facilities	3,64,16,642	10,90,42,973	5,57,20,589
	3,64,16,642	**10,90,42,973**	**5,57,20,589**

22 Other current financial liabilities

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Current maturities of long-term borrowings	1,28,832	-	0
Other Payables			
Payable to erstwhile minority shareholders		-	-
Accrued salaries and benefits	48,68,86,338	15,08,32,960	11,51,27,783
Book overdraft	-	-	-
Uniform deposits	4,20,97,428	5,82,79,822	4,85,17,790
Accrude Expense	68,36,320	31,34,901	35,67,264
	53,59,48,918	**21,22,47,683**	**16,72,12,837**

23 Other current liabilities

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Balances payable to government authorities	5,10,19,850	6,43,66,715	3,88,55,662
	5,10,19,850	**6,43,66,715**	**3,88,55,662**

24 Current provisions

(Amount in Rs)

	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits			
Provision for gratuity	2,56,45,321	95,30,950	54,16,143
Provision for compensated absences	74,22,897	87,43,749	-
Provision for bonus and incentive	1,98,74,296	-	-
	5,29,42,514	**1,82,74,699**	**54,16,143**

Terrier Security Services (India) Pvt Ltd Bangalore

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Terrier Security Services (India) Private Limited
Notes to the financial statements for the year ended 31 March 2017

25 Sale of services

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Man Guarding Services	3,07,46,23,798	2,18,43,03,329
Sale of goods	-	50,80,725
	3,07,46,23,798	2,18,93,84,054

26 Other income

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Interest received on financial assets- carried at amortised cost		
Interest on bank deposits	40,28,183	45,93,583
Finance income on present valuation of financial instruments	71,087	2,25,011
Profit on sale of property, plant and equipment and intangible assets	1,50,519	-
Miscellaneous income	54,18,560	17,18,438
	96,68,349	65,37,032

27 Cost of material and stores and spare parts consumed

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Inventory at the beginning of the year	35,92,891	-
Add: purchases during the year	2,73,38,278	59,12,460
Less: Inventory at the end of the year	37,89,574	35,92,891
Cost of materials, stores and spare parts consumed	2,71,41,595	23,19,569

28 Employee benefits expense

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Salaries and wages	2,55,19,64,757	1,80,46,58,056
Contribution to provident and other funds	30,93,19,861	22,38,92,888
Staff welfare expenses	1,23,59,007	2,42,09,489
	2,87,36,43,625	2,05,27,60,433

29 Finance costs

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Interest and other borrowing cost	1,14,44,266	1,04,01,811
Other borrowing costs		
	1,14,44,266	1,04,01,811

30 Depreciation and amortisation expense

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Depreciation and amortisation	70,45,903	39,74,039
	70,45,903	39,74,039

31 Other expenses

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Recruitment and training expenses	-	3,87,750
Rent	77,39,142	61,53,838
Power and Fuel	-	80,55,836
Repairs & Maintenance		
- others	1,64,50,602	54,73,298
Legal and professional fees	4,58,35,953	1,23,40,934
Rates and taxes	20,35,408	22,75,525
Printing and stationery	16,17,892	16,34,738
Stores and tools consumed	-	-
Travelling and conveyance	1,06,83,329	19,10,141
Communication expenses	21,43,344	26,40,319
Provision for doubtful debts	37,33,522	23,78,174
Equipment hire charges	-	-
Insurance	6,27,725	5,03,218
Bank Charges	4,61,787	-
Bad debts written off	5,01,243	13,39,538
Business promotion and advertisement expenses	3,76,207	8,80,885
CSR Contributions	13,96,694	12,30,000
Donations	4,30,400	4,16,800
Miscellaneous expenses	2,17,651	11,33,666
Directors remuneration	25,00,000	60,00,000
Loss of sale of Property plant and equipment	-	13,453
	9,67,50,899	5,47,68,113

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

32 (A) Income tax

Income tax expense in the statement of profit and loss consists of:

(Amount in Rs)

Particulars	For the year ended	
	31 March 2017	31 March 2016
Current income tax:		
In respect of the current period	(2,32,36,750)	(3,03,46,686)
Deferred tax		
In respect of the current period	88,27,754.00	78,80,699.24
Income tax expense reported in the statement of profit and loss	**(1,44,08,996)**	**(2,24,65,987)**
Income tax expense has been allocated as follows:		
- Deferred tax arising on income and expense recognised in other comprehensive income		
Net loss/ (gain) on remeasurement of defined benefit plan	11,69,384	17,26,174
Total	**(1,32,39,612)**	**(2,07,39,813)**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Amount in Rs)

	For the year ended	
	31 March 2017	31 March 2016
Profit before tax	6,82,65,859	7,16,97,121
Enacted income tax rate in India	33.06%	33.06%
Computed expected tax expense	2,25,68,693	2,37,03,068
Effect of:		
Income exempt from tax		-
Expenses disallowed for tax purpose	1,11,87,111	45,47,848
Others	(2,05,16,192)	(75,11,103)
Total income tax expense	**1,32,39,612**	**2,07,39,813**

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 and March 31, 2016 is 33.06%.

(B) Deferred tax

Deferred tax relates to the following:

(Amount in Rs)

	Balance sheet			Statement of profit and loss	
	As at	As at	As at	For the period ended	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Property, plant and equipment	22,28,799	11,78,352	8,00,799	10,50,447	3,77,552
Provision for gratuity	88,75,333	32,98,471	21,17,974	55,76,862	11,80,498
Provision for compensated absences	39,34,385	30,26,037	68,333	9,08,348	29,57,704
Present valuation of financial instrume	56,82,936	43,90,839	36,04,581	12,92,097	7,86,258
Net deferred tax assets/ (liabilities)	**2,07,21,453**	**1,18,93,698**	**65,91,687**	**88,27,755**	**53,02,011**

**Movement pertains to items of other comprehensive income

The gross movement in Deferred Tax Asset/(Liability) for the year ended 31st March 2017 and 31st March 2016.

Particulars	*(Amount in Rs)* For the year ended 31 March 2017	*(Amount in Rs)* For the year ended 31 March 2016
Net Deferred Tax Assets at the beginning	1,18,93,698	65,91,687
Credits relating to temporary differences	88,27,755	53,02,011
Temporary differences on Other Comprehensive Income	-	-
Net Deferred Tax Assets at the end	**2,07,21,453**	**1,18,93,698**

33 Financial instruments-fair value and risk management

Accounting classification and fair values

The carrying value and fair value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 is as follows:

As at 31 March 2017 *(Amount in Rs)*

Particulars	Carrying value			Fair value		
Financial assets	**1 March 2017**	**1 March 2016**	**1 April 2015**	**1 March 2017**	**1 March 2016**	**1 April 2015**
Amortised cost						
Trade and other receivables	57,38,65,785	43,30,51,339	28,89,72,587	57,38,65,785	43,30,51,339	28,89,72,587
Cash and cash equivalents	99,18,625	1,78,51,948	1,72,10,318	99,18,625	1,78,51,948	1,72,10,318
Other bank balances	35,66,811	5,52,82,176	3,75,58,083	35,66,811	5,52,82,176	3,75,58,083
Loans	1,11,14,893	53,26,860	63,73,387	1,11,14,893	53,26,860	63,73,387
Other financial assets	33,45,036	-	-	33,45,036	-	-
Fair value through other comprehensive income						
Investment in preference securities	-	-	-	-	-	-
						(Amount in Rs)
Total financial assets	**60,18,11,150**	**51,15,12,323**	**35,01,14,375**	**60,18,11,150**	**51,15,12,323**	**35,01,14,375**
Financial liabilities						
Amortised cost						
Trade and other payables	50,52,908	77,04,166	34,46,810	50,52,908	77,04,166	34,46,810
Borrowings	3,64,16,642	10,90,42,973	5,57,20,589	3,64,16,642	10,90,42,973	5,57,20,589
Other financial liabilities	53,59,48,918	21,22,47,683	16,72,12,837	53,59,48,918	21,22,47,683	16,72,12,837
Total financial liabilities	**57,74,18,468**	**32,89,94,822**	**22,63,80,236**	**57,74,18,468**	**32,89,94,822**	**22,63,80,236**

** Investment in equity shares are not appearing as financial asset in the table above being investment in subsidiaries.*

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, borrowings, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

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

i) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

ii) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at 31 March 2017 was assessed to be insignificant.

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34 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

The Company's principal financial liabilities comprise loans and borrowings, Provisions, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Board 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. Board 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.

ii) 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 and investments in debt securities.. 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 following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company uses an allowance matrix to measure the expected credit loss on its retail trade receivables. Loss rates calculated based on actual credit loss experience over the last ten quarters. These rates have been adjusted to reflect the management's view of economic conditions over the expected lives of the receivables. Refer Accounting policy on impairment of trade receivables for more details.

Impairment

Expected credit loss assessment for corporate customers as at 1 April 2015, 31 March 2016 and 31 March 2017 are as follows:

31-Mar-17

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	1,30,66,000	6.50%	8,49,841	No	1,22,16,159
Past due 1–90 days	51,23,34,000	0.80%	41,07,851	No	50,82,26,149
Past due 91–180 days	4,06,99,000	15.30%	62,28,898	No	3,44,70,102
Past due 181–270 days	40,49,000	48.40%	19,59,654	No	20,89,346
Past due 271–360 days	27,41,000	85.38%	23,40,133	No	4,00,867
Above 360 days	9,76,785	100.00%	9,76,785	Yes	-
	57,38,65,785		**1,64,63,162**	-	**55,74,02,623**

31-Mar-16

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	8,00,000	6.50%	52,034	No	7,47,966
Past due 1–90 days	41,38,00,000	0.80%	32,95,511	No	41,05,04,489
Past due 91–180 days	2,20,47,000	15.30%	33,74,248	No	1,86,72,752
Past due 181–270 days	52,09,000	48.40%	25,21,076	No	26,87,924
Past due 271–360 days	33,11,000	85.38%	28,26,772	No	4,84,228
Above 360 days	6,60,000	100.00%	6,60,000	Yes	-
	44,58,27,000		**1,27,29,640**	-	**43,30,97,360**

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01-Apr-15

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	26,00,000	6.50%	1,69,110	No	24,30,890
Past due 1–90 days	28,23,00,000	0.80%	22,48,242	No	28,00,51,758
Past due 91–180 days	76,04,000	15.30%	11,63,776	No	64,40,224
Past due 181–270 days	51,71,000	48.40%	25,02,684	No	26,68,316
Past due 271–360 days	9,87,000	85.38%	8,42,653	No	1,44,347
Above 360 days	34,25,000	100.00%	34,25,000	Yes	-
	30,20,87,000		1,03,51,466	-	29,17,35,534

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. The Company uses an allowance matrix to measure the expected credit loss over the last ten quarters. These rates have been adjusted to reflect the management's view of economic conditions over the expected lives of the receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Balance as at 1 April	-	-
Impairment loss recognised	46,16,000	-
Less: Amounts written off	-	-
Balance as at 31 March	46,16,000	-

iii) **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.

i) Financing arrangement

The Company had acccess to the following undrawn borrowing facilities at the end of the reporting period:

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2016:

As at 31 March 2017

(Amount in Rs)

Particulars	Contractual cash flow				
	6 months or less	6-12 months	1-2 years	2-5 years	5 years and above
Borrowings	3,64,16,642	-	-	-	-
Trade payables	50,52,908	-	-	-	-
Other financial liabilities	53,59,48,918	-	-	-	-

As at 31 March 2016

Particulars	Contractual cash flow				
	6 months or less	6-12 months	1-2 years	2-5 years	5 years and above
Borrowings	10,90,42,973	-	-	-	-
Trade payables	77,04,166	-	-	-	-
Other financial liabilities	21,22,47,683	-	-	-	-

As at 1 April 2015

Particulars	Contractual cash flow				
	6 months or less	6-12 months	1-2 years	2-5 years	5 years and above
Borrowings	5,57,20,589	-	-	-	-
Trade payables	34,46,810	-	-	-	-
Other financial liabilities	16,72,12,837	-	-	-	-

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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.

Currency risk

The Company is not exposed to significant currency risk as the revenue and expenses are denominated only in INR.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowing comprises of vehicle loans which carries fixed rate of interest, which do not expose it to interest rate risk.

35 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.

Consistent with others in the industry,the company monitors capital on the basis of the following gearing ratio:

Net debt (total liabilities net of cash and cash equivalent)

divided by

Total equity (as shown in balance sheet date)

(Amount in Rs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total External liabilities	68,92,83,915	41,56,34,065	27,29,90,839
Less: Cash and cash equivalent	99,18,625	1,78,51,948	1,72,10,318
Adjusted net debt (total borrowings net of cash and cash equivalent)	**67,93,65,290**	**39,77,82,117**	**25,57,80,521**
Total equity	25,09,55,569	19,03,89,569	15,39,83,263
Net debt(Total external liabilities) to equity ratio	**2.71**	**2.09**	**1.66**

The Company's policy is to keep the ratio below 2.00.

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36 Contingent liabilities and commitment

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Corporate guarantee given as security for loan availed by subsidiaries (refer note 40.1)	-	-
Bonus (refer note 40.2)	-	-
against performance of	1,53,34,613	17,19,233
Indirect Tax	-	-
Service Tax	21,45,733	-
	1,74,80,346	**17,19,233**

37 Earnings per share

(Amount in INR)

Particulars	31 March 2017	31 March 2016
Nominal value of equity shares (Rs per share)	10	10
Net profit after tax for the purpose of earnings per share (Rs)	5,73,94,020.00	5,44,52,470.30
Weighted average number of shares used in computing basic earnings per share	5,00,000	5,00,000
Basic earnings per share (Rs)	**114.79**	**108.90**
Weighted average number of shares used in computing diluted earnings per share	5,00,000	5,00,000
Diluted earnings per share (Rs)	**114.79**	**108.90**

38 Related party disclosures

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

- Entity having common directors	Pegasus HRD Centre Pvt. Ltd
- Entities in which key managerial personnel has significant influence	Pegasus HRD Centre Pvt. Ltd Pegasus West HRD Centre Pvt. Ltd Pegaus Foundation
- Having significant interest in the Company	Quess Corp Ltd Co-Achieve Solutions Private Ltd - Associate company of M/s. Quess Corp Ltd

Key executive management personnel

		Date of appointment
SHANMUGAM RAVI	Director	05-11-2009
DARSHAN SINGH BAL	Managing Director	06-08-2009

(ii) Related party transactions during the year/period

(Amount in Rs)

Particulars		31 March 2017	31 March 2016
Revenue from operations			
- Services (Man Guard Servies)	Pegasus HRD Centre Pvt. Ltd	10,38,928	13,24,454
	Pegasus West HRD Pvt. Ltd.,	25,71,886	36,46,884
	Pegasus Foundation	7,27,298	7,81,915
	Satish Kumar Dutt	1,39,844	98,089
	Total	**44,77,956**	**58,51,342**
- Sale of Electronic Survelliance Goods	The People's Choice - Prop. Capt S. Ravi	4,750	-
	Pegasus HRD Centre Pvt. Ltd	7,955	-
		12,705	-
- Receiving of services	The People's Choice - Prop. Capt S. Ravi	52,15,334	8,35,224
	Quess Corp Ltd	3,35,09,677	-
	Co-Achieve Solutions Private Ltd	16,08,000	-
	Total	**4,02,97,582**	**17,35,224**
		-	-
		-	-
- Remuneration	Capt. S.Ravi	25,00,000	60,00,000
- Salary	Lt. Col. Darshan Singh Bal	60,38,000	39,25,000
	Total	**85,38,000**	**99,25,000**

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

(Amount in Rs)

Particulars		**31 March 2017**	**31 March 2016**
Trade receivables		-	-
	Pegasus Foundation	40,266	1,41,294
	Pegasus HRD Centre Pvt Ltd	-	4,86,231
	Pegasus West HRD Pvt Ltd	41,538	6,33,755
	Total	**81,804**	**12,77,585**
Trade payables		-	-
	Capt. S. Ravi	-	4,50,000
	Total	-	**4,72,500**
		-	-

39 Gratuity plan

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2017 and 31 March 2016

(Amount in Rs)

Particulars	**31 March 2017**	**31 March 2016**
Change in defined benefit obligation		
Obligation at the beginning of the year	4,87,62,456	3,69,95,807
Current service cost	2,77,27,328-	1,61,39,651
Interest cost	38,05,641	29,47,440
Benefit settled	(5,59,834)	-
Actuarial (gain) / loss- Experience	1,34,39,190	(81,87,030)
Actuarial (gain) / loss- demographic assumptions	(67,81,787)	-
Actuarial (gain) / loss- financial assumptions	(96,94,211)	8,66,588
Obligation at end of the year	**7,66,98,783**	**4,87,62,456**
Change in plan assets		
Plan assets at beginning of the year, at fair value	3,92,31,506	3,08,75,911
Interest income on plan assets	30,61,803	24,59,870
Re-measurement- acturial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	5,00,349	4,79,582
Contributions	88,19,638	54,16,143
Beneits settled	(5,59,834)	-
Plans assets at end of year, at fair value	**5,10,53,462**	**3,92,31,506**

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

(Amount in Rs)

Particulars	**31 March 2017**	**31 March 2016**
Fair value of plan assets at the end of the year	5,10,53,462	(3,92,31,506)
Present value of the defined benefit obligations at the end of the year	7,66,98,783	4,87,62,456
Liability recognised in the balance sheet	**12,77,52,245**	**95,30,950**
	-	-
Current	24,47,433	22,51,832
Non-current	7,42,51,350	4,65,10,624

Gratuity cost for the year

(Amount in Rs)

Particulars	**31 March 2017**	**31 March 2016**
Service cost	2,77,27,328	1,61,39,651
Net interest on net defined benefit liability/(asset)	7,43,838	4,87,570
Re-measurement- acturial gain/(loss) recognised on OCI	(35,37,157)	(78,00,024)
Net gratuity cost	**2,49,34,009.00**	**88,27,197.00**

Terrier Security Services (India) Pvt. Ltd. Bangalore

N. SOMESH MEMBERSHIP No 202618 B'lore CHARTERED ACCOUNTANT

Terrier Security Services (India) Private Limited

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

Sensitivity analysis

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

(Amount in Rs)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	6,65,72,842	8,93,09,255	4,30,46,077	5,57,33,052	-	-
Future salary growth(1% moveme	8,96,45,799	6,61,77,422	5,58,64,918	4,28,56,754	-	-

Assumptions

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Discount rate	7.50%	7.81%
Estimated rate of return on plan assets	0.00%	0.00%
Salary increase	4.00%	5.00%
Attrition rate > 5 year	2.00%	2.00%
Attrition rate < 5 year	34.00%	20.00%
Retirement age	65 Years	60 Years

The Company expects to contribute Rs.2,56,45,321/- to its defined benefit plans during the fiscal year

As at 31 March 2017 and 31 March 2016, 100% of the plan assets were invested in insurer managed funds

40 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 March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in Rs)

Particulars	**SBN***	**Other denomination notes**	**Total**
Closing cash in hand as on 8 November 2016	3,76,000	15,687	3,91,687
Add: Permitted receipts	18,000	6,69,697	6,87,697
Less: Permitted payments	-	(5,80,370)	(5,80,370)
Less: Amount deposited in Banks	(3,94,000)	-	(3,94,000)
Closing cash in hand as on 30 December 2016	-	**1,05,014**	**1,05,014**

* 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

As per our report of even date attached

N. SOMESH
MEMBERSHIP No. 202618 B'lore
CHARTERED ACCOUNTANT

N N Somesh
Chartered Accountant
Membership No.: 202618

for and on behalf of Board of Directors of
Terrier Security Services (India) Private Limited

Terrier Security Services (India) Pvt. Ltd. Bangalore

Lt. Col. Darshan Singh Bal	**Capt. S Ravi**
Managing Director	Director
DIN : 02679849	DIN : 01963752

Place: Bengaluru
Date: 5 May 2017

N.N. SOMESH B.Sc., F.C.A., I.C.W.A.I
CHARTERED ACCOUNTANT
Unit No. 202, 356/20, Esteem Plaza,
13th Cross Road(Near Bashyam Circle)
Sadashivnagar, Bangalore-560 087

Terrier Security Services (India) Private Limited
Statement of Changes in Equity

(Amount in Rs)

Particulars	Share Capital	OTHER EQUITY							Total Equity attributable to Equity holders of the Company
		Reserves and Surplus					Other Comprehensive Income		
		Securities Premium	Retained Earnings	Capital Reserve	General Reserve	Share options Outstanding Account	Foreign currency translation reserve	Other Items of Other comprehensive Income	
Balance as of 1 April 2016	50,00,000	-	18,53,89,569	-	-	-	-	-	19,03,89,569
Add: Increase in Share Capital	-	-	-	-	-	-	-	-	-
Less: Buyback of share capital		-	-	-	-	-	-	-	-
Add: Premium received on issue of Equity Shares	-	-	-	-	-	-	-	-	-
Less: Amount utilized for issue of Equity Shares	-	-	-	-	-	-	-	-	-
Add: Profit for the Period	-	-	5,38,56,863	-	-	-	-	20,71,981	5,59,28,844
Add: Arising on account of acquisition	-	-	-		-	-	-	-	-
Add : Transfer of share premium on allotment of shares on ES	-	-	-	-		-	-	-	-
Less : Transfer to share premium on allotment of shares on ES	-	-	-	-	-	-	-	-	-
Add : Exchange differences on translation of foreign operation	-	-	-	-	-	-	-	-	-
Add : Financial Value of Corporate Guarantee	-	-	-	-	-	-	-	11,00,000	11,00,000
Add: Remeasurement of the net defined benefit Liability/Asset, net of tax effect	-	-	35,37,157	-	-	-	-	-	35,37,157
Add: Other Adjustments	-	-	-	-	-	-	-	-	-
Balance as of 31 March 2017	50,00,000	-	24,27,83,589			-		31,71,981	25,09,55,570

As per our report of even date attached

N N Somesh
Chartered Accountant
Membership No.: 202618

N.N. SOMESH
MEMBERSHIP No. 202618
B'lore
CHARTERED ACCOUNTANT

N.N. SOMESH B.Sc., F.C.A., I.C.W.A.I
CHARTERED ACCOUNTANT
Unit No. 202, 356/20, Esteem Plaza,
13th Cross Road(Near Bashyam Circle)
Sadashivnagar, Bangalore-560 0

Place: Bengaluru
Date: 5 May 2017

for and on behalf of Board of Directors of
Terrier Security Services (India) Private Limited

Bangalore

Lt. Col. Darshan Singh Bal
Managing Director
DIN : 02679849

Capt. S Ravi
Director
DIN : 01963752