Quess

# Vision, Values, Results.

Quess Corp Limited

**Annual Report 2016-17**

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## Quess Corp Limited Financial Statements



## Consolidated Financial Statements

# Quess Corp Limited

## Corporate Information

### Board of Directors

**Ajit Isaac**
Chairman, Managing Director & CEO

**Pratip Chaudhuri**
Independent Director

**Pravir Kumar Vohra**
Independent Director

**Revathy Ashok**
Independent Director

**Sanjay Anandaram**
Independent Director

**Chandran Ratnaswami**
Non-Executive Director

**Madhavan Menon**
Non-Executive Director

**Subrata Kumar Nag**
Executive, Whole-time Director & CFO

### Registered Office

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

### Investor Cell

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

### Registrar

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

### Auditors

**B S R & Associates LLP**
Maruthi Info-Tech Centre, 2nd floor,
11-12/1, Inner Ring Road, Koramangala,
Bengaluru - 560071.
Karnataka, India

### Bankers

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

# Introducing Quess Corp

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

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

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

SERVICE LINES

**PEOPLE & SERVICES**

**GLOBAL TECHNOLOGY SOLUTIONS**

**INTEGRATED FACILITY MANAGEMENT**

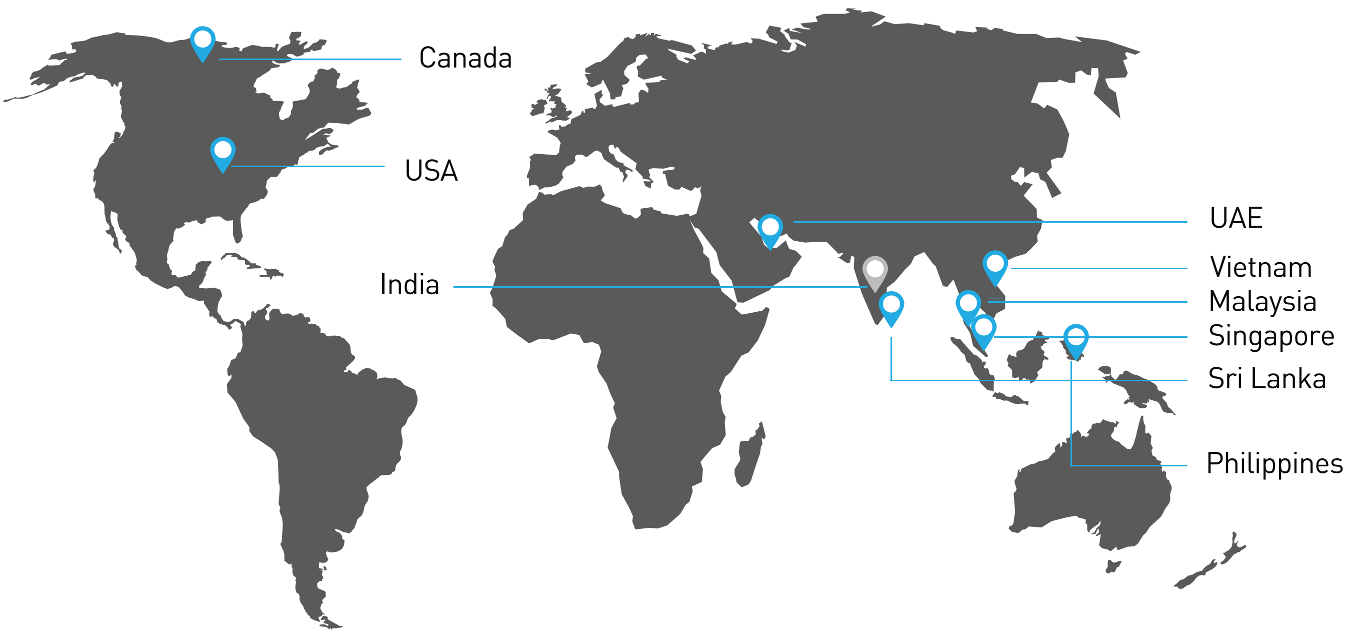
**INDUSTRIALS**

**1,89,200+**
Employees

**1700+**
Clients

**9**
Countries

**16**
Acquisitions & Investments



# DELIVERING CONSISTENTLY ON CLIENT COMMITMENTS

# Our Guiding Principles

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

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

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

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

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

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

# Structure

### AUTONOMY

Our Business will be decentralised and run by the Presidents.

### GUIDANCE

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

### CONNECTEDNESS

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

# Values

We value honesty and integrity in all our relationships.

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

We value loyalty to the Company and our colleagues.

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

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

# Board of Directors

## Ajit Isaac

**Chairman, Managing Director & CEO**

Ajit Isaac is the Chairman, Managing Director & CEO of our Company. He holds a Master's from the University of Madras and is a British Chevening Scholar from the University of Leeds, UK. He was nominated for the Forbes India Leadership Awards (2011) under the 'Outstanding Startup Category', CII Regional Emerging Entrepreneur Awards (2011) and most recently, he was one of the finalists at the Ernst & Young Entrepreneur of the Year award (2017).
He has been the CEO at Quess since April 2009 and Chairman & Managing Director since May 2013.

## Pratip Chaudhuri

**Non-Executive, Independent Director**

Pratip Chaudhuri is an Independent Director of our Company. He holds a Bachelor's Degree in Science from the University of Delhi, a Master's Degree in Business Administration from the Punjab University and is a member of the Indian Institute of Bankers. He has over 40 years of experience in the field of banking. He was the Chairman of State Bank of India and has also served as the Chairman of SBI Global Factors Limited and other SBI subsidiaries. He is currently an Independent Director on the board of several Companies.
He has been a Director at Quess since July 2015.

## Pravir Kumar Vohra

**Non-Executive, Independent Director**

Pravir Kumar Vohra is an Independent Director of our Company. He holds a Master's degree in Economics from University of Delhi and is a Certified Associate of the Indian Institute of Bankers. He has over 39 years of experience in the field of banking and information technology. He was previously the Group Chief Technical Officer at ICICI Bank Limited. He has held various leadership positions in India and overseas with State Bank of India.
He has been a Director at Quess since July 2015.

## Revathy Ashok

**Non-Executive, Independent Director**

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

## Sanjay Anandaram

**Non-Executive, Independent Director**

Sanjay Anandaram is an Independent Director of our Company. He holds a Bachelor's Degree in Electrical Engineering from Jadavpur University in Kolkata and a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore. He has over 28 years of experience as a corporate executive, investor, teacher, and advisor to funds and entrepreneurs.
He has been a Director at Quess since December 2015.

## Chandran Ratnaswami

**Non-Executive Director**

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

## Madhavan Menon

**Non-Executive Director**

Madhavan Menon is a Non-Executive Director of our Company. He holds a Bachelor's and a Master's degree in Business Administration from George Washington University, USA. He is the Chairman and Managing Director of TCIL. He has over 35 years of experience in the fields of banking, finance and foreign exchange management.
He has been a Director at Quess since May 2013.

## Subrata Kumar Nag

**Executive, Whole-Time Director and Chief Financial Officer**

Subrata Kumar Nag is the Executive, Whole-Time Director and the Chief Financial Officer of our Company. He holds a Master's degree in Business Management from the University of Calcutta. He is also a member of the ICWAI, ICSI and also an AICPA. He has 28 years of experience in the field of finance. Before joining our Company, he was the Vice President – Finance and Company Secretary of Ilantus Technologies Private Limited.
He has been a Director at Quess since July 2013.

# Chairman's Message

Dear Shareholder,

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

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

## Our Guiding Principles

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

## Highlights of FY 2016-17

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

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

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

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

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

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

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

## Digital 'Liquefaction' of Traditional Business Models

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

## Our People

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

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

## The Year Ahead

In 2014, India saw a Government with a full majority come to power after a gap of 30 years. This has ushered in a period of political stability enabling the passing of several landmark legislations that are targeted towards the creation of an economically vibrant and equitable ecosystem in India. The Government's focus on improving infrastructure, building world-class smart cities and enhancing delivery of services to its citizens opens up several G2C (Government to Consumer) opportunities for Quess.

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

## Our Purposeful Existence

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

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

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

Best Regards,

## Ajit Isaac

Chairman, Managing Director & CEO

**Quess Corp Limited**

# Operational Highlights 2016-17

## People & Services

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

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

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

## Global Technology Solutions

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

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

## Integrated Facility Management

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

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

## Industrials

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

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

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

# Financial Highlights 2016-17

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

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

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

**₹74 crore**
Cash Flow From Operations

**₹36 crore**
Free Cash Flow

**₹9.10**
Diluted EPS
***29% Y-o-Y Growth***

**0.87x**
Debt to Equity ratio

# Business Overview

## People & Services

IKYA
THE POWER OF BEING ONE

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

COACHIEVE

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

InEDGE
Retail Solutions

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

Styracorp
Management Services

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

eXcelus
Learning Solutions

Training & Skill Development

Simpliance

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

DEPENDO
Dependable Logistics Partner

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

### GEOGRAPHIES

India, the Middle East and SE Asia

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

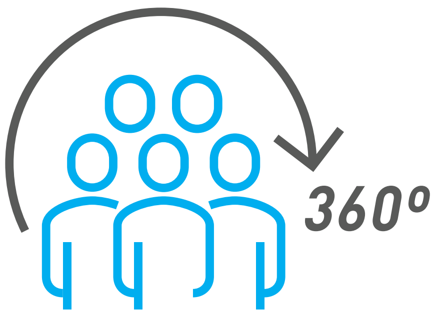
### CLIENTS

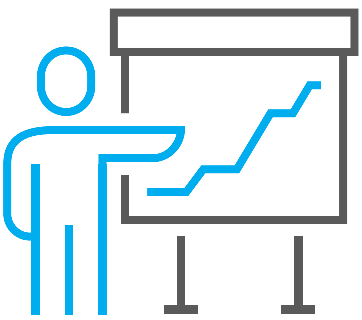
Corporates in e-Commerce, Banking, Financial & Insurance, Industrial Engineering Resources, Consumer Services, Retail, Telecom, and Pharmaceutical & Healthcare sectors.

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

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

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



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

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

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

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

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

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

# Global Technology Solutions

MAGNA INFOTECH

IT staff augmentation services to marquee IT clients in India

MFX

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

COMTEL SOLUTIONS

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

BRAINHUNTER®

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

Mindwire

Professional IM/IT Staffing Services for Candian public sector clients

heptagon

Software Product Development and Services IIoT And Mobility

## GEOGRAPHIES

India, SE Asia, and North America

## CLIENTS

IT Software & product majors, banks & financial institutions.

**₹1,183 Crore**

Top-line Growth

*28% Y-o-Y Growth*

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

**COMTEL IS THE LARGEST IT STAFF AUGMENTATION PROVIDER IN SINGAPORE.**

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

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

### IT Staff Augmentation

**Magna | Comtel | Brainhunter | Mindwire**

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

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

### System Integration

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

### IIoT and Mobility Solutions

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

# Integrated Facility Management

Facility Management Services

Catering services to corporates, hospitals & education institutes.

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

Integrated Security Solutions, Vulnerabilities & Risk Assessments and Audits.

**GEOGRAPHIES**

India & SE Asia

**CLIENTS**

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

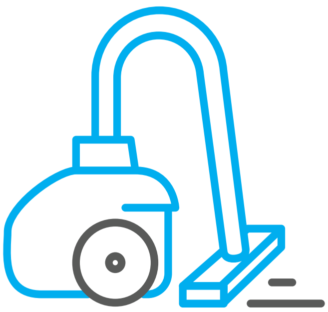
**AMONG THE LARGEST INTEGRATED FACILITY MANAGEMENT PROVIDERS IN INDIA WITH OVER 250MN SQUARE FEET UNDER MANAGEMENT, 3.5MN MEALS SERVED PER MONTH AND OVER 39,000 ASSOCIATES.**

**₹405 Crore**

Top-line Growth

***10% Y-o-Y Growth***

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



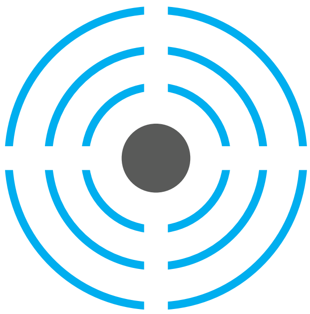
### Integrated Facility Management

Avon | Golden Star | Spiffy

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

### Catering Services

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



### Integrated Security Solutions

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

# Industrials

**Hofincons**

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

**MAXEED**

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

**Inticore VJP**

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

## GEOGRAPHIES

India, the Middle East & SE Asia

## CLIENTS

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

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

**₹224 Crore**

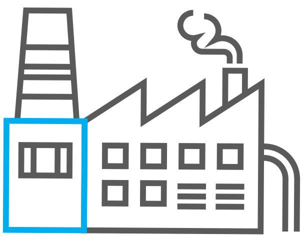
Top-line Growth

***5% Y-o-Y Growth***

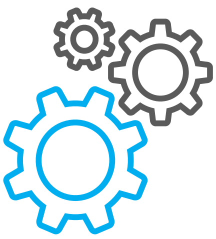
## Privatisation of utilities and increased investment in renewable energy are opening new avenues for the Industrials business.

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

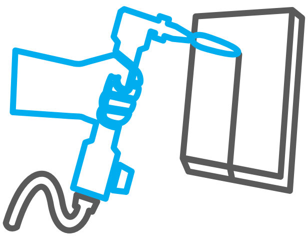
## With over 3900 engineering and technical professionals and 4 decades of experience in Industrial O&M we are set to ride the next wave in manufacturing.



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



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



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

# Community Outreach

## Careworks Foundation

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

### School Enhancement Programme

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

**Objectives**

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

**Reach**

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

### School Environment Programme

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

**Objectives**

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

### Health Programmes

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

**Objectives**

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

**Reach**

- Covered 6000 school-going children

## Stakeholder Engagement: School Mapping

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

## Other initiatives

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

# Industry Recognition

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



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

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

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

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

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

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

# Management Discussion and Analysis

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

## 1. Financial Results

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

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

### Material Changes

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

## 1. Economic Scenario

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

• **Demonetisation:** We believe that the demonetisation scheme (launched in early November 2016) will eventually help usher in greater transparency in financial transactions. This transition towards a cashless economy is expected to hasten the shift to organised sector with significant consolidation expected as unorganised players drop away due to heightened scrutiny.

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

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

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

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

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

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

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

## 2. Industry Outlook

### People & Services

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

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

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

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

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

### Global Technology Solutions

#### Indian IT Staff Augmentation

India's Information Technology- Business Process Management (IT-BPM) industry grew by 8.6% in FY 2016-17 to USD 155.5 billion.This was a continuation of the growth in FY 2015-16, when the industry grew by 8.5% to USD 143 billion. However, the industry faces uncertainties due to regulatory changes in the US and the macroeconomic outlook. The decision of the industry body NASSCOM to postpone issuing a growth projection for FY 2017-18, a first in 25 years, is a clear indicator of these headwinds.

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

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

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

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

### North American IT Staff Augmentation

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

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

### Singapore IT Staff Augmentation

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

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

### Property and Casualty (P&C) Insurance – ITeS

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

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

### Integrated Facility Management (IFM)

#### Facility Management

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

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

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

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

## Difference between Hard Services and Soft Services

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

#### Security Services

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

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

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

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

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

**Industrials**

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

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

### 3. Financial Performance at a Glance

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

• Consolidated Revenue grew by 21% from ₹ 3,435 crores in FY 2015-16 to ₹ 4,157 crores in FY 2016-17.

• Headcount grew ~54% from ~ 122,500 in FY 2015-16 to ~189,200 in FY 2016-17. (Incl. Manipal Integrated Services (MIS) and Terrier Security Services (Terrier))

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

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

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

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

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

**Balance Sheet Analysis:**

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

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

**Fund Raising during FY 2016-17**

**a) Initial Public Offering (IPO)**

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

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

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

**b) Issuance of Non-convertible Debentures**

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

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

### Acquisitions and Investments during FY 2016-17

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

**a) Acquisitions**

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

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

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

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

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

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

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

**a.2) Comtel Solutions Pte Limited (Comtel)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## b) Investments

### b.1) Simpliance Technologies Private Limited (Simpliance)

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

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

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

### b.2) Heptagon Technologies Private Limited (Heptagon)

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

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

## Analysis of Business Performance

### Revenue Performance (in ₹ crores)

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

### Segment Results (in ₹ crores)

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

### a) People and Services (P&S):

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

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

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

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

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

### b) Global Technology Services (GTS)

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

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

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

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

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

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

### c) Integrated Facility Management (IFM)

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

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

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

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

### d) Industrials

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

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

### Key Corporate Initiatives

#### Digitisation

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

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

#### Strengthening of Management Bandwidth and Human Resources

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

One of the key reasons for Quess' success is its decentralised structure, where each President is responsible for the success of his or her operations. There is no better way to empower people. The leaders of our profit centres, in effect, are presidents of their own operations and are responsible for providing outstanding customer service, ensuring employee satisfaction and providing industry leading return on capital employed. This arrangement provides empowerment to the team, while presenting exciting opportunities for the organisation.

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

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

## 4. Internal Financial Controls

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

# Statutory Reports

# Board's Report

Dear Shareholders,

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

## 1. FINANCIAL RESULTS

(in ₹ crores)

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

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

**Material Changes**

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

## 2. FINANCIAL PERFORMANCE AT A GLANCE

The FY17 results were among the best in Quess' 10 year history, with strong revenue growth and high earnings quality characterized by expanding profitability margins.

Highlights of the year included -

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

- Consolidated PAT grew by 40% from ₹ 81 crores in FY16 to ₹ 113 crores in FY17. PAT Margin expanded by 36 bps from 2.4% in FY16 to 2.7% in FY17.

- Earnings per share (on a fully diluted basis) increased by 29% to ₹ 9.10 in FY17 from ₹ 7.03 in FY16.

- Cash flow from operations increased to ₹ 74 crores in FY17 from negative ₹ 50 crores in FY16. The free cash flow (Cash flow from operations less capital expenditure) for FY17 stood at ₹ 36 crores, compared to negative ₹ 72 crores in FY16.

- Quess announced 6 acquisitions and investments in FY17 with all the transactions closing happening in Q3 and Q4 of the year, with the exception of Manipal Integrated Services Pvt. Ltd. (MIS) which is expected to close in FY18. The financial results of FY17 are not reflective of these acquisitions. It is expected that the financial consolidation of these acquisitions will commence in full form in FY18.

**Balance Sheet Analysis:**

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

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

**Fund Raising During FY17:**

a) **Initial Public Offering (IPO)**

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

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

b) **Issuance of Non-convertible Debentures**

- In January 2017, Quess raised ₹150 crores by issuing secured redeemable rated listed non-convertible debentures with a tenure of 5 years and an annual coupon of 8.25%, on a private placement basis. This was the first issuance of non-convertible debentures by Quess and was rated [ICRA]AA-(Stable)

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

**Acquisitions during FY17:**

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

a) **Acquisitions**

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

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

- In addition to Manipal Group entities, MIS serves more than 120 clients with presence in Healthcare, Education and BFSI sectors. As at March 31, 2017, MIS had headcount in excess of 17,000 associates. The FM Business of MIS closed FY17 with revenue of ~ ₹459 crores and EBITDA of ~ ₹51 crores.

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

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

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

**a.2) Comtel Solutions Pte Limited ("Comtel"):**

- Quess acquired Comtel on February 14, 2017 at an enterprise valuation of ~SGD 41.95 million. Quess has acquired 64% in Comtel with the balance stake to be acquired in a phased manner by FY22.

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

- The Comtel acquisition provides Quess with market leadership in Singapore IT Staffing market, while serving as a springboard for expansion of other Quess' services such as general staffing, managed services for technology, training & skill development, and facility management to Singapore.

- Comtel closed FY17 with revenue of SGD 96 million and EBITDA of SGD 8 million.

**a.3) Terrier Security Services (India) Private Limited ("Terrier"):**

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

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

- The acquisition marks Quess' entry into the manned guarding space. It cements Quess' market leading presence in facility management and presents significant cross selling opportunities.

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

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

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

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

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

**b) Investments**

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

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

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

- The investment in Simpliance is a play on digital India. The Simpliance platform enhances Quess' core offerings in labour law compliance, adding a strong layer of automation to the compliance management function.

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

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

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

**Details of Subsidiaries and Associates during FY17.**

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

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

## 3. DIVIDEND

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

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

## 4. TRANSFER TO RESERVES

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

## 5. SHARE CAPITAL

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

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

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

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

## 6. FINANCIAL LIQUIDITY

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

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

## 7. CREDIT RATING

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

## 8. DEPOSITS

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

## 9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

**Directors Retiring by Rotation**

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

**Declaration of Independence**

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

**Key Managerial Personnel**

During the year under review,

- Mr. Sudershan Pallap was appointed as the Compliance Officer and Company Secretary of the Company in place of Mr. N.V.S. Pavan Kumar, who had resigned from the said post w.e.f. November 28, 2016.

- Mr. Subrata Kumar Nag who is currently the Executive & Whole-time Director was reappointed as the Group CFO of the Company w.e.f. April 5, 2017 in place of Mr. Balasubramanian S, who held the office of Group CFO from January 23, 2017 till April 4, 2017 before resigning.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the accounts for the year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures from the same;

2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year under review;

3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the CA 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. the Directors have prepared annual accounts of the Company on a 'going concern' basis;

5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

6. the Directors have devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

## 11. RELATED PARTY TRANSACTIONS

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

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

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

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

In compliance with the provisions of the CA 2013 and SEBI LODR Regulations, the Board, on the recommendation of the Nomination and Remuneration Committee ("NRC"), approved the Policy for Selection and Appointment of Directors.

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

## 13. AUDITORS

**(a) Statutory Auditors**

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

**(b) Secretarial Auditors and Secretarial Audit Report**

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

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

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

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

## 15. RISK MANAGEMENT POLICY

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

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

## 16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Quess believes in creating significant and sustainable societal value, inspired by a vision to actively contribute to the community by creating a positive impact on the lives of people. The CSR initiatives are primarily carried out through the CareWorks Foundation (CWF), a non-profit initiative established in January, 2014.

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

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

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

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

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

**1. CSR Programs undertaken by CWF were**

**a. School Enhancement Programme**

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

**Objectives**

- To improve the standard of education by strengthening the existing infrastructure and providing basic facilities
- To achieve universal education in line with the United Nations Millennium Development Goals.

**Reach**

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

**b. School Environment Programme**

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

**Objectives**

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

**c. Health Programmes**

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

**Objectives**

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

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

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

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

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

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

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

## 19. VIGIL MECHANISM

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

## 20. MANAGEMENT DISCUSSION & ANALYSIS

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

## 21. CORPORATE GOVERNANCE

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

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

## 22. BUSINESS RESPONSIBILITY REPORT

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

## 23. EMPLOYEE STOCK OPTION PLAN (ESOP)

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

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

## 24. EXTRACT OF ANNUAL RETURN

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

## 25. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

## 26. PARTICULARS OF EMPLOYEES

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

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

## 27. ACKNOWLEDGEMENTS

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

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

## 28. CAUTIONARY STATEMENT

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

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

For **Quess Corp Limited**

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

Bengaluru,
May 16, 2017

# Annexure – I

## Form MR-3
## SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017**

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

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

I, S.N.Mishra proprietor of SNM & Associates, Bengaluru bearing Membership No. 6143 and C.P. No. 4684, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Quess Corp Limited (hereinafter called the "Company") CIN: L74140KA2007PLC043909 listed its securities at the BSE Limited and National Stock Exchange of India Limited since July 12, 2016. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, for the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed there under;

(iv) The SEBI Act 1992 and its applicable rules and regulations as under;

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

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and Downstream Investments;

(vi) Labour Laws as applicable and the rules and regulations made thereunder:

(vii) Tax Laws as applicable and the rules and regulations made thereunder;

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

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

**I report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors and is in compliance with Regulation 17(1)(a) of SEBI LODR and Section 149 of the Act, read with Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

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

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

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

   Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance with certain exceptions. The Company has a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The Company is in compliance with Regulation 29 of SEBI LODR w.r.t. prior intimation of Board Meetings as applicable.

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

2. The annual general meeting for the financial year ending on 31st March 2016 was held on 23rd May 2016 after giving due notice to the members of the Company and the resolutions passed thereat, were duly recorded in Minutes Book maintained for the purpose.

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

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

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

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

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

4. In accordance with Schedule IV of the Act, an exclusive meeting of Independent Directors was held without the presence of Non-independent Directors & members of management, on 14.03.2017, at which all Independent Directors were present.

5. The Company has duly filed all forms and returns with the Registrar of Companies, and other statutory bodies as applicable from time to time within the time prescribed under the Act and the rules made there under and with additional fees.

6. The Company was in regular compliance with Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.

7. The Company has appointed a Registrar and Transfer Agent ("RTA") as provided hereunder, who are duly registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 who on behalf of the Company, maintains the records of holders of securities issued by the Company and deals with all matters connected with the transfer and redemption of securities.

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

8. The Company is listed with BSE Limited (BSE) and National Stock Exchange on India Limited since July 12, 2016 and is in compliance with the requirements under Chapter IV of SEBI LODR.

   - As explained by the RTA, the grievances of shareholders have majority been attended to, during the period under review.

   - The code of conduct was amended to include the duties of Independent Directors as laid down in the Act on May 16, 2017..

9. The Company is majorly in compliance with SEBI Act 1992 and its applicable rules and regulations as detailed in Point (iv) of this report.

10. The Company is in compliance with the Foreign Exchange Management Act, 1999 and the rules and regulations thereunder to the following extent:

    - The Annual Return on Foreign Assets and Liabilities for the financial year 2015-16 to the Reserve Bank of India was filed within the stipulated time frame in compliance with RBI/ 2013-14/646 A .P. (DIR Series) Circular No. 145.

    - The Annual Performance Report for the wholly owned subsidiaries for the period ended March 31, 2016 were filed within the stipulated time frame in compliance with RBI//2015-16/374 A.P. (DIR Series) Circular No.62.

    - The Company is in compliance with Regulation 6 of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations w.r.t. investments made in and guarantees provided to wholly owned foreign subsidiaries during the period under review.

    - The Company is in compliance with Regulation 14 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations with respect to intimation of downstream investments made during the period under review.

11. As per the information provided to me, the Company has framed a policy on Prevention and Prohibition of Sexual Harassment at Workplace and has constituted an Internal Complaints Committee to handle matters under the Sexual Harassment of Women at Workplace Act, 2013 and its corresponding rules and regulations.

12. The compliances under the following Labour Laws have been scrutinised by me:

    a. The Karnataka Shops and Establishments Act, 1961

    b. The Minimum Wages Act, 1948

    c. The Payment of Wages Act, 1936

    d. The Payment of Bonus Act, 1965

    e. Equal Remuneration Act, 1976

    f. The Payment of Gratuity Act, 1972

    g. The Employees' Compensation Act, 1923

    h. The Maternity Benefit Act, 1961

    i. The Child Labour (Prohibition and Regulation) Act, 1986

    j. The Contract Labour (Regulation and Abolition) Act, 1970

    k. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

    l. The Apprentices Act, 1961

    m. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

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

13. For compliances under various tax laws, I have relied on the reports submitted by the Internal Auditors and the Statutory Auditors of the Company. As per the reports provided, the Company is in compliance under the various tax laws and the corresponding rules, regulations and guidelines as applicable to the Company.

14. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Place: Bengaluru<br>Date : May 16, 2017

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

## Annexure 'A'

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

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

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

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that processes and practices I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

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

Place: Bengaluru
Date: May 16, 2017

# Annexure - II to Directors' Report

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

**CORPORATE SOCIAL RESPONSIBILITY**

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

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

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

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

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

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

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

| S. No. | Particulars | Remarks |
|---|---|---|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes. | Please refer to the overview of programmes undertaken by the Company, as mentioned above.<br>The CSR policy is available on the web link : http://quesscorp.com/investor/dist/images/pdf/Policies/CSR_Policy.pdf |
| 2. | The Composition of the CSR Committee. | Ms. Revathy Ashok, Chairperson<br>Mr. Ajit Isaac<br>Mr. Pravir Kumar Vohra |
| 3. | Average net profit of the company for last three financial years. | ₹76.16 crores |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | ₹1.52 crores |
| 5. | Details of CSR sanctioned &spent during the financial year:<br>a) Total amount to be spent for the financial year;<br>b) Amount unspent, if any<br>c) Manner in which the amount spent during the financial year is detailed below | <br>a) ₹ 1.52 crores<br>b) ₹ 0.18 crores<br>c) Details given below in Table A |
| 6. | In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. | The Budgeted amount for School Enhancement Programme is ₹ 1.02 crores. Due to delay in completion of the project, the trust could not fully utilize the budgeted amount in FY17. The balance amount of ₹ 0.18 crores will be spent in the present financial year i.e. FY18 on the same project that is scheduled to complete shortly. |

## Table A

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

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

## RESPONSIBILITY STATEMENT

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

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

**Sd/-**
Ajit Isaac
Chairman, MD and CEO

**Sd/-**
Revathy Ashok
Chairperson, Corporate Social Responsibility Committee

May 16, 2017

# Annexure - III

## Business Responsibility Report

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

### Section A: General Information about the Company

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

### Section B: Financial Details of the Company

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

### Section C: Other Details

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

## Section D: BR Information

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

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

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

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

| | | Business Ethics | Product Responsibility | Wellbeing of employees | Stakeholders engagement | Human rights | Environment | Public Policy | CSR | Customer Relations |
|---|---|---|---|---|---|---|---|---|---|---|
| S.No | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P9 |
| 1. | Do you have a policy/policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy conform to any national / international standards? If yes, specify? (50words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | The spirit and intent of Quess Code of Conduct and other Codes / Policies are prepared in compliance with applicable laws / rules / guidelines. In addition, they reflect the vision and mission of the Company of providing world-class customer experience while continuously working towards creating better lives. | | | | | | | | | |
| 4. | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5. | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | www.quesscorp.com | | | | | | | | |

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

### 3. Governance related to BR

| | | |
|---|---|---|
| • | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | Quarterly. |
| • | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | Yes. annual;<br>Website link: http://quesscorp.com/investor/index.php |

### Section E: Principle-wise performance

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

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

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

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

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

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

| | | |
|---|---|---|
| 1. | Please indicate the Total number of employees. | Our global employee count stands at 1,89,200* employees as on March 31, 2017 |
| 2. | Please indicate the Total number of employees hired on temporary / contractual / casual basis | 14,192* employees |
| 3. | Please indicate the Number of permanent women employees. | The number of our global women employees is 1,174* as on March 31, 2017. |
| 4. | Please indicate the Number of permanent employees with disabilities | The Company does not specifically track the number of disabled employees. The Company gives equal opportunities and treats all employees at par. |
| 5. | Do you have an employee association that is recognized by management? | No. |
| 6. | What percentage of your permanent employees is members of this recognized employee association? | Not applicable |
| 7. | Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year | Information required under Sexual Harassment Of Women At Workplace (Prevention, Prohibition & Redressal) Act, 2013 was provided at Page No. 40 of the Annual Report. No complaints received in other areas. |
| 8. | What percentage of your under mentioned employees were given safety & skill up gradation training in the last year?<br>• Permanent Employees<br>• Permanent Women Employees<br>• Casual/Temporary/Contractual Employees<br>• Employees with Disabilities | All employees of the Company (Permanent men, Permanent women and Contractual employees) are being given skill upgradation training programmes conducted. |

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

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

* includes employees of subsidiaries and associates

### Principle 5 - Businesses should respect and promote human rights

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

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

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

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

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

### Principle 8 - Businesses should support inclusive growth and equitable development

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

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

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

# Annexure-IV

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

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

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

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

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

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

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

| | Particulars | ESOP 2009 | ESOP 2015 |
|---|---|---|---|
| i. | Date of shareholders' approval | December 23, 2015 | December 23, 2015 and ratified on November 26, 2016 |
| ii. | Total number of options approved under the Scheme | 3,369,256 | 19,00,000 |
| iii. | Vesting requirements | Minimum vesting period of one year from the date of grant | |
| iv. | Exercise price or pricing formula | The exercise price would be determined by the Nomination & Remuneration Committee, provided that the exercise price per option shall not be less than the face value of the Equity Shares of the Company. | |
| v. | Maximum term of options granted | Five years | |
| vi. | Source of shares (primary, secondary or combination) | Primary | |
| vii. | Variation in terms of options | None | |
| viii. | Method used to account for the Scheme (Intrinsic or fair value) | Fair value method | |
| ix. | Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed | The Nomination and Remuneration Committee and the Board of Directors of Company modified the exercise period on December 22, 2015 over a period of five years commencing from the date of an initial public offering by the Company (or one of its subsidiaries) or other transaction or series of transactions in which Company's shareholders prior to such transaction or transactions will not retain a majority of the Equity Shares or the voting power of the surviving entity, whichever is earlier. This was approved by the Shareholders on December 23, 2015. | |

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

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

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

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

| | | |
|---|---|---|
| i. | Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made | Please refer Note 47 to financial statements mentioned in the Annual Report 2016-17. |

**III. The Company has not implemented schemes for the benefit of their employees involving dealing in shares, directly or indirectly, in the form of stock appreciation rights scheme, general employee benefits scheme and retirement benefit scheme.**

# Annexure-V

## Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

**As onthe financial year ended on March 31, 2017**

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

## I. REGISTRATION AND OTHER DETAILS:

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

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

*Dissolved on February 7, 2017

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

### 1. Category-wise Shareholding

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

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

### (ii) Shareholding of Promoters

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

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

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

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

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

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

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

## (v) Shareholding of Directors and Key Managerial Personnel:

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

## V. INDEBTEDNESS

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

(₹ in Lakhs)

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lakhs)

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

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

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

### B. Remuneration to other Directors

(₹ In Lakhs)

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

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

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

(₹ In Lakhs)

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

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

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

# Annexure – VI

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

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

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

# Report On Corporate Governance

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

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

## BOARD OF DIRECTORS

**Composition and category of the Directors**

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

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

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

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

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

**Notes:**

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

**No. of Shares and convertible instruments held by the Non-Executive Directors:**
Mr. Pravir Kumar Vohra, Independent Directors holds 192 equity shares in the Company.

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

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

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

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

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

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

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

## Committees of the Board

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

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

**a) Audit Committee**

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

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

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

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

a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible

b) Recommending to the Board, the appointment, re-appointment & replacement, remuneration, terms of appointment of the statutory auditor and the fixation of audit fee

c) Review and monitor the auditor's independence and performance and effectiveness of audit process

d) Approval of payments to the statutory auditors for any other services rendered by statutory auditors

e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013

   ii) Changes, if any, in accounting policies and practices and reasons for the same

iii) Major accounting entries involving estimates based on the exercise of judgment by management

iv) Significant adjustments made in the financial statements arising out of audit findings

v) Compliance with listing and other legal requirements relating to financial statements

vi) Disclosure of any related party transactions; and

vii) Qualifications and modified opinions in the draft audit report.

f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval

g) Scrutiny of inter-corporate loans and investments

h) Valuation of undertakings or assets of our Company, wherever it is necessary

i) Evaluation of internal financial controls and risk management systems

j) Approval or any subsequent modification of transactions of our Company with related parties

k) Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter

l) Approving or subsequently modifying transactions of the Company with related parties

m) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances

n) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems

o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit

p) Discussion with internal auditors on any significant findings and follow up thereon

q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board

r) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern

s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors

t) Approval of appointment of the chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging the function) after assessing the qualifications, experience and background, etc. of the candidate

u) Reviewing the functioning of the whistle blower mechanism, in case the same is existing

v) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee

w) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.

**The powers of the Audit Committee include the following:**

a) To investigate activity within its terms of reference

b) To seek information from any employee

c) To obtain outside legal or other professional advice

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**The Audit Committee shall mandatorily review the following information:**

a) Management discussion and analysis of financial condition and result of operations

b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management

c) Management letters/letters of internal control weaknesses issued by the statutory auditors

d) Internal audit reports relating to internal control weaknesses

e) The appointment, removal and terms of remuneration of the chief internal auditor

f) Statement of deviations:

(i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI LODR Regulations.

(ii) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the SEBI LODR Regulations.

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

Attendance record of the Audit Committee

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

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

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

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

**b) Corporate Social Responsibility Committee**

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

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

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

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

(i) The activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013

(ii) Recommend the amount of expenditure to be incurred on the aforesaid activities

(iii) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

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

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

(a) Formulate and recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013

(b) Recommend the amount of expenditure to be incurred on the activities referred to in (a) above

(c) Monitor the corporate social responsibility policy of the Company from time to time.

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

**Attendance record of the CSR Committee**

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

c) **Nomination and Remuneration Committee**

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

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

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

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

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees

b) Formulation of criteria for evaluation of Independent Directors and the Board

c) Devising a policy on Board diversity

d) Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report

e) Analysing, monitoring and reviewing various human resource and compensation matters

f) Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors

g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component

h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws

i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

j) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when the same come into force

k) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors

l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

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

**Attendance record of the NRC Committee**

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

## Performance evaluation of Board Members

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

## Remuneration Policy

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

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

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

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

## Remuneration of Directors is as follows:

**Remuneration paid to all Directors for FY17**

₹ in lakhs

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

# Commission to Independent Directors for FY17 was paid in FY18.

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

**d) Stakeholders' Relationship Committee**

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

The SRC Committee comprises of the following three members

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

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

a) Redressal of shareholders' / investors' grievances

b) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities

c) Issue of duplicate certificates and new certificates on split / consolidation / renewal

d) Non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by our Company to its shareholders

e) Carrying out any other function as prescribed under the Listing Agreement.

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

**Attendance record of the SRC Committee**

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

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

**Nature of complaints received and attended to during FY17**

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

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

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

## GENERAL BODY MEETINGS

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

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

**Postal Ballot**

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

**1. Postal Ballot conducted in October / November 2016**

| | |
|---|---|
| Date of Postal Ballot Notice | October 19, 2016 |
| Voting Period: | October 27, 2016 to November 25, 2016 |
| Date of declaration of result | November 26, 2016 |
| Date of approval | November 26, 2016 |

| Name of the resolution | Type of resolution | No. of votes polled | Votes cast in favor | | Votes cast against | |
|---|---|---|---|---|---|---|
| | | | No. of votes | % | No. of votes | % |
| Alteration of provisions of Memorandum of Association by way of amendment of objects of the Company | Special Resolution | 11,72,63,250 | 11,72,63,152 | 100.00 | 98 | 0 |
| Approval for ratification to the Quess Corp Limited Employees Stock Option Scheme-2015 ("ESOS 2015") | Special Resolution | 11,69,47,560 | 11,37,69,444 | 97.28 | 31,78,116 | 2.72 |

## 2. Postal ballot conducted in December 2016 / January 2017

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

| Name of the resolution | Type of resolution | No. of votes polled | Votes cast in favor | | Votes cast against | |
|---|---|---|---|---|---|---|
| | | | No. of votes | % | No. of votes | % |
| Authority to offer and issue Secured and Unsecured, redeemable Non-Convertible Debentures and other debt Securities, in one or more tranches, on private placement basis | Special Resolution | 11.72,68,696 | 11,72,68,546 | 100.00 | 150 | 0.00 |

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

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

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

### Means of Communication

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

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

## GENERAL SHAREHOLDER INFORMATION

### i. Annual General Meeting

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

### ii. Financial Calendar

Financial year: April 1 to March 31

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

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

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

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

### iii. Dates of Book Closure

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

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

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

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

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

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

**v. Stock Exchange codes**

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

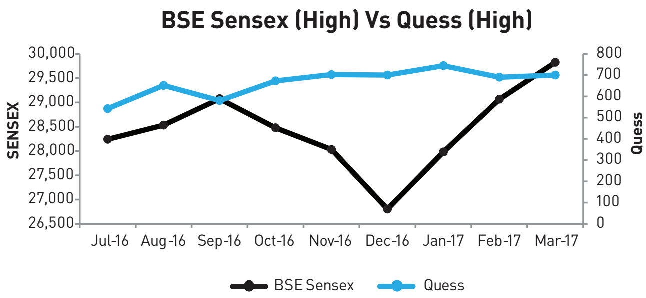
**vi. Market Price Data & Performance in comparison to broad-based indices**

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

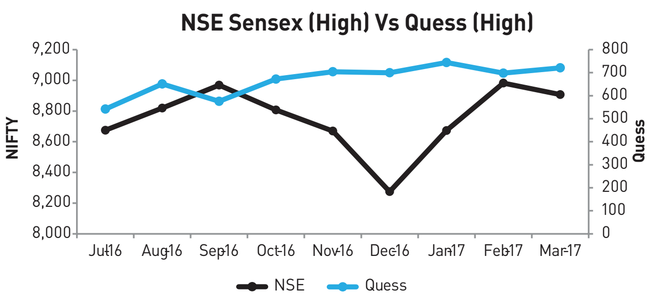
Note: High and low are in Rupees per traded share

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

Share Performance on BSE versus BSE Sensex




Share Performance on NSE versus Nifty




**vii. Registrar & Share Transfer Agent**

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

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

**viii. Share Transfer System**

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

**ix. Distribution of shareholding as on March 31, 2017**

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

**x. Dematerialization of Shares and liquidity**

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

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

Nil

**xii. Branch Offices**

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

**xiii. Address for correspondence**

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

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

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

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

## OTHER DISCLOSURES

**Materially significant related party transactions**

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

**Details of non-compliance by the Company**

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

**Whistle-blower mechanism**

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

**Code of Conduct for prevention of insider trading**

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 on prevention of insider trading, the Company has adopted a Code of Conduct for prevention and prohibition of Insider Trading to regulate, monitor and report trading of equity shares ; and preserve confidentiality of unpublished price sensitive information to prevent misuse of such information by its employees and other connected persons. The Code of Conduct lays down guidelines which advise them on procedures to be followed and disclosures to be made while dealing with shares of the Company, and cautioning them of the consequences of violations.

**Details of compliance with mandatory requirements**

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

**Adoption of non-mandatory requirements**

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

**Subsidiary Companies**

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

**Web link where policy on dealing with related party transactions**

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

**Compliance certificate regarding compliance of conditions of corporate governance**

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

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

| Particulars | Regulation Number | Compliance status (Yes / No / NA) |
|---|---|---|
| Board composition | 17(1) | Yes |
| Meeting of Board of Directors | 17(2) | Yes |
| Review of Compliance Reports | 17(3) | Yes |
| Plans for orderly succession for appointments | 17(4) | Yes |
| Code of Conduct | 17(5) | Yes |
| Fees/compensation | 17(6) | Yes |
| Minimum Information | 17(7) | Yes |
| Compliance Certificate | 17(8) | Yes |
| Risk Assessment & Management | 17(9) | Yes |
| Performance Evaluation of Independent Directors | 17(10) | Yes |
| Composition of Audit Committee | 18(1) | Yes |
| Meeting of Audit Committee | 18(2) | Yes |
| Composition of Nomination & Remuneration Committee | 19(1) & (2) | Yes |
| Composition of Stakeholder Relationship Committee | 20(1) & (2) | Yes |
| Composition and role of Risk Management Committee | 21(1),(2),(3),(4) | -N.A.- |
| Vigil Mechanism | 22 | Yes |
| Policy for Related Party Transaction | 23(1),(5),(6),(7) & (8) | Yes |
| Prior or Omnibus approval of Audit Committee for all Related Party Transactions | 23(2), (3) | Yes |
| Approval for material Related Party Transactions | 23(4) | Yes |
| Composition of Board of Directors of unlisted material Subsidiary | 24(1) | -N.A.- |
| Other Corporate Governance requirements with respect to subsidiary of listed entity | 24(2),(3),(4),(5) & (6) | -N.A.- |
| Maximum Directorship & Tenure | 25(1) & (2) | Yes |
| Meeting of Independent Directors | 25(3) & (4) | Yes |
| Familiarization of Independent Directors | 25(7) | Yes |
| Memberships in Committees | 26(1) | Yes |
| Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel | 26(3) | Yes |
| Disclosure of Shareholding by Non-Executive Directors | 26(4) | Yes |
| Policy with respect to Obligations of Directors and Senior Management | 26(2) & 26(5) | Yes |
| Other Corporate Governance requirements | 27 | Yes |
| Website | 46 (b) to (i) | Yes |

## CEO CERTIFICATION ON CODE OF CONDUCT

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

Sd/-
Ajit Isaac
Chairman, Managing Director & CEO

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

**To**
**The Members**
**Quess Corp Limited**
**Bengaluru**

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

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

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

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

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

Place: Bengaluru
Date : May 16, 2017

# Financial Statements

## Standalone



## Consolidated

# Independent Auditors' Report

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

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Quess Corp Limited *(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)* ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information herein after referred to as "standalone Ind AS financial statements".

## Management's Responsibility for the Standalone Financial Statements

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

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

## Auditors' Responsibility

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

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

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

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

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer note 22 and note 39 to the standalone Ind AS financial statements;

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

iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosure are in accordance with the books of accounts maintained by the Company and as produced by the management. Refer note 49 of the Standalone Ind AS financial statements.

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

**Sd/-**
**Vineet Dhawan**
*Partner*
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

# Annexure - A

**to the Independent Auditors' Report**

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

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

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

(c) the Company does not have any immovable properties. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) the inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable and no material discrepancies were noticed on such verification.

(iii) the Company has granted unsecured loans to four subsidiaries covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(a) in our opinion, the terms and conditions on the basis of which these loans have been granted are not, prima facie, prejudicial to the interest of the Company.

(b) in case of loans granted to the companies covered in the register maintained under Section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand and interest are payable on demand. As there is no outstanding demand of principal and interest at the year-end, paragraph 3(iii)(b) and 3(iii)(c) of the Order is not applicable.

(iv) in our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, security and guarantees given and investments made.

(v) in our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Professional tax, Employee's State Insurance, Service tax, Value added tax, Sales tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there has been certain delays in few cases. As explained to us, the Company did not have any dues on account of duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Employee's State Insurance, Service tax, Value added tax, Sales tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

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

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

* represents payments made under protest.

(viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to its bankers. The Company did not have any outstanding dues to debenture holders as the same is repayable after five years from the date of its issue and did not have any outstanding loans or borrowings from financial institutions and government during the year.

(ix) The Company has raised money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the money raised by an initial public offer have been utilized for the purposes for which they were raised. However, the Company does not have any term loan during the year.

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

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

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

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

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

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Thus, paragraph 3 (xv) of the order is not applicable.

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

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

**Sd/-**
**Vineet Dhawan**
*Partner*
Membership No.: 092084

Place: Bengaluru
Date: 16 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 Quess Corp Limited *(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)* ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

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

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration Number: 116231W/W-100024

**Sd/-**
**Vineet Dhawan**
*Partner*
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

# Balance Sheet
## as at 31 March 2017

(Amount in ₹ lakhs)

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

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

As per our report of even date attached

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

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

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

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

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

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

Place: Bengaluru
Date: 16 May 2017

# Statement of Profit and Loss
## For the year ended 31 March 2017

(Amount in ₹ lakhs except per share data)

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

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

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

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

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

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

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

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

Place: Bengaluru
Date: 16 May 2017

Place: Bengaluru
Date: 16 May 2017

# Statement of Changes in Equity

for the year ended 31 March 2017

(Amount in ₹ lakhs)

## (A) Equity share capital

| | Note | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| Opening balance | 18 | 11,333.51 | 2,577.38 |
| Changes in equity share capital | 18 | 1,345.59 | 8,756.13 |
| **Closing balance** | 18 | **12,679.10** | **11,333.51** |

## (B) Other equity

(Amount in ₹ lakhs)

| Particulars | Note | Reserves and surplus | | | | | | Other items of other comprehensive income | Total equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|---|---|
| | | Securities premium | Retained earnings | Capital reserve | General reserve | Stock options outstanding account | Debenture redemption reserve | Remeasurement of the net defined benefit liability/ asset | |
| **Balance as of 1 April 2015** | | **12,583.29** | **5,235.27** | **3,804.74** | **-** | **561.37** | **-** | **-** | **22,184.68** |
| Less: Amount utilized for issue of bonus shares | 18.1 (iii) | (8,500.11) | - | - | - | - | - | - | (8,500.12) |
| Add: Profit for the year | | - | 7,855.38 | - | - | - | - | - | 7,855.38 |
| Less: Transfer to general reserve on forfeiture of stock options | 47 | - | - | - | 126.56 | (126.56) | - | - | - |
| Add: Other comprehensive income (net of tax) | | - | - | - | - | - | - | 428.96 | 428.96 |
| **Balance as of 31 March 2016** | | **4,083.18** | **13,090.65** | **3,804.74** | **126.56** | **434.81** | **-** | **428.96** | **21,968.90** |
| **Balance as of 1 April 2016** | | **4,083.18** | **13,090.65** | **3,804.74** | **126.56** | **434.81** | **-** | **428.96** | **21,968.90** |
| Add: Premium received on issue of equity shares | 19 | 38,738.18 | - | - | - | - | - | - | 38,738.18 |
| Less: Share issue expenses | 19 | (2,961.53) | - | - | - | - | - | - | (2,961.52) |
| Add: Profit for the year | 19 | - | 9,021.01 | - | - | - | - | - | 9,021.01 |
| Less: Premium on allotment of ESOP | 19 | 345.79 | - | - | - | (345.79) | - | - | - |
| Add: Other comprehensive income (net of tax) | | - | - | - | - | - | - | (202.09) | (202.09) |
| Add: Transfer to debenture redemption reserve | 19 | - | (187.50) | - | - | - | 187.50 | - | - |
| **Balance as of 31 March 2017** | | **40,205.62** | **21,924.16** | **3,804.74** | **126.56** | **89.02** | **187.50** | **226.87** | **66,564.47** |

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

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

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

Sd/-
**Vineet Dhawan**
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

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

Place: Bengaluru
Date: 16 May 2017

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

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

# Statement of Cash Flows

**For the year ended 31 March 2017**

(Amount in ₹ lakhs)

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

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

As per our report of even date attached

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

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

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

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

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

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

Place: Bengaluru
Date: 16 May 2017

# Notes

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

## 1 Company overview

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

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

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

## 2 Significant accounting policies

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

### 2.1 Basis of preparation

**Statement of compliance**

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

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

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

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

**Basis of measurement**

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

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);

ii. Share based payment transactions measured at fair value;

iii. Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations ("DBO").

**2.2 Use of estimates and judgements**

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

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

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

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

iii) ***Measurement of defined benefit obligations:*** Key actuarial assumptions used for actuarial valuation.

iv) ***Impairment of financial assets:*** The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments.

v) ***Property, plant and equipment:*** Useful life of asset.

vi) ***Investment in preference shares:*** Estimation of fair value of unlisted preference shares.

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

**2.3 Measurement of fair values**

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

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

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

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

# Notes

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

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

## 2.4 Property, plant and equipment

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

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

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

***Transition to Ind AS***

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

**Depreciation methods, estimated useful lives and residual value**

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

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

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

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

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

**2.5 Goodwill and other intangible assets**

**(i) Goodwill**

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

**(ii) Other intangible assets**

*Internally generated: Research and development*

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

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

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

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

*Others*

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

*Brand*

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

**(iii) Subsequent expenditure**

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

***Transition to Ind AS***

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

# Notes

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

**(iv) Amortisation**

Goodwill is not amortized and is tested for impairment annually.

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

The estimated useful lives of intangibles are as follows:

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

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

**2.6 Impairment of intangible assets and property, plant and equipment**

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

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

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

**2.7 Leases**

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

**2.8 Inventories**

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

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

**2.9 Revenue recognition**

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

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

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

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

a) **People and services:**

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

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

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

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

b) **Global technology solutions:**

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

c) **Integrated facility management:**

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

d) **Industrials:**

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

### 2.10 Other income

Interest income or expenses is recognised using effective interest method.

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

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

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

### 2.11 Investments

Investments in equity shares of subsidiaries shall be accounted either

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

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

# Notes

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

## 2.12 Financial instruments

### a) Recognition and initial measurement

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

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

### b) Classification and subsequent measurement

**Financial assets**

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

**c) Impairment of financial assets**

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

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

**d) Derecognition of financial assets**

A financial asset is derecognised only when:

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

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

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

**Financial liabilities**

**a) Initial recognition and measurement**

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

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

# Notes

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

**b) Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

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

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

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

**Amortised cost**

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

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

**Financial guarantee contracts**

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

**Derecognition**

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

**Offsetting**

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

## 2.13 Employee benefits

**a) Defined benefit plans**

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

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

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

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

**b) Short-term employee benefits**

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

**c) Compensated absences**

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

**d) Defined contribution plan**

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

**e) Termination benefits**

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

**2.14 Share-based payments**

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

# Notes

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

### 2.15 Foreign currency transactions and balances

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

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

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

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

### 2.16 Taxes

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

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

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

Deferred tax is not recognised for :

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction.

- temporary investments related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

**2.17 Provisions (other than employee benefits)**

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

*(i) Onerous contract*

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

**2.18 Contingent liability**

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

**2.19 Cash and cash equivalents**

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

**2.20 Cash flow statement**

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

**2.21 Earnings per share**

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

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

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

**2.22 Segment reporting**

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

**2.23 Contributed equity**

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

# Notes

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

**2.24 Recent accounting pronouncements**

**(a) Standards issued but not yet effective**

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

**Amendment to Ind AS 7:**

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

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

**Amendment to Ind AS 102:**

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

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

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

**Ind AS 115, Revenue from Contracts with Customers:**

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

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

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

## 3 Property, plant and equipment

(Amount in ₹ lakhs)

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

* Refer note 51 (A) (iii)

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

# Notes

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

## 4 Intangible assets and intangible assets under development

(Amount in ₹ lakhs)

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

* Refer note 51 (A) (iii)

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

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

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

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

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

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

## 5 Non-current Investments

(Amount in ₹ lakhs)

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

# Notes

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

(Amount in ₹ lakhs)

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

5.1 During the year, the Company has entered into a Share Subscription Agreement dated 28 November 2016 with Inticore VJP Advance Systems Private Limited ("Inticore") to subscribe 73.99% of shares for a consideration of ₹ 349.99 lakhs. The Company acquired controlling stake on 1 December 2016 and Inticore has become the subsidiary of the Company.

5.2 During the year, the Company has incorporated Dependo Logistics Solutions Private Limited as a wholly owned subsidiary on 8 September 2016 by subscribing to 10,000 equity shares of ₹ 10 each.

5.3 During the year, the Company has incorporated CenterQ Business Solutions Private Limited as a wholly owned subsidiary on 9 November 2016 by subscribing to 10,000 equity shares of ₹ 10 each.

5.4 During the year, the Company has incorporated Excelus Learning Solutions Private Limited as a wholly owned subsidiary on 23 November 2016 by subscribing to 10,000 equity shares of ₹ 10 each.

5.5 During the year, the Company has entered into Share Purchase Agreement (SPA) with Terrier Security Services (India) Private Limited ("Terrier") and its shareholders on 19 October 2016, to acquire 74% stake in Terrier subject to the approval of Foreign Investment Promotion Board ("FIPB") for consideration as per the terms mentioned in the SPA. The Company has currently acquired 49% stake on 9 December 2016 for a consideration of ₹ 7,200 lakhs and accordingly, Terrier has become an associate of the Company.

5.6 During the year, the Company has entered into Share Subscription Agreement ("SSA") dated 19 October 2016 with Simpliance Technologies Private Limited ("Simpliance") and its shareholders to acquire equity stake of 45% in Simpliance for a consideration of ₹ 250 lakhs. The Company has currently acquired 27% equity stake for a consideration of ₹ 113 lakhs and accordingly Simpliance has become an associate of the Company.

5.7 During the year, the Company has entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business") of MIS through the Scheme of Arrangement ("the Scheme") into the Company. The Board vide its meeting dated 28 November 2016 has approved the draft scheme of arrangement and filed the Scheme with BSE and NSE. The Company has received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively and has further filed it with National Company Law Tribunal ("NCLT"), subsequent to the balance sheet date. In pursuance of the Scheme, Company has invested ₹ 22,000 lakhs by subscribing to Compulsory Convertible Preference Shares of MIS as part of the purchase consideration.

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

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

## 6 Non-current loans

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| *Unsecured, considered good* | | | |
| Security deposits | 1,146.46 | 577.36 | 427.46 |
| | **1,146.46** | **577.36** | **427.46** |

## 7 Other non-current financial assets

(Amount in ₹ lakhs)

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

## 8 Taxes

### A Amount recognised in profit or loss

(Amount in ₹ lakhs)

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

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

# Notes

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

## B Income tax recognised in other comprehensive income

(Amount in ₹ lakhs)

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

## C Reconciliation of effective tax rate

(Amount in ₹ lakhs)

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

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

(Amount in ₹ lakhs)

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

## E Deferred tax assets, net

(Amount in ₹ lakhs)

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

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

**F Recognised deferred tax assets and liabilities**

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

(Amount in ₹ lakhs)

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

(Amount in ₹ lakhs)

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

## 9 Other non-current assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Taxes paid under protest | 186.12 | 46.49 | 46.49 |
| Provident fund dispute paid under protest | 107.22 | 107.22 | 107.22 |
| Prepaid expenses | 103.91 | 158.76 | 196.15 |
| Capital advances | 39.38 | 75.70 | 30.64 |
| | **436.63** | **388.17** | **380.50** |

# Notes

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

## 10 Inventories

(Amount in ₹ lakhs)

| 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* | | | |
| Raw materials and consumables | 37.06 | 56.54 | 43.90 |
| Stores and spares | 425.29 | 75.68 | 8.92 |
| | **462.35** | **132.22** | **52.82** |

## 11 Trade receivables

(Amount in ₹ lakhs)

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

All trade receivables are current.

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

(Amount in ₹ lakhs)

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

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

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

## 12 Cash and cash equivalents

(Amount in ₹ lakhs)

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

## 13 Bank balances other than cash and cash equivalents above

(Amount in ₹ lakhs)

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

## 14 Current loans

(Amount in ₹ lakhs)

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

## 15 Other current financial assets

(Amount in ₹ lakhs)

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

## 16 Unbilled revenue

(Amount in ₹ lakhs)

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

## 17 Other current assets

(Amount in ₹ lakhs)

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

* includes receivables from related parties (refer note 43)

# Notes

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## 18 Equity share capital

(Amount in ₹ lakhs)

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

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

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

(Amount in ₹ lakhs)

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

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

Details of utilisation of IPO proceeds are as follows:

(Amount in ₹ lakhs)

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

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

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

**(ii) Right issue**

During the previous year ended 31 March 2016, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 10 each on right basis, in pursuance of the requirements of Section 62 of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules, 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Ltd had resolved not to subscribe to the right issue and had obtained the shareholders approval on 12 December 2015 and accordingly a resolution of renunciation was approved by the Board of Directors of the Thomas Cook (India) Ltd vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour of Net Resources Investments Private Limited. On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited.

Accordingly, the Company in its Board meeting dated 22 December 2015 has approved the allotment of equity shares on right basis as follows:

| Name of shareholder | Number of shares prior to right issue | Number of right shares issued | Number of shares post right issue |
|---|---|---|---|
| Thomas Cook (India) Ltd | 19,705,874 | - | 19,705,874 |
| Mr. Ajit Isaac | 4,646,490 | - | 4,646,490 |
| Net Resources Investments Private Limited | 1,294,100 | 2,547,356 | 3,841,456 |
| Ms. Amrita Nathani | 38,525 | 3,827 | 42,352 |
| Mr. Guruprasad Srinivasan | 28,475 | 2,828 | 31,303 |
| Mr. Venkatesan Jayaraman | 20,100 | 1,997 | 22,097 |
| Mr. Vijay Sivaram | 20,100 | 1,996 | 22,096 |
| Ms. Pratibha J | 13,400 | 1,331 | 14,731 |
| Mr. Jaison Jose | 6,700 | 665 | 7,365 |
| **Total** | **25,773,764** | **2,560,000** | **28,333,764** |

**(iii) Bonus issue**

During the year ended 31 March 2016, the Company in pursuant of the requirements of Section 63(1) of the Companies Act, 2013 and after obtaining the consent of shareholders at the Extraordinary General Meeting held on 23 December 2015 and vide its Board meeting held on 5 January 2016 had passed a resolution to issue 3 fully paid up equity shares of ₹ 10 each for every 1 fully paid up equity share of ₹ 10 each to the existing shareholder whose name appeared in the register of members as on 23 December 2015 by utilizing securities premium account. The bonus shares shall rank pari passu in all respects including dividend with the existing equity shares of the Company. The Company accordingly has issued the bonus shares as follows:

| Name of shareholder | Number of shares | Number of bonus shares issued | Number of shares after bonus issue |
|---|---|---|---|
| Thomas Cook (India) Ltd | 19,705,874 | 59,117,622 | 78,823,496 |
| Mr. Ajit Isaac | 4,646,490 | 13,939,470 | 18,585,960 |
| Net Resources Investments Private Limited | 3,841,456 | 11,524,368 | 15,365,824 |
| Ms. Amrita Nathani | 42,352 | 127,056 | 169,408 |
| Mr. Guruprasad Srinivasan | 31,303 | 93,909 | 125,212 |
| Mr. Venkatesan Jayaraman | 22,097 | 66,291 | 88,388 |
| Mr. Vijay Sivaram | 22,096 | 66,288 | 88,384 |
| Ms. Pratibha J | 14,731 | 44,193 | 58,924 |
| Mr. Jaison Jose | 7,365 | 22,095 | 29,460 |
| **Total** | **28,333,764** | **85,001,292** | **113,335,056** |

# Notes

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**18.2 Rights, preferences and restrictions attached to equity shares**

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

**18.3 Shares held by holding company**

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

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

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

**18.5** The Company has not made any buy back of shares or issued any shares for consideration other than cash, during the period of five years immediately preceding the balance sheet date. However, the Company has issued bonus shares in the previous financial year and equity shares have been issued under Employee Stock Option Plan for which only exercise price has been received in cash i.e. ₹ 10 per share (refer note 47).

(Value in numbers)

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

## 19 Other equity*

(Amount in ₹ lakhs)

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

**19.1 Securities premium account**

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

**19.2 Stock options outstanding account**

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

**19.3 Capital reserve account**

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

**19.4 Debenture redemption reserve**

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

**19.5 Other comprehensive income**

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

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

## 20 Non-current borrowings*

(Amount in ₹ lakhs)

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

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

**20.1 Terms and repayment schedule**

Terms and conditions of outstanding borrowings are as follows:

(Amount in ₹ lakhs)

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

# Notes

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**20.2 Non-convertible debentures**

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

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

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

## 21 Other non-current financial liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Payable to erstwhile minority shareholders* | - | - | 66.67 |
| | **-** | **-** | **66.67** |

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

## 22 Non-current provisions

(Amount in ₹ lakhs)

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

**22.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:**
Provision for disputed claims

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

**Disputed claims**

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

## 23 Current borrowings

(Amount in ₹ lakhs)

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

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

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

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

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

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## 24 Trade payables

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Dues to micro, small and medium enterprise (refer note 46) | - | - | - |
| Trade payables to related parties (refer note 43) | 0.31 | 26.20 | 21.94 |
| Other trade payables | 1,998.54 | 1,566.40 | 1,209.71 |
| | **1,998.85** | **1,592.60** | **1,231.65** |

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

## 25 Other current financial liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Current maturities of long-term borrowings | 33.93 | 9.24 | 315.94 |
| Interest accrued and not due | 335.21 | 27.52 | 15.79 |
| Financial guarantee liability | 406.62 | 110.06 | 1.50 |
| Capital creditors | 50.60 | 17.73 | 15.29 |
| ***Other payables*** | | | |
| Payable to erstwhile minority shareholders | - | 66.67 | 66.67 |
| Accrued salaries and benefits | 17,724.25 | 17,035.94 | 7,541.85 |
| Provision for bonus and incentive* | 142.48 | 5,056.21 | 784.31 |
| Uniform deposits | 20.62 | 23.62 | 18.38 |
| | **18,713.71** | **22,346.99** | **8,759.73** |

*Balance as at 31 March 2016 includes provision for bonus for the financial year 2015-16 aggregating to ₹ 4,440.46 lakhs computed based on the circular issued by Ministry of Law and Justice dated 31 December 2015 which requires Company to pay bonus at the specified revised threshold. The same has been paid during the year (refer note 39.2).

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

## 26 Current provisions

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Provision for employee benefits** | | | |
| Provision for gratuity (refer note 45) | 1,809.98 | 1,507.59 | 8.22 |
| Provision for compensated absences | 234.09 | 228.75 | 480.68 |
| **Other provisions** | | | |
| Provision for warranty (refer note 26.1) | - | - | 120.00 |
| Provision for onerous contracts (refer note 26.1) | - | - | 10.78 |
| | **2,044.07** | **1,736.34** | **619.68** |

**26.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:**
Provision for warranty

(Amount in ₹ lakhs)

| Particulars | Warranty | Onerous contracts |
|---|---|---|
| **Balance as at 1 April 2015** | 120.00 | 10.78 |
| Provisions recognised /(reversed) | (120.00) | (10.78) |
| Provisions utilized | - | - |
| **Balance as at 31 March 2016** | **-** | **-** |

**Warranty**
Warranty provision of ₹ 120 lakhs was created for the projects to make good for any defects identified. During the previous year, the project on which warranty was provided was completed, hence reversed.

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

## 27 Other current liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Balances payable to government authorities | 8,186.76 | 7,129.93 | 3,365.64 |
| Advance received from customers | 1,614.20 | 1,457.79 | 1,179.54 |
| Provision for expenses* | 1,123.25 | 555.04 | 728.93 |
| Income received in advance | 85.98 | 473.36 | 2,959.85 |
| Amount payable to related parties | 25.27 | - | - |
| Book overdraft | - | 385.66 | 552.97 |
| Provision for rent escalation | 4.90 | 13.94 | 8.92 |
| | **11,040.36** | **10,015.72** | **8,795.85** |
| *includes amount payable to related parties (refer note 43) | 25.27 | 25.16 | - |

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

## 28 Revenue from operations

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Staffing and recruitment services | 278,719.36 | 241,946.11 |
| Facility management and food services | 35,302.86 | 31,765.73 |
| Training services | 9,101.13 | 7,009.68 |
| Operation and maintenance | 12,948.86 | 11,096.17 |
| | **336,072.21** | **291,817.69** |

# Notes

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## 29 Other income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Interest income under the effective interest method on: | | |
| Deposits with banks | 1,124.33 | 64.99 |
| Interest income on present valuation of financial instruments | 120.99 | 73.83 |
| Interest on tax refunds | 24.84 | 566.73 |
| Dividend income on mutual fund units | 166.26 | - |
| Interest on loans given to subsidiaries | 127.51 | 49.58 |
| Liabilities no longer required written back | 30.18 | 135.79 |
| Miscellaneous income | 17.99 | 18.98 |
| | **1,612.10** | **909.90** |

## 30 Cost of materials and stores and spare parts consumed

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Inventory at the beginning of the year | 132.22 | 52.82 |
| Add: Purchases for the year | 3,934.35 | 4,250.75 |
| Less: Inventory at the end of the year | 462.35 | 132.22 |
| **Cost of materials and stores and spare parts consumed** | **3,604.22** | **4,171.35** |

## 31 Employee benefit expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Salaries and wages | 268,972.01 | 235,450.68 |
| Contribution to provident and other funds | 23,013.05 | 17,198.30 |
| Expenses related to defined benefit plans | 939.30 | 2,314.70 |
| Expenses related to compensated absences | 5.33 | - |
| Staff welfare expenses | 700.69 | 870.12 |
| | **293,630.38** | **255,833.80** |

## 32 Finance costs

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Interest expense | 3,552.99 | 2,541.40 |
| Other borrowing cost | 337.31 | 167.23 |
| | **3,890.30** | **2,708.63** |

## 33 Depreciation and amortisation expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 3) | 801.83 | 694.03 |
| Amortisation of intangible assets (refer note 4) | 900.32 | 829.65 |
| | **1,702.15** | **1,523.68** |

## 34 Other expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Sub-contractor charges | 2,910.02 | 2,238.19 |
| Recruitment and training expenses | 3,302.32 | 2,518.11 |
| Rent (refer note 44) | 2,001.11 | 1,801.86 |
| Power and fuel | 511.26 | 397.83 |
| Repairs & maintenance | | |
| - buildings | 418.94 | 333.04 |
| - plant and machinery | 98.75 | 77.22 |
| - others | 519.93 | 252.22 |
| Legal and professional fees (refer note 34.1) | 1,671.14 | 721.39 |
| Rates and taxes | 118.66 | 224.55 |
| Printing and stationery | 467.01 | 532.24 |
| Consumables | 1,349.52 | 1,745.51 |
| Travelling and conveyance | 4,033.93 | 3,511.37 |
| Communication expenses | 1,018.48 | 661.01 |
| Impairment loss allowance on financial assets, net [refer note 36 (i)] | (112.63) | 820.07 |
| Deposits/advances written-off | - | 136.98 |
| Equipment hire charges | 1,009.43 | 793.99 |
| Insurance | 68.63 | 66.54 |
| Database access charges | 234.14 | 183.54 |
| Bank charges | 45.36 | 36.58 |
| Bad debts written off | 680.58 | - |
| Business promotion and advertisement expenses | 378.78 | 158.01 |
| Foreign exchange loss, net | 13.59 | 19.48 |
| Expenditure on corporate social responsibility (refer note 34.2) | 152.42 | 75.65 |
| Miscellaneous expenses | 129.41 | 102.55 |
| | **21,020.78** | **17,407.93** |

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

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Statutory audit fees | 64.00 | 57.00 |
| Tax audit fees | 2.00 | 2.00 |
| Others | 58.00 | 12.00 |
| Reimbursement of expenses | 3.84 | 3.75 |
| | **127.84** | **74.75** |

# Notes

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**34.2 Details of CSR expenditure**

As per Section 135 of the Companies Act, 2013 a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds required to be spent and funds spent during the year are explained below.

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| a) Gross amount required to be spent by the Company during the year | 152.31 | 74.60 |
| b) Amount spent during the year | | |
| i) Construction or acquisition of any asset | 10.30 | - |
| ii) On purpose other than i) above | 142.12 | 75.65 |

## 35 Financial instruments - fair value and risk management

**Accounting classification and fair value**

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

**Fair value hierarchy**

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

a) recognised and measured at fair value

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 Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard.

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | 31 March 2017 | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at amortised cost** | | | | |
| Loans | 3,718.64 | - | - | - |
| Trade receivables | 28,553.05 | - | - | - |
| Unbilled revenue | 34,827.63 | - | - | - |
| Cash and cash equivalents including other bank balances | 38,206.79 | - | - | - |
| Other financial assets | 380.46 | - | - | - |
| **Financial assets measured at fair value** | | | | |
| Investment in preference shares | 22,000.00 | - | - | 22,000.00 |
| **Total financial assets** | **127,686.57** | **-** | **-** | **22,000.00** |
| **Financial liabilities measured at amortised cost** | | | | |
| Non-convertible debentures | 14,833.13 | - | - | 14,833.13 |
| Borrowings | 38,630.43 | - | - | - |
| Trade payables | 1,998.85 | - | - | - |
| Other financial liabilities | 18,679.78 | - | - | - |
| **Total financial liabilities** | **74,142.19** | **-** | **-** | **14,833.13** |

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | 31 March 2016 | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at amortised cost** | | | | |
| Loans | 3,191.47 | - | - | - |
| Trade receivables | 32,398.20 | - | - | - |
| Unbilled revenue | 27,479.00 | - | - | - |
| Cash and cash equivalents including other bank balances | 8,690.51 | - | - | - |
| Other financial assets | 271.99 | - | - | - |
| **Total financial assets** | **72,031.17** | **-** | **-** | **-** |
| **Financial liabilities measured at amortised cost** | | | | |
| Borrowings | 26,299.37 | - | - | - |
| Trade payables | 1,592.60 | - | - | - |
| Other financial liabilities | 22,337.75 | - | - | - |
| **Total financial liabilities** | **50,229.72** | **-** | **-** | **-** |

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | 1 April 2015 | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at amortised cost** | | | | |
| Loans | 1,444.83 | - | - | - |
| Trade receivables | 19,905.06 | - | - | - |
| Unbilled revenue | 12,954.68 | - | - | - |
| Cash and cash equivalents including other bank balances | 7,069.14 | - | - | - |
| Other financial assets | 54.20 | - | - | - |
| **Total financial assets** | **41,427.91** | **-** | **-** | **-** |
| **Financial liabilities measured at amortised cost** | | | | |
| NSDC Loan | 300.00 | - | - | 300.00 |
| Borrowings | 16,522.11 | - | - | - |
| Trade payables | 1,231.65 | - | - | - |
| Other financial liabilities | 8,510.46 | - | - | - |
| **Total financial liabilities** | **26,564.22** | **-** | **-** | **300.00** |

*Investment in equity shares are not appearing as financial asset in the table above being investment in subsidiaries and associates accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.*

**Fair value hierarchy**

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference securities, mutual funds and debentures that have quoted price.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in unquoted preference securities and non-convertible debentures included in level 3.

**Fair valuation method**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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**A Financial Assets:**

1. Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

2. **Investment in preference shares (unquoted):** The fair values of the unquoted investments have been estimated using a discounted cash flow model ("DCF"). The valuation requires management to make certain assumptions with respect to inputs used, including revenue, EBITDA and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this investment.

**B Financial Liabilities:**

1. **Non-convertible debentures (quoted):** The fair values of the Company's interest-bearing debentures are determined by using DCF method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The debentures are issued during the year, therefore fair value of the debentures is almost equal to balance sheet date value.

2. **Borrowings:** It also includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

3. **National Skill Development Centre Loan:** This includes term loan from National Skill Development Centre of ₹300 lakhs taken by the Company which is secured against hypothecation of project assets. The loan is taken at 6% p.a. simple interest. As the specific project for which the loan was sanctioned could not be implemented and the entire loan became due for repayment in 2015, this has been classified under other current financial liabilities. Therefore, the fair value of the loan is equal to the balance sheet date value.

4. **Trade payables and other liabilities:** Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

**Valuation inputs and relationships to fair value**

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used (refer note (A)(2) above for valuation technique adopted):

**Financial instruments measured at fair value**

(Amount in ₹ lakhs)

| Particulars | Fair Value as at 31 March 2017 | Significant unobservable inputs | Fair value as at 31 March 2017 | | Sensitivity |
|---|---|---|---|---|---|
| | | | Increase by 1% | Decrease by 1 % | |
| Investment in preference securities (unquoted) | 22,000.00 | Risk adjusted discount rate | 21,772.80 | 22,213.16 | Increase in discount rate by 1% would decrease the fair value by ₹227.20 lakhs and decrease in discount rate by 1% would increase the fair value by ₹213.16 lakhs. |
| | | EBITDA projection | 22,244.25 | 21,737.88 | Increase in EBITDA projection by 1% would increase the fair value by ₹244.25 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹262.12 lakhs. |
| | | Revenue projection | 22,116.39 | 21,863.21 | Increase in revenue projection by 1% would increase the fair value by ₹116.39 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹136.79 lakhs. |

**Reconciliation of Level 3 fair values**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

(Amount in ₹ lakhs)

| Particulars | Fair value of preference securities |
|---|---|
| **Balance as at 1 April 2015** | - |
| Net change in fair value | - |
| **Balance as at 31 March 2016** | **-** |
| Add: Investment in preference shares | 22,000.00 |
| Net change in fair value | - |
| **Balance as at 31 March 2017** | **22,000.00** |

## 36 Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk.

**Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal auditors. Internal Audit function includes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**i) Credit risk**

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and current assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by its customers. However, the management also considers the factors that may influence the credit risk of its customer base. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three Months for customers. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

***Expected credit loss assessment for corporate customers as at 1 April 2015, 31 March 2016 and 31 March 2017 are as follows:***

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables

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are in default (credit impaired), if the payments are more than 270 days past due. Loss rates are based on actual credit loss experience over the last six quarters.

These rates have been adjusted to reflect the management's view of economic conditions over the expected lives of the receivables.

**The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from customers:**

### As at 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount of trade receivables |
|---|---|---|---|---|---|
| Not due | 17,669.84 | 0.21% | 37.11 | No | 17,632.73 |
| Past due 1–90 days | 8,636.39 | 1.49% | 128.68 | No | 8,507.71 |
| Past due 91–180 days | 1,808.52 | 5.60% | 101.28 | No | 1,707.24 |
| Past due 181–270 days | 828.36 | 14.88% | 122.99 | No | 705.37 |
| Above 270 days | 2,763.65 | 100.00% | 2,763.65 | Yes | - |
| | **31,706.76** | | **3,153.71** | | **28,553.05** |

### As at 31 March 2016

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount of trade receivables |
|---|---|---|---|---|---|
| Not due | 18,664.30 | 0.21% | 39.20 | No | 18,625.10 |
| Past due 1–90 days | 9,991.66 | 1.49% | 148.88 | No | 9,842.78 |
| Past due 91–180 days | 2,824.48 | 5.60% | 158.17 | No | 2,666.31 |
| Past due 181–270 days | 1,484.95 | 14.88% | 220.94 | No | 1,264.01 |
| Above 270 days | 2,699.14 | 100.00% | 2,699.14 | Yes | - |
| | **35,664.53** | | **3,266.33** | | **32,398.20** |

### As at 1 April 2015

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount of trade receivables |
|---|---|---|---|---|---|
| Not due | 11,890.94 | 0.21% | 24.97 | No | 11,865.97 |
| Past due 1–90 days | 6,124.60 | 1.49% | 91.26 | No | 6,033.34 |
| Past due 91–180 days | 1,673.00 | 5.60% | 93.69 | No | 1,579.31 |
| Past due 181–270 days | 500.99 | 14.88% | 74.55 | No | 426.44 |
| Above 270 days | 2,161.79 | 100.00% | 2,161.79 | Yes | - |
| | **22,351.32** | | **2,446.26** | | **19,905.06** |

Movement in allowance for impairment in respect of trade receivables.
The movement in the allowance for impairment in respect of trade and other receivables during the year is as follows.

(Amount in ₹ lakhs)

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Balance as at the beginning of the year** | **3,266.33** | **2,446.26** |
| Impairment loss allowances recognised | (112.62) | 820.07 |
| **Balance as at the end of the year** | **3,153.71** | **3,266.33** |

There is no significant movement in the impairment loss allowance during 2016-17.

**ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between cash outflow and inflow. Usually, the excess of funds is invested in fixed deposits. This is generally carried out in accordance with practice and limits set by the Company. The limits vary to take into account the liquidity of the market in which the Company operates.

**i) Financing arrangement**

The Company maintains the following line of credit:

(i) The Company has taken working capital loan from banks having interest rate ranging from 6% to 9.95%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Company on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

(ii) The Company has taken cash credit and overdraft facilities having interest rate ranging from MCLR+0.35% to MCLR+2.10%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Company on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

(iii) The Company has taken bill discounting facilities from banks having interest rate of MCLR+1.30%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current and movable assets of the Company on both past and future excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements and assets created out of NSDC facility.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payments and excludes netting arrangements:

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### As at 31 March 2017

(Amount in ₹ lakhs)

| Particulars | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings | 53,463.56 | 39,828.67 | 1,276.76 | 18,549.02 | - |
| Trade payables | 1,998.85 | 1,998.85 | | - | - |
| Other financial liabilities | 18,679.78 | 18,679.78 | - | - | - |

### As at 31 March 2016

(Amount in ₹ lakhs)

| Particulars | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings | 26,299.37 | 26,283.72 | 15.65 | - | - |
| Trade payables | 1,592.60 | 1,592.60 | - | - | - |
| Other financial liabilities | 22,337.75 | 22,337.75 | - | - | - |

### As at 1 April 2015

(Amount in ₹ lakhs)

| Particulars | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings | 16,822.11 | 16,822.11 | - | - | - |
| Trade payables | 1,231.65 | 1,231.65 | - | - | - |
| Other financial liabilities | 8,510.46 | 8,443.79 | 66.67 | - | - |

As disclosed in note 20 and note 23, the Company has a secured bank loan that contains a loan covenant. A future breach of covenant may require Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

### iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The Company is not exposed to significant currency risk as majority of the transactions are primarily denominated in Indian Rupees ("₹"), which is the national currency of India.

*Exposure to currency risk*

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

(Amount in ₹ lakhs)

| Particulars | Currency | As at | | | | | |
|---|---|---|---|---|---|---|---|
| | | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
| | | Foreign currency* | Amount | Foreign currency* | Amount | Foreign currency* | Amount |
| Trade receivables | USD | 473,858.06 | 307.30 | 1,030,743.00 | 682.92 | 553,201.00 | 336.52 |
| | EURO | 16,798.00 | 11.64 | 22,819.00 | 17.20 | - | - |
| | SAR | 96,695.36 | 16.72 | - | - | - | - |
| Other liabilities | CAD | 52,000.00 | 25.27 | 5,900.00 | 3.02 | - | - |
| | USD | - | - | 33,413.00 | 22.14 | - | - |

*Foreign currency values are in actuals and not recorded in lakhs.

**The following significant exchange rates have been applied:**

| Currency | Year end spot rate | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| USD / INR | 64.85 | 66.26 | 60.83 |
| EURO / INR | 69.29 | 75.40 | 67.51 |
| SAR / INR | 17.29 | 17.63 | 16.67 |
| CAD / INR | 48.59 | 51.23 | 49.31 |

**Sensitivity analysis**

A reasonably possible strengthening/(weakening) of the USD, EURO, SAR and CAD against ₹ at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **31 March 2017** | | | | |
| USD (2% movement) | 6.15 | (6.15) | 6.15 | (6.15) |
| EURO (8% movement) | 0.93 | (0.93) | 0.93 | (0.93) |
| SAR (2% movement) | 0.33 | (0.33) | 0.33 | (0.33) |
| CAD (5% movement) | (1.26) | 1.26 | (1.26) | 1.26 |
| **31 March 2016** | | | | |
| USD (9% movement) | 59.47 | (59.47) | 59.47 | (59.47) |
| EURO (12% movement) | 2.06 | (2.06) | 2.06 | (2.06) |
| SAR (6% movement) | - | - | - | - |
| CAD (4% movement) | (0.12) | 0.12 | (0.12) | 0.12 |

**ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowings comprises of vehicle loans, working capital loan and debentures which carries fixed rate of interest, which do not expose it to interest rate risk. However, non-convertible debentures have a fixed coupon rate but there is a condition of call/put option associated with change in interest rate exposing it to interest rate risk .

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The borrowings also includes cash credit facilities and bill discounting facilities which carries variable rate of interest.

**(a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(Amount in ₹ lakhs)

| Particulars | As at | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Variable rate borrowings | 14,023.01 | 17,874.48 | 11,206.17 |
| Fixed rate borrowings | 39,406.32 | 8,424.89 | 5,615.94 |
| **Total borrowings** | **53,429.33** | **26,299.37** | **16,822.11** |

**(b) Sensitivity**

(Amount in ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|---|---|---|---|---|
| | 1% Increase | 1% decrease | 1% Increase | 1% decrease |
| **31 March 2017** | | | | |
| Variable rate borrowings | (33.12) | 33.12 | (21.59) | 21.59 |
| **31 March 2016** | | | | |
| Variable rate borrowings | (12.17) | 12.17 | (7.94) | 7.94 |
| **1 April 2015** | | | | |
| Variable rate borrowings | (12.64) | 12.64 | (8.24) | 8.24 |

## 37 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as aggregate of Non-current borrowing and current borrowing, less cash and cash equivalents.

The Company's policy is to keep the ratio below 2.00. The Company's adjusted net debt to equity ratio were as follows:

(Amount in ₹ lakhs, except ratios)

| Particulars | As at | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Gross Debt | 53,395.40 | 26,290.13 | 16,506.17 |
| Less: Cash and cash equivalents | 22,379.68 | 8,420.77 | 6,489.42 |
| **Adjusted net debt** | **31,015.72** | **17,869.36** | **10,016.75** |
| Total equity | 79,243.57 | 33,302.41 | 24,762.05 |
| **Net debt to equity ratio** | **0.39** | **0.54** | **0.40** |

## 38 Capital commitments

(Amount in ₹ lakhs)

| Particulars | As at | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 395.55 | 30.64 |
| | **395.55** | **30.64** |

## 39 Contingent liabilities and commitment (to the extent not provided for)

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Corporate guarantees given as security for loan availed by related parties (refer note 39.1) | 23,173.75 | 7,498.83 |
| Bonus (refer note 39.2) | 3,258.77 | 3,258.77 |
| Provident fund (see note (i) and (ii) below) | 257.33 | 257.33 |
| Direct and Indirect tax matters (see note (i) and (ii) below) | 104.52 | 60.59 |
| | **26,794.37** | **11,075.52** |

i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect outcome of these proceedings to have a material adverse effect on its financial position.

**39.1 The Company has given guarantees to banks to make good any default made by its related parties in payment to banks on the loan availed by those related parties.**
**Movement of Corporate Guarantees given to related parties during the year is as follows:**

(Amount in ₹ lakhs)

| Related parties | As at 1 April 2016 | Given during the financial year | Settled /expired during the financial year | As at 31 March 2017 |
|---|---|---|---|---|
| Brainhunter Systems Limited, Canada | 6,198.83 | - | - | 6,198.83 |
| MFX Infotech Private Limited | 600.00 | - | - | 600.00 |
| Aravon Services Private Limited | 700.00 | - | - | 700.00 |
| Terrier Security Services (India) Private Limited | - | 2,200.00 | - | 2,200.00 |
| Excelus Learning Solutions Private Ltd | - | 788.47 | - | 788.47 |
| Inticore VJP Advanced Systems Private Limited | - | 500.00 | - | 500.00 |
| Quesscorp Holdings Pte Ltd | - | 12,186.45 | - | 12,186.45 |
| **Total** | **7,498.83** | **15,674.92** | | **23,173.75** |

**Movement of Corporate Guarantees given to subsidiaries during the previous year is as follows:**

(Amount in ₹ lakhs)

| Related parties | As at 1 April 2015 | Given during the financial year | Settled /expired during the financial year | As at 31 March 2016 |
|---|---|---|---|---|
| Brainhunter Systems Limited, Canada | - | 6,198.83 | - | 6,198.83 |
| MFX Infotech Private Limited | 300.00 | 600.00 | (300.00) | 600.00 |
| Aravon Services Private Limited | - | 700.00 | - | 700.00 |
| **Total** | **300.00** | **7,498.83** | **(300.00)** | **7,498.83** |

# Notes

to the standalone financial statements for the year ended 31 March 2017

**39.2** The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015, according to which the eligibility criteria of salary or wages has been increased from ₹ 10,000 per month to ₹ 21,000 per month (Section 2(13)) and the ceiling for computation of such salary or wages has been increased from ₹ 3,500 per month to ₹ 7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act, 2015 is effective retrospectively from 1 April 2014. Based on the same, the Company has computed the bonus for the year ended 31 March 2016 and 31 March 2017 aggregating to ₹ 4,440.46 lakhs and ₹ Nil respectively.

For the period ended 31 March 2015, the Company has obtained a legal opinion from an external lawyer and advised to take a position that the stay granted by the two High Courts of India on the retrospective application of the amendment would have a persuasive effect even outside the boundaries of the relevant states and accordingly no provision is currently required. The same if incurred by the Company will be billed back to customers including service charges.

## 40 Earnings per share

(Amount in ₹ lakhs, except number of shares and per share data)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Nominal value of equity shares (₹ per share) | 10 | 10 |
| Net profit after tax for the purpose of earnings per share (₹ in lakhs) | 9,021.01 | 7,855.38 |
| Weighted average number of shares used in computing basic earnings per share | 122,829,474 | 113,215,610 |
| **Basic earnings per share (₹)** | **7.34** | **6.94** |
| Weighted average number of shares used in computing diluted earnings per share | 124,693,775 | 115,421,839 |
| **Diluted earnings per share (₹)** | **7.23** | **6.81** |

**Computation of weighted average number of shares**

(Value in numbers)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| **Number of equity shares outstanding at beginning of the year** | **113,335,056** | **25,773,764** |
| **Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue** | | |
| - Adjustment of opening number of shares prior to right issue from 1 April 2015 to 22 December 2015 (25,773,764*1.09*265/366) | - | 20,395,438 |
| - Adjustment of opening number of shares post right issue from 22 December 2015 to 31 March 2016 (25,773,764*101/366) | - | 7,112,432 |
| **Add: Weighted average number of equity shares issued during the year** | | |
| - 12,618,297 number of equity shares issued on Initial Public Offer on 12 July 2016 for 263 days | 9,092,088 | - |
| - 795,398 number of equity shares issued under ESOP scheme on 4 October 2016 for 179 days | 390,072 | - |
| - 42,210 number of equity shares issued under ESOP scheme on 16 December 2016 for 106 days | 12,258 | - |
| - Right issue of 2,560,000 number of equity shares issued on 22 December 2015 for 101 days | - | 706,448 |
| - Bonus issue of 85,001,292 number of equity shares issued on 5 January 2016 | - | 85,001,292 |
| **Weighted average number of shares outstanding at the end of the year for computing basic earnings per share** | **122,829,474** | **113,215,610** |
| **Add: Impact of potentially dilutive equity shares** | | |
| - 1,891,920 number of ESOP at fair value | 1,864,301 | - |

(Value in numbers)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| - 2,729,428 number of ESOP including bonus at fair value | - | 2,206,229 |
| **Weighted average number of shares outstanding at the end of the year for computing diluted earnings per share** | **124,693,775** | **115,421,839** |

## 41 Earnings in foreign currency

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Staffing and recruitment services | 1,182.04 | 1,518.43 |
| Operation and maintenance | 557.78 | 1,270.75 |
| | **1,739.82** | **2,789.18** |

## 42 Segment reporting

The Chief Executive Officer and Managing Director of the company has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by service offerings. Accordingly, segment information has been presented for service offerings.

**Operating Segment**

The Company's business is concentrated in various service offerings like temporary staffing services, executive search, contingency recruitment, housekeeping and facility management services, food services, skill development and training services and accordingly, primary segment information is presented on the following service offerings:

**Reportable segment**

| | |
|---|---|
| People and services | It provides comprehensive staffing services and solutions including general staffing, recruitment and executive search, recruitment process outsourcing, as well as payroll, compliance and background verification services. |
| Global technology solutions | It provides IT staffing and technology solutions and products. |
| Integrated facility management | It provides services including janitorial services, electro-mechanical services, pest control as well as food and hospitality services. |
| Industrials | It provides industrial operations and maintenance services and related asset record maintenance services. |

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. The Company has a corporate center, which provides various accounting and administrative support functions. Segment information for this activity has been aggregated under "Unallocated". Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expenses, cost of material consumed, recruitment and training expenses, stores and tools consumed, sub-contractor charges and operating expenses that can be allocated on a reasonable basis to respective segments. Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such assets and liabilities and accordingly, these are separately disclosed as 'unallocated'. All fixed assets of the Company are located in India.

# Notes

to the standalone financial statements for the year ended 31 March 2017

**A Operating segment information for the period from 1 April 2016 to 31 March 2017 is as follows:**

(Amount in ₹ lakhs)

| Particulars | People and services | Global technology solutions | Integrated facility management | Industrials | Unallocated | Total |
|---|---|---|---|---|---|---|
| Segment revenue | 230,913.12 | 49,094.63 | 33,861.21 | 22,203.25 | - | 336,072.21 |
| Segment cost | (220,446.96) | (42,971.33) | (32,484.03) | (20,635.19) | - | (316,537.51) |
| **Segment result** | **10,466.16** | **6,123.30** | **1,377.18** | **1,568.06** | **-** | **19,534.70** |
| Other income | - | - | - | - | 1,612.10 | 1,612.10 |
| Finance charges | - | - | - | - | (3,890.30) | (3,890.30) |
| Unallocated corporate expenses | - | - | - | - | (3,420.02) | (3,420.02) |
| **Profit before taxation** | **10,466.16** | **6,123.30** | **1,377.18** | **1,568.06** | **(5,698.22)** | **13,836.48** |
| Taxation | - | - | - | - | (4,815.47) | (4,815.47) |
| **Profit after taxation** | **10,466.16** | **6,123.30** | **1,377.18** | **1,568.06** | **(10,513.69)** | **9,021.01** |
| Segment asset | 32,681.05 | 20,532.61 | 13,211.45 | 10,619.95 | 91,038.20 | 168,083.26 |
| Segment liabilities | 21,466.86 | 3,206.28 | 5,167.65 | 3,659.91 | 55,338.99 | 88,839.69 |
| Capital expenditure | 683.76 | 120.74 | 214.38 | 250.80 | 766.81 | 2,036.49 |

**Operating segment information for the period from 1 April 2015 to 31 March 2016 is as follows:**

(Amount in ₹ lakhs)

| Particulars | People and services | Global technology solutions | Integrated facility management | Industrials | Unallocated | Total |
|---|---|---|---|---|---|---|
| Segment revenue | 194,860.77 | 45,974.02 | 31,765.73 | 19,217.17 | - | 291,817.69 |
| Segment cost | (187,178.75) | (40,843.85) | (30,435.24) | (17,895.59) | - | (276,353.43) |
| **Segment result** | **7,682.02** | **5,130.17** | **1,330.49** | **1,321.58** | **-** | **15,464.26** |
| Other income | - | - | - | - | 909.90 | 909.90 |
| Finance charges | - | - | - | - | (2,708.63) | (2,708.63) |
| Unallocated corporate expenses | - | - | - | - | (2,583.33) | (2,583.33) |
| **Profit before taxation** | **7,682.02** | **5,130.17** | **1,330.49** | **1,321.58** | **(4,382.06)** | **11,082.20** |
| Taxation | - | - | - | - | (3,226.82) | (3,226.82) |
| **Profit after taxation** | **7,682.02** | **5,130.17** | **1,330.49** | **1,321.58** | **(7,608.88)** | **7,855.38** |
| Segment asset | 32,318.43 | 19,922.88 | 13,359.74 | 7,518.04 | 23,001.24 | 96,120.33 |
| Segment liabilities | 21,715.21 | 3,211.22 | 2,495.50 | 1,443.46 | 33,952.53 | 62,817.92 |
| Capital expenditure | 981.80 | 62.80 | 145.95 | 90.40 | 85.55 | 1,366.50 |

**B Geographic information**

The geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customer and segment assets which have been based on the geographical location of the assets.

(Amount in ₹ lakhs)

| Geographic segments | Revenue | | Non-current assets* | |
|---|---|---|---|---|
| | For the year ended | | As at | |
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| India | 334,332.39 | 289,028.50 | 53,619.68 | 91,970.26 |
| Other countries: | | | | |
| - Singapore | - | - | 5,900.00 | 1,100.00 |
| - Canada | - | - | 55.03 | 55.03 |
| - Philippines | - | - | 122.74 | 122.74 |
| - United States of America | 1,121.89 | 1,479.42 | 62.54 | 62.54 |
| - Germany | 60.15 | 39.01 | - | - |
| - Qatar | 557.78 | 1,270.75 | - | - |
| **Total** | **336,072.21** | **291,817.68** | **59,759.99** | **93,310.57** |

*Non-current assets exclude financial instruments and deferred tax assets. It primarily pertains to investment made in subsidiaries outside India.

**C Major customer**

None of the customers of the Company has revenue which is more than 10% of the Company's total revenue

## 43 Related party disclosures

**(i) Name of related parties and description of relationship:**

| | |
|---|---|
| - Ultimate Holding Company | Fairfax Financial Holdings Limited |
| - Holding Company | Thomas Cook (India) Limited |
| - Subsidiaries (including step subsidiaries) | Coachieve Solutions Private Limited |
| | MFX Infotech Private Limited |
| | Brainhunter Systems Ltd., Canada |
| | Mindwire Systems Ltd., Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.) |
| | Brainhunter Companies Canada Inc., Canada |
| | Brainhunter Companies LLC, USA |
| | Quess (Philippines) Corp. (formerly known as Magna 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. |

# Notes

## to the standalone financial statements for the year ended 31 March 2017

| | |
|---|---|
| | MFX Roanoke Inc., USA (merged with MFXchange US, Inc. effective 31 December 2015) |
| | Quess Lanka Private Limited (formerly known as Randstad Lanka Private Limited) |
| | Dependo Logistics Solutions Private Limited |
| | Inticore VJP Advanced Solutions Private Limited |
| | Comtel Solutions Pte Ltd |
| | CenterQ Business Solutions Private Limited |
| | Excelus Learning Solutions Private Limited |
| - Associates | Terrier Security Services (India) Private Limited |
| | Simpliance Technologies Private Limited |
| - Joint Venture of a subsidiary | Himmer Industrial Services (M) SDN. BHD. |
| - Fellow subsidiary | National Collateral Management Services Limited |
| - Entity having common directors | Net Resources Investments Private Limited |
| - Entities in which key managerial personnel have significant influence | Styracorp Management Services |
| | IME Consultancy |
| **Key executive management personnel** | |
| Ajit Isaac | Chairman & Managing Director & CEO |
| Subrata Kumar Nag | Executive, Whole-time Director & Chief Financial Officer (till 23 January 2017 and from 4 April 2017) |
| | Whole time Director (24 January 2017 to 4 April 2017) |
| Balasubramanian S | Chief Financial Officer (from 24 January 2017 to 4 April 2017) |
| N.V.S. Pavankumar | Company Secretary (till 28 November 2016) |
| Sudershan Pallap | Company Secretary (from 28 November 2016) |

### (ii) Related party transactions during the year

(Amount in ₹ lakhs)

| Particulars | | For the year ended | |
|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 |
| **Revenue from operations** | | | |
| | Thomas Cook (India) Limited | 1,389.91 | 1,704.12 |
| | MFX Infotech Private Limited | 7.18 | 36.05 |
| | National Collateral Management Services Limited | 1,978.05 | 1,016.74 |
| | Brainhunter Systems Ltd., Canada | - | 127.68 |
| | Terrier Security Services (India) Private Limited | 350.45 | - |
| **Other expenses** | | | |
| | Thomas Cook (India) Limited | 394.60 | 282.16 |
| | Net Resources Investments Private Limited | 300.14 | 314.21 |

(Amount in ₹ lakhs)

| Particulars | | For the year ended | |
|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 |
| | Aravon Services Private Limited | 9.22 | 10.96 |
| | MFX Infotech Private Limited | 157.50 | 38.68 |
| | Coachieve Solutions Private Limited | 588.83 | - |
| | Terrier Security Services (India) Private Limited | 14.21 | - |
| **Intangible assets under development** | | | |
| | MFX Infotech Private Limited | 711.37 | - |
| **Expenses incurred by the Company on behalf of related parties** | | | |
| | Coachieve Solutions Private Limited | 43.21 | 16.98 |
| | MFX Infotech Private Limited | 244.57 | 120.09 |
| **Payment made by related parties on behalf of the Company** | | | |
| | Brainhunter Systems Ltd., Canada | 235.38 | 2.90 |
| | Quess Corp (USA) Inc. | 13.92 | 22.54 |
| **Loans given to subsidiaries** | | | |
| | Coachieve Solutions Private Limited | 883.35 | 580.80 |
| | MFX Infotech Private Limited | 1,695.00 | 1,475.00 |
| | Aravon Services Private Limited | - | 400.00 |
| | Quessglobal (Malaysia) SDN. BHD. | - | 6.51 |
| | Dependo Logistics Solutions Private Limited | 37.95 | - |
| | Excelus Learning Solutions Private Limited | 170.00 | - |
| **Repayment/ Adjustment of loans given to subsidiaries** | | | |
| | Coachieve Solutions Private Limited | 836.13 | 166.90 |
| | MFX Infotech Private Limited | 2,107.80 | 400.00 |
| | Aravon Services Private Limited | - | 400.00 |
| | Quessglobal (Malaysia) SDN.BHD. | 6.51 | 65.76 |
| | Dependo Logistics Solutions Private Limited | 4.99 | |
| | Excelus Learning Solutions Private Limited | - | - |
| **Interest on loans charged to subsidiaries** | | | |
| | Coachieve Solutions Private Limited | 48.40 | 11.28 |
| | MFX Infotech Private Limited | 77.37 | 26.86 |
| | Aravon Services Private Limited | - | 6.30 |
| | Quess (Philippines) Corp. | - | 5.15 |
| | Excelus Learning Solutions Private Limited | 1.38 | - |
| | Dependo Logistics Solutions Private Limited | 0.36 | - |

# Notes

to the standalone financial statements for the year ended 31 March 2017

(Amount in ₹ lakhs)

| Particulars | | For the year ended | |
|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 |
| **Guarantees provided to banks on behalf of related parties** | | | |
| | Aravon Services Private Limited | - | 700.00 |
| | Brainhunter Systems Ltd., Canada | - | 6,198.83 |
| | MFX Infotech Private Limited | - | 600.00 |
| | Inticore VJP Advanced Solutions Private Limited | 500.00 | - |
| | Terrier Security Services (India) Private Limited | 2,200.00 | - |
| | Quesscorp Holdings Pte Ltd, Singapore | 12,186.45 | - |
| | Excelus Learning Solutions Private Limited | 788.47 | - |
| **Right renunciation** | | | |
| | Thomas Cook (India) Limited | ** | ** |
| | Ajit Isaac | ** | ** |

****Renunciation of right issues**

During the previous year ended 31 March 2017, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 10 each on right basis, in pursuance of the requirement of Section 62 of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules, 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Limited had resolved not to subscribe to the right issue and had obtained the shareholders approval on 12 December 2015 and accordingly, a resolution of renunciation was approved by the Board of Directors of the Thomas Cook (India) Limited vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour Net Resources Investments Private Limited. On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited.

**(iii) Balance receivable from and payable to related parties as at the balance sheet date:**

(Amount in ₹ lakhs)

| Particulars | | As at | | |
|---|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| **Trade receivables (gross of loss allowance)** | | | | |
| | Thomas Cook (India) Limited | 229.07 | 284.06 | 140.71 |
| | MFX Infotech Private Limited | - | 15.97 | - |
| | Net Resources Investments Private Limited | - | - | 2.15 |
| | Terrier Security Services (India) Private Limited | 2.44 | - | - |
| **Trade payables** | | | | |
| | Thomas Cook (India) Limited | - | 15.24 | 21.94 |
| | Aravon Services Private Limited | - | 10.96 | - |
| | Terrier Security Services (India) Private Limited | 0.31 | - | - |
| **Other current assets** | | | | |
| | MFX Infotech Private Limited | - | 172.57 | - |
| | Coachieve Solutions Private Limited | - | 16.98 | - |

(Amount in ₹ lakhs)

| Particulars | | As at | | |
|---|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| **Unbilled revenue** | | | | |
| | Thomas Cook (India) Limited | 92.68 | - | - |
| | Brainhunter Systems Ltd., Canada | - | 132.70 | - |
| **Loans** | | | | |
| | Coachieve Solutions Private Limited | 461.13 | 413.90 | 24.66 |
| | MFX Infotech Private Limited | 662.20 | 1,075.00 | 65.76 |
| | Quessglobal (Malaysia) SDN. BHD. | - | 6.51 | - |
| | Dependo Logistics Solutions Private Limited | 32.96 | - | - |
| | Excelus Learning Solutions Private Limited | 170.00 | - | - |
| **Other financial assets (interest receivable)** | | | | |
| | Coachieve Solutions Private Limited | 21.52 | 11.27 | - |
| | MFX Infotech Private Limited | 6.82 | 26.86 | - |
| | Quess (Philippines) Corp. | 5.15 | 5.15 | - |
| | Dependo Logistics Solutions Private Limited | 0.36 | - | - |
| | Excelus Learning Solutions Private Limited | 1.37 | - | - |
| **Other current liabilities** | | | | |
| | Brainhunter Systems Ltd., Canada | 25.27 | 3.02 | - |
| | Quess Corp (USA) Inc. | - | 22.14 | - |
| **Guarantees outstanding** | | | | |
| | Brainhunter Systems Limited, Canada | 6,198.83 | 6,198.83 | - |
| | MFX Infotech Private Limited | 600.00 | 600.00 | 300.00 |
| | Aravon Services Private Limited | 700.00 | 700.00 | - |
| | Terrier Security Services (India) Private Limited | 2,200.00 | - | - |
| | Excelus Learning Solutions Private Ltd | 788.47 | - | - |
| | Inticore VJP Advanced Systems Private Limited | 500.00 | - | - |
| | Quesscorp Holdings Pte Ltd | 12,186.45 | - | - |

## (iv) Compensation of key managerial personnel*

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Ajit Isaac | 167.12 | 145.20 |
| Subrata Kumar Nag | 104.38 | 90.75 |
| N.V.S.Pavan Kumar (from 26 March 2015 till 28 November 2016) | 20.09 | 27.40 |
| Balasubramanian. S. (from 24 January 2017 to 31 March 2017) | 25.00 | - |
| Sudershan Pallap (from 28 November 2016) | 15.00 | - |
| | **331.59** | **263.35** |

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Company as a whole.

### Terms and conditions

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

# Notes

to the standalone financial statements for the year ended 31 March 2017

## 44 Leases

**Operating Leases**

The Company has taken, offices and residential premises under operating leases. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are renegotiated at the time of renewal.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in ₹ lakhs)

| Particulars | As at | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Payable within 1 year | 256.96 | 598.24 |
| Payable between 1-5 years | 712.56 | 827.01 |
| Payable later than 5 years | 71.26 | 213.77 |

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Total rental expense relating to operating lease | 2,001.11 | 1,801.86 |
| - Non-cancellable | 583.19 | 623.30 |
| - Cancellable | 1,417.92 | 1,178.56 |

## 45 Assets and liabilities relating to employee benefits

(Amount in ₹ lakhs)

| Particulars | As at | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Net defined benefit liability, gratuity plan | 3,194.55 | 2,083.43 | 622.16 |
| Liability for compensated absences | 234.09 | 228.75 | 480.68 |
| **Total employee benefit liability** | **3,428.64** | **2,312.18** | **1,102.84** |
| Current | 2,044.07 | 1,736.33 | 488.89 |
| Non-current | 1,384.57 | 575.85 | 613.95 |
| | **3,428.64** | **2,312.18** | **1,102.84** |

The Company does not have any assets relating to employee benefits. For details about the related employee benefit expenses, see note 31.

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act,1972. It entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

### A Funding

The Company's gratuity scheme for core employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan.

The Company has determined that, in accordance with the terms and conditions of gratuity plan, and in accordance with statutory requirements (including minimum funding requirements) of the plan, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

**B Reconciliation of the net defined benefit liability/asset**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/asset and its components:

(Amount in ₹ lakhs)

| Particulars | As at | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| **Reconciliation of present value of the defined benefit obligation** | | |
| Obligation at the beginning of the year | 2,577.30 | 1,062.24 |
| Current service cost | 787.30 | 664.23 |
| Interest cost | 189.01 | 79.84 |
| Past service cost | - | 1,603.71 |
| Benefits settled | (147.26) | (146.69) |
| Actuarial (gains)/ losses recognised in other comprehensive income | | |
| - Changes in experience adjustments | 249.13 | (517.36) |
| - Changes in demographic assumptions | 63.99 | (103.38) |
| - Changes in financial assumptions | - | (65.29) |
| **Obligation at the end of the year** | **3,719.47** | **2,577.30** |
| **Reconciliation of present value of plan assets** | | |
| Plan assets at the beginning of the year, at fair value | 493.87 | 440.07 |
| Interest income on plan assets | 37.01 | 33.08 |
| Return on plan assets recognised in other comprehensive income | 3.83 | (30.05) |
| Contributions | 137.46 | 197.46 |
| Benefits settled | (147.25) | (146.69) |
| **Plan assets at the end of the year, at fair value** | **524.92** | **493.87** |
| **Net defined benefit liability** | **3,194.55** | **2,083.43** |

**C (i) Expense recognised in profit or loss**

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Current service cost | 787.30 | 664.23 |
| Interest cost | 189.01 | 79.84 |
| Past service cost | - | 1,603.71 |
| Interest income | (37.01) | (33.08) |
| **Net gratuity cost** | **939.30** | **2,314.70** |

**(ii) Remeasurement recognised in other comprehensive income**

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Remeasurement of the net defined benefit liability | 313.12 | (686.03) |
| Remeasurement of the net defined benefit asset | (3.83) | 30.05 |
| | **309.29** | **(655.98)** |

# Notes

to the standalone financial statements for the year ended 31 March 2017

### D Plan assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Funds managed by insurer | 524.92 | 493.87 | 440.07 |
| | **524.92** | **493.87** | **440.07** |

### E Defined benefit obligation - Actuarial Assumptions

| Particulars | For the year ended 31 March 2017 | 31 March 2016 | 31 March 2015 |
|---|---|---|---|
| Discount rate | 6.36% - 6.68% | 7.3% - 7.5% | 7.8% - 9.25% |
| Future salary growth | 6% - 7.5% | 6% - 7.5% | 6% - 10% |
| Attrition rate | 30% - 70% | 30% - 70% | 8% - 15% |
| Rate of return on planned assets | 6% - 7% | 6% - 7% | 6% - 7% |
| Average duration of defined benefit obligation (in years) | 3 | 3 | 3 |

### F Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

**Core employees**

(Amount in ₹ lakhs)

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 609.25 | 651.89 | 483.00 | 516.06 | 199.07 | 212.70 |
| Future salary growth (1% movement) | 649.82 | 610.64 | 514.93 | 483.63 | 211.82 | 199.33 |
| Attrition rate (1% movement) | 593.08 | 676.75 | 466.67 | 542.34 | 192.34 | 223.53 |

**Associate employees**

(Amount in ₹ lakhs)

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 3,039.65 | 3,141.11 | 2,044.29 | 2,114.49 | 842.56 | 871.49 |
| Future salary growth (1% movement) | 3,140.80 | 3,039.02 | 2,114.44 | 2,044.48 | 871.47 | 842.64 |
| Attrition rate (1% movement) | 2,814.61 | 3,472.69 | 1,893.99 | 2,337.34 | 780.62 | 963.34 |

## 46 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2017 based on the information received and available with the Company.

Also, the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

## 47 Employee stock options

**A Description of share based payment arrangement**

The Company has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options of its own shares to specified employees of the Company. The scheme was approved by the Board of Directors in its meeting held on 19 November 2009. The Option Scheme 2009 provides for the creation and issue of 5,200,000 (bonus adjusted) options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. The options have a vesting schedule over a three year period and are exercisable only upon the occurrence of the liquidity event. The scheme defines 'liquidity event' as an Initial Public Offering by the Company (or one of its subsidiaries) or dilution of voting right below majority of the existing shareholders. The exercise price of these stock options is ₹ 10. All outstanding options were vested as at 31 March 2015. As at 31 March 2017, the Company had 1,891,920 exercisable options outstanding [31 March 2016: 2,729,528 (bonus adjusted)]

The Company, pursuant to resolutions passed by the Board and its Shareholders resolutions dated 22 December 2015 and 23 December 2015, respectively, adopted Quess Corp Limited Employee Stock Option Scheme 2015 ("ESOP 2015"). Pursuant to ESOP 2015, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2015). The aggregate number of Equity Shares, which may be issued under ESOP 2015, shall not exceed 1,900,000 (bonus adjusted) equity shares. The Company has not granted any options till 31 March 2017 under ESOP 2015 scheme.

**B Measurement of fair values**

The Company does not have any unvested option as at 1 April 2015 under Employee Stock Option Scheme 2009. The Company has elected for the exemption of Employee Share based payment under Ind AS 101 and accordingly fair valuation of vested options prior to 1 April 2015 was not required.

**C Reconciliation of outstanding share options**

The number and weighted average exercise prices of share options under the share option plans were as follows:

| Particulars | For the year ended | | | |
|---|---|---|---|---|
| | 31 March 2017 | | 31 March 2016 | |
| | Number of Share options | Weighted average exercise price | Number of Share options | Weighted average exercise price |
| **Outstanding options as at the beginning of the year** | **2,729,528** | **10** | **871,000** | **10** |
| Less: Exercised during the year | (837,608) | 10 | - | - |
| Less: Lapsed/forfeited during the year | - | - | (188,618) | 10 |
| **Options exercisable as at the end of the year** | **1,891,920** | **10** | **682,382** | **10** |
| Add: Bonus impact on stock options outstanding | - | - | 2,047,146 | 10 |
| **Options vested and exercisable, end of the period (including bonus impact)** | **1,891,920** | **10** | **2,729,528** | **10** |

During the previous year, 188,618 options were forfeited and resultantly an amount of ₹ 12,655,982 was transferred from share option outstanding account to General Reserve. Further, as detailed in note 3, the Company has issued Bonus shares and accordingly, has passed a resolution vide its board meeting dated 22 December 2015 that the bonus will be equally applicable to the option holders at the time of exercise. Resultantly, 682,382 options were converted into 2,729,528 shares.

The options outstanding as at 31 March 2017 have an exercise price of ₹ 10 (31 March 2016: ₹ 10) and a weighted average remaining contractual life of 4.17 years (31 March 2016: 5.17 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 is ₹ 10 (2015-16: no options exercised)

# Notes

to the standalone financial statements for the year ended 31 March 2017

## 48 Details of non-current investments purchased and sold during the year:

**Investment in equity instruments**

(Amount in ₹ lakhs except number of shares data)

| Subsidiaries | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | Adjustment on account of corporate guarantee | As at 31 March 2017 |
|---|---|---|---|---|---|---|---|
| Quesscorp Holdings Pte Ltd | 6,711,398 | SGD 1 | 1,100.00 | 4,800.00 | - | 314.82 | 6,214.82 |
| Inticore VJP Advance Systems Private Limited | 28,400 | 1,232 | - | 349.89 | - | 2.49 | 352.38 |
| Dependo Logistics Solutions Private Limited | 10,000 | 10 | - | 1.00 | - | - | 1.00 |
| CenterQ Business Solutions Private Limited | 10,000 | 10 | - | 1.00 | - | - | 1.00 |
| Excelus Learning Solutions Private Limited | 10,000 | 10 | - | 1.00 | - | 16.43 | 17.43 |
| Terrier Security Services (India) Private Ltd | 245,000 | 2,939 | - | 7,200.00 | - | 11.00 | 7,211.00 |
| Simpliance Technologies Private Limited | 4,068 | 2,778 | - | 113.00 | - | - | 113.00 |

**Investment in preference shares**

(Amount in ₹ lakhs except number of shares data)

| Entity | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | As at 31 March 2017 |
|---|---|---|---|---|---|---|
| Manipal Integrated Services Private Limited | 4,036,697 | 545 | - | 22,000 | - | 22,000 |

**Details of non-current investments purchased and sold during the previous period (excluding interest on financial guarantee)**

**Investment in equity instrument**

(Amount in ₹ lakhs except number of shares data)

| Subsidiaries | No. of shares acquired | Face value per unit | As at 1 April 2015 | Purchased during the year | Sold during the year | Adjustment on account of corporate guarantee | As at 31 March 2016 |
|---|---|---|---|---|---|---|---|
| Aravon Services Private Limited* | 39,411,557 | ₹ 10 | - | - | - | 3.50 | 3.50 |
| QuessCorp Holdings Pte Ltd | 2,308,499 | SGD 1 | - | 1,100.00 | - | - | 1,100.00 |

** The value of 39,411,557 equity shares purchased during the year ending 31 March 2016 is ₹ 100.*

## 49 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹ lakhs)

| Particulars | SBN* | Other denomination notes | Total |
|---|---|---|---|
| **Closing cash in hand as on 8 November 2016** | **3.13** | **0.94** | **4.07** |
| Add: Permitted receipts | - | 31.02 | 31.02 |
| Less: Permitted payments | (0.06) | (1.72) | (1.78) |
| Less: Amount exchanged over the counter | (0.16) | - | (0.16) |
| Less: Amount deposited in banks | (2.91) | (24.88) | (27.79) |
| **Closing cash in hand as on 30 December 2016** | **-** | **5.36** | **5.36** |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016

**50** During the year ended 31 March 2015, the Company acquired 100% interest in Brainhunter Systems (Canada) Limited ("BSL") from ICICI Bank India. Prior to acquisition of BSL by the Company, equity shares of BSL were originally owned by Zylog Systems Limited ("ZSL") and were pledged in favour of ICICI Bank as security for loans availed by ZSL from ICICI Bank. ZSL defaulted on loan repayments and ICICI Bank invoked the pledge and sold the shares to the Company.

During the year ended 31 March 2015, the Company had received a notice from the official liquidator of Zylog, alleging that the acquisition of the equity shares of BSL by the Company was not in accordance with law and therefore void-ab-initio, as such sale and transfer of the equity shares of BSL had taken place subsequent to an order passed by the Honorable Madras High Court appointing the official liquidator for ZSL liquidation. Further, the Company has also received letter from the RBI stating its inability to take on record the transfer of the equity shares of BSL until the winding up proceedings of ZSL have been completed and resolved. The Company is of the view, that they have a strong case and has taken a legal opinion.

**The legal opinion reiterates that the case does not have merit and the sale is bonafide on the basis of the following:**

a. There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings.

b. ICICI Bank has enforced its security to realise its rights as a secured creditor and the sale is in compliance with Canadian law

c. That the sale of equity shares of Brainhunter is not prejudicial to the parties and that the same has been undertaken in accordance with the provisions of the law

The Company has also obtained legal opinion from Canadian law firm which has confirmed that the acquisition is appropriate from a Canadian jurisdiction perspective.

Based on the legal opinions the management believes that the acquisition of BSL is appropriate.

# Notes

**to the standalone financial statements for the year ended 31 March 2017**

## 51 First time adoption

As stated in note 2, these are the Company's first standalone financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2015 ("transition date"). For the year ended 31 March 2016, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP' or the 'Indian GAAP').

The accounting policies set out in note 2 have been applied in preparing these standalone Ind AS financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening standalone Ind AS balance sheet on the date of transition i.e. 1 April 2015.
In preparing its standalone Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in standalone financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its standalone financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

### A. Optional exemptions availed

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions.

**(i) Business combination:**

As per Ind AS, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements from that date. The Company has elected to apply Ind AS 103, Business combinations prospectively to business combinations occurred after 1 April 2015 i.e. the transition date. Business combinations occurred prior to the transition date have not been restated.

**(ii) Share based payments:**

Ind AS 101 allows a first-time adopter to elect not to apply Ind AS 102, Share-based payments to equity instruments that were vested before the transition date. Accordingly, the Company has elected the optional exemption.

**(iii) Property, plant and equipment and intangible assets:**

As per Ind AS 101 an entity may elect to:

(a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;

(b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
- fair value;
- or, cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(c) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS which are measured in accordance with previous GAAP.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. The Company has disclosed the net carrying amount of property, plant and equipment and intangible assets as its deemed cost as at the date of transition.

(iv) **Investments in subsidiaries, associates and joint ventures:**
Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries, associates and joint ventures at:

a) cost determined in accordance with Ind AS 27, Consolidated and Separate Financial Statements; or
b) deemed cost, which shall be its:
   i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
   ii) previous GAAP carrying value at that date.

The Company has chosen to avail the exemption provided by Ind AS 101 and value all its investments in subsidiaries at deemed cost being the previous GAAP carrying value at the transition date.

**B. Mandatory exceptions availed**

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

(i) **Estimates:**
An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments carried at fair value through profit and loss or fair value through other comprehensive income;
- Impairment of financial assets based on expected credit loss model and
- Determination of the discounted value for financial instruments carried at amortised cost.

Upon the assessment of the estimate made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, other than those which are required due to application of Ind AS.

(ii) **Derecognition of financial assets and liabilities:**
As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initially accounting for those transactions.

The Company has chosen to avail the exception to apply the derecognition provision of Ind AS 109 prospectively from the date of transition.

(iii) **Classification and measurement of financial assets:**
Ind AS 101 requires an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

# Notes

## to the standalone financial statements for the year ended 31 March 2017

**C. 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 ₹ lakhs)

| Particulars | Note | Balance Sheet as at 31 March 2016 | | | Balance Sheet as at 1 April 2015 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Adjustments | Ind AS | IGAAP | Adjustments | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 1,623.95 | - | 1,623.95 | 1,318.97 | - | 1,318.97 |
| Goodwill | a | 24.05 | (24.05) | - | 145.69 | (145.69) | - |
| Other intangible assets | | 8,672.86 | - | 8,672.86 | 9,229.77 | - | 9,229.77 |
| Intangible assets under development | | 85.55 | - | 85.55 | - | - | - |
| **Financial assets** | | | | | | | |
| (i) Investments | b | 1,560.30 | 128.10 | 1,688.40 | 460.30 | 1.50 | 461.80 |
| (ii) Non-current loans | c | 775.86 | (198.50) | 577.36 | 608.23 | (180.77) | 427.46 |
| (iii) Other non-current financial assets | | 205.16 | - | 205.16 | 37.47 | - | 37.47 |
| Deferred tax assets (net) | d | 2,159.28 | 782.91 | 2,942.19 | 278.67 | 628.00 | 906.67 |
| Income tax assets (net) | | 6,929.88 | - | 6,929.88 | 7,195.00 | - | 7,195.00 |
| Other non-current assets | c | 252.26 | 135.91 | 388.17 | 234.65 | 145.85 | 380.50 |
| **Total non-current assets** | | **22,289.15** | **824.37** | **23,113.52** | **19,508.75** | **448.89** | **19,957.64** |
| **Current Assets** | | | | | | | |
| Inventories | | 132.22 | - | 132.22 | 52.82 | - | 52.82 |
| **Financial assets** | | | | | | | |
| (i) Trade receivables | e | 34,623.21 | (2,225.01) | 32,398.20 | 21,566.66 | (1,661.60) | 19,905.06 |
| (ii) Cash and cash equivalents | | 8,420.77 | - | 8,420.77 | 6,489.42 | - | 6,489.42 |
| (iii) Bank balances other than cash and cash equivalents above | | 269.74 | - | 269.74 | 579.72 | - | 579.72 |
| (iv) Current loans | c | 2,625.69 | (11.59) | 2,614.10 | 1,031.84 | (14.47) | 1,017.37 |
| (v) Other current financial assets | | 66.84 | - | 66.84 | 16.73 | - | 16.73 |
| (vi) Unbilled revenue | | 27,479.00 | - | 27,479.00 | 12,954.68 | - | 12,954.68 |
| Other current assets | c | 1,564.91 | 61.03 | 1,625.94 | 577.44 | 42.06 | 619.50 |
| **Total current assets** | | **75,182.38** | **(2,175.57)** | **73,006.81** | **43,269.31** | **(1,634.01)** | **41,635.30** |
| **Total Assets** | | **97,471.53** | **(1,351.20)** | **96,120.33** | **62,778.06** | **(1,185.12)** | **61,592.94** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity Share Capital | | 11,333.51 | - | 11,333.51 | 2,577.38 | - | 2,577.38 |
| Other equity | f | 23,430.16 | (1,461.26) | 21,968.90 | 23,371.29 | (1,186.62) | 22,184.67 |
| **Total equity** | | **34,763.67** | **(1,461.26)** | **33,302.41** | **25,948.67** | **(1,186.62)** | **24,762.05** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| (i) Non-current borrowings | | 15.65 | - | 15.65 | - | - | - |
| (ii) Other non-current financial liabilities | | - | - | - | 66.67 | - | 66.67 |
| Non-current provisions | | 836.14 | - | 836.14 | 851.14 | - | 851.14 |
| **Total non-current liabilities** | | **851.79** | **-** | **851.79** | **917.81** | **-** | **917.81** |
| **Current liabilities** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| (i) Current borrowings | | 26,274.48 | - | 26,274.48 | 16,506.17 | - | 16,506.17 |
| (ii) Trade payables | | 1,592.60 | - | 1,592.60 | 1,231.65 | - | 1,231.65 |
| (iii) Other current financial liabilities | b | 22,236.93 | 110.06 | 22,346.99 | 8,758.23 | 1.50 | 8,759.73 |
| Current provisions | | 1,736.34 | - | 1,736.34 | 619.68 | - | 619.68 |
| Other current liabilities | | 10,015.72 | - | 10,015.72 | 8,795.85 | - | 8,795.85 |
| **Total current liabilities** | | **61,856.07** | **110.06** | **61,966.13** | **35,911.58** | **1.50** | **35,913.08** |
| **Total Liabilities** | | **62,707.86** | **110.06** | **62,817.92** | **36,829.39** | **1.50** | **36,830.89** |
| **Total Equity and Liabilities** | | **97,471.53** | **(1,351.20)** | **96,120.33** | **62,778.06** | **(1,185.12)** | **61,592.94** |

***Explanations for Reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS:***

***(a) Impairment of goodwill and reversal of amortisation***

The Company has availed the exemption under Ind AS 101 and accordingly business combinations prior to 1 April 2015 was not restated and goodwill is carried at cost. The Company has carried the impairment testing of goodwill as at 1 April 2015 and as the recoverable amount was less than the carrying value, goodwill is impaired leading to decrease in equity . As the goodwill is impaired on 1 April 2015, the amortisation on such goodwill amortised as per previous GAAP is reversed leading to an increase in income.

***(b) Investments/ Other financial liabilities***

Under Ind AS, the fair value of the financial guarantee given to subsidiaries is considered as deemed capital contribution by Company to its subsidiary since the guarantee has been provided by the Company in its capacity as a share holder and accounts for the issuance of the guarantee as a capital contribution to the subsidiary. Subsequently, this guarantee is to be measured at the higher of an amount determined based on the expected loss method (as per guidance in Ind AS 109) or the amount originally recognised less the cumulative amount recognised as income on a straight-line basis in accordance with Ind AS 18, Revenue.

***(c) Loans and other current assets - Security deposits***

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS.

Difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 210.09 lakhs as at 31 March 2016 (1 April 2015: ₹ 195.25 lakhs). The prepaid rent increased by ₹ 316.86 lakhs as at 31 March 2016 (1 April 2015: ₹ 187.91 lakhs). Total equity decreased by ₹ 7.33 lakhs as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 decreased by ₹ 61.60 lakhs due to amortisation of the prepaid rent and is partially off-set by the notional interest income of ₹ 55.79 lakhs recognised on security deposits.

***(d) Deferred taxes***

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12, Income taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for deferred tax on such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax liabilities is of ₹ 154.90 lakhs (1 April 2015: ₹ 629.00 lakhs).

***(e) Trade receivables***

Under Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection. The Company uses an allowance matrix to measure the expected credit loss over the last six quarters under which the Company impaired its trade receivables by ₹ 1661.59 lakhs on 1 April 2015 which has been eliminated against retained earnings. Impact of ₹ 563.42 lakhs for year ended on 31 March 2016 has been recognised in the statement of profit and loss.

***(f) Other equity***

Adjustments to retained earnings has been made in accordance with Ind AS, for the above mentioned line items. In addition, as per Ind AS 19, Employee benefits, actuarial gain and losses are recognised in other comprehensive income as compared to being recognised in the statement of profit and loss under IGAAP.

# Notes

to the standalone financial statements for the year ended 31 March 2017

**Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS**

(Amount in ₹ lakhs)

| Particulars | Note | Year ended 31 March 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Adjustments | Ind AS |
| **Income** | | | | |
| Revenue from operations | | 291,817.69 | - | 291,817.69 |
| Other income | g | 836.07 | 73.83 | 909.90 |
| **Total Income** | | **292,653.76** | **73.83** | **292,727.59** |
| **Expenses** | | | | |
| Cost of materials and stores and spare parts consumed | | 4,171.35 | - | 4,171.35 |
| Employee benefit expenses | h | 255,177.82 | 655.98 | 255,833.80 |
| Finance costs | | 2,708.63 | - | 2,708.63 |
| Depreciation and amortisation expenses | i | 1,645.32 | (121.64) | 1,523.68 |
| Other expenses | j | 16,782.92 | 625.01 | 17,407.93 |
| **Total expenses** | | **280,486.04** | **1,159.35** | **281,645.39** |
| **Profit before tax** | | **12,167.72** | **(1,085.52)** | **11,082.20** |
| **Tax expense** | | | | |
| Current tax | | (6,135.00) | - | (6,135.00) |
| Excess provision of tax relating to earlier years | | 645.64 | - | 645.64 |
| Deferred tax | k | 1,880.62 | 381.92 | 2,262.54 |
| **Profit for the year** | | **8,558.98** | **(703.60)** | **7,855.38** |
| **Other comprehensive income/ (expense)** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurements of the net defined benefit liability/assets | | - | 655.98 | 655.98 |
| Income tax relating to items that will not be reclassed to profit or loss | l | - | (227.02) | (227.02) |
| **Other comprehensive income/ (expense) for the year, net of income tax** | | **-** | **428.96** | **428.96** |
| **Total comprehensive income for the year** | | **8,558.98** | **(274.64)** | **8,284.34** |

***Explanations for Reconciliation of Profit or Loss as previously reported under IGAAP to Ind AS:***

***(g) Other income***

Adjustment in other income pertains to interest income on present valuation of financial instruments i.e on security deposits and financial guarantees given to subsidiaries as an Ind AS adjustment of security deposits and financial guarantee contracts.

***(h) Employee benefit expenses - Remeasurements of post employment defined benefit obligation***

Under Ind AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2016 decreased by ₹ 655.98 lakhs. There is no impact on the total equity as at 31 March 2016.

***(i) Depreciation and amortisation expenses***

Under Ind AS, acquired goodwill is not amortised as it has indefinite useful life and tested for impairment annually and when there is an indication of impairment the same is impaired whereas in Indian GAAP, purchased goodwill was amortised over 5 years. Therefore, on Ind AS transition the amortisation of goodwill as per IGAAP has been written back.

***(j) Other expenses***

Ind AS adjustments in relation to other expenses pertains to amortisation of prepaid rent recognised against security deposits and impairment loss recognised against trade receivables as per expected credit loss model.

***(k) Deferred tax***

Deferred tax adjustments has been made in accordance with Ind AS, under balance sheet approach for all the items which have differential book base from that of tax base and which temporarily gets reversed due to timing difference.

***(l) Other comprehensive income***

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

## 52 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions (if applicable) entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions (if any) are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

## 53 Details of loans given during the year under Section 186(4) of the Act:

**Movement for the year ended 31 March 2017**

(Amount in ₹ lakhs)

| Particulars | Balance as at 1 April 2016 | Loans given during the year | Repaid/adjusted during the year | Balance as at 31 March 2017 |
|---|---|---|---|---|
| MFX Infotech Private Limited | 1,075.00 | 1,695.00 | 2,107.80 | 662.20 |
| Coachieve Solutions Private Limited | 413.91 | 883.35 | 836.13 | 461.13 |
| Quessglobal (Malaysia) SDN.BHD | 6.51 | - | 6.51 | - |
| Dependo Logistics Solutions Private Limited | - | 37.95 | 4.99 | 32.96 |
| Excelus Learning Solutions Private Limited | - | 170.00 | - | 170.00 |
| **Total** | **1,495.42** | **2,786.30** | **2,955.43** | **1,326.29** |

The above unsecured loans are given to subsidiaries at an interest rate equivalent to Government Bond rate. The loan does not have any fixed term and are receivable on demand. Out of total repayment of ₹ 2,955.43 lakhs an amount of ₹ 873.92 lakhs has been adjusted against trade payables.

**Movement for the year ended 31 March 2016**

(Amount in ₹ lakhs)

| Particulars | Balance as at 1 April 2015 | Loans given during the year | Repaid/adjusted during the year | Balance as at 31 March 2016 |
|---|---|---|---|---|
| MFX Infotech Private Limited | - | 1,475.00 | 400.00 | 1,075.00 |
| Coachieve Solutions Private Limited | - | 580.80 | 166.90 | 413.90 |
| Quessglobal (Malaysia) SDN.BHD. | - | 6.51 | - | 6.51 |
| Aravon Services Private Limited | - | 400.00 | 400.00 | - |
| Quess (Phillipines) Corp | 65.76 | | 65.76 | - |
| **Total** | **65.76** | **2,462.31** | **1,032.66** | **1,495.41** |

The above unsecured loans are given to subsidiaries at an interest rate equivalent to Government Bond rate. The loan does not have any fixed term and are receivable on demand.

As per our report of even date attached

*for* **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

*for* and on behalf of the Board of Directors of
**Quess Corp Limited**

**Sd/-**
**Ajit Isaac**
Chairman & Managing Director & CEO
DIN: 00087168

Place: Bengaluru
Date: 16 May 2017

**Sd/-**
**Subrata Kumar Nag**
Executive, Whole-time Director & CFO
DIN: 02234000

**Sd/-**
**Sudershan Pallap**
Company Secretary
Membership No.: A14076

# Independent Auditor's Report

**To The Members of Quess Corp Limited**
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*

## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Quess Corp Limited *(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)* ("the Holding Company"), its subsidiaries (collectively referred to as "the Company" or "the Group"), its associates and joint venture (as listed in note 45 to the consolidated Ind AS financial statements) which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group, its associates and joint venture as at 31 March 2017 and their consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## Other matters

We did not audit the financial statements/ financial information of twenty subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 64,576 lakhs and net assets of ₹ 6,414 lakhs as at 31 March 2017, total revenues of ₹ 78,336 lakhs and net cash inflows amounting to ₹ 1,431 lakhs for the year ended on that date, as considered in these consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 67 lakhs for the year ended 31 March 2017, as considered in these consolidated Ind AS financial statements, in respect of two associates and a joint venture, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint venture, is based solely on the reports of the other auditors.

Seven of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to the consolidated Ind AS financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the financial statements/ financial information of such subsidiaries located outside India, is based solely on the aforesaid audit reports of these other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries, associates and joint venture as noted in the 'Other matters' paragraph, we report, to the extent applicable, that:

    (a) (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

    (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

    (c) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

    (d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;

    (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2017, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    (f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

    (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint venture as noted in the 'Other matters' paragraph:

        i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture. Refer note 24 and note 41 to the consolidated Ind AS financial statements;

        ii. the Group, its associates and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India; and

        iv. the Holding Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 of the Group companies, which are incorporated in India, as applicable and these are in accordance with the books of accounts maintained by the Group companies as applicable. Based on the audit procedures and relying on the management representation we report that the disclosure is in accordance with the books of accounts maintained by the Holding and Group companies and as produced by the management. Refer note 52 to the consolidated Ind AS financial statements.

*for* **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

**Sd/-**
Vineet Dhawan
*Partner*
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

# Annexure - A
**to the Independent Auditor's Report**

## Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Quess Corp Limited *(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)* ("the Holding Company"), its subsidiaries (collectively referred to as "the Company" or "the Group"), its associates and joint venture as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Quess Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED), its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and associate companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies incorporated in India, in terms of their report referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies and associate companies incorporated in India.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that, (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion and based on the consideration of the reports of the other auditors referred to in the 'Other Matters' paragraph below, the Holding Company, its subsidiary companies and associate companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven subsidiary companies and two associate companies, incorporated in India, is based solely on the corresponding reports of the auditors of such subsidiary companies and associate companies incorporated in India.

Our opinion is not modified in respect of the above matters.

*for* **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

**Sd/-**
Vineet Dhawan
*Partner*
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

# Consolidated Balance Sheet
as at 31 March 2017

(Amount in ₹ lakhs)

| Balance Sheet as at | Note | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| ASSETS | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 5,043.56 | 4,443.92 | 1,458.55 |
| Goodwill | 4 | 37,875.28 | 20,197.56 | 11,042.19 |
| Other intangible assets | 5 | 790.38 | 575.84 | 283.67 |
| Intangible assets under development | 5 | 771.68 | 239.07 | - |
| **Financial assets** | | | | |
| (i) Investments | 6 | 29,763.82 | 365.50 | - |
| (ii) Non-current loans | 7 | 1,433.41 | 408.90 | 394.58 |
| (iii) Other non-current financial assets | 8 | 131.13 | 217.40 | 43.30 |
| Deferred tax assets (net) | 9 | 4,799.58 | 6,138.72 | 3,964.89 |
| Income tax assets (net) | 9 | 11,780.15 | 7,309.47 | 7,231.43 |
| Other non-current assets | 10 | 563.30 | 613.66 | 428.17 |
| **Total non-current assets** | | **92,952.29** | **40,510.04** | **24,846.78** |
| **Current assets** | | | | |
| Inventories | 11 | 572.74 | 182.77 | 52.82 |
| **Financial assets** | | | | |
| (i) Trade receivables | 12 | 44,684.60 | 40,527.69 | 23,801.61 |
| (ii) Cash and cash equivalents | 13 | 30,127.19 | 10,664.22 | 7,602.77 |
| (iii) Bank balances other than cash and cash equivalents above | 14 | 15,833.46 | 271.08 | 579.72 |
| (iv) Current loans | 15 | 2,302.32 | 1,738.87 | 1,005.88 |
| (v) Other current financial assets | 16 | 259.86 | 23.77 | 16.73 |
| (vi) Unbilled revenue | 17 | 38,682.58 | 28,732.80 | 15,019.97 |
| Other current assets | 18 | 2,619.01 | 2,353.42 | 696.98 |
| **Total current assets** | | **135,081.76** | **84,494.62** | **48,776.48** |
| **Total Assets** | | **228,034.05** | **125,004.66** | **73,623.26** |
| EQUITY AND LIABILITIES | | | | |
| **Equity** | | | | |
| Equity share capital | 19 | 12,679.10 | 11,333.51 | 2,577.38 |
| Other equity | 20 | 70,938.29 | 24,328.77 | 24,329.49 |
| **Total equity attributable to equity holders of the Company** | | **83,617.39** | **35,662.28** | **26,906.87** |
| Non-controlling interests | 21 | 88.20 | - | - |
| **Total equity** | | **83,705.59** | **35,662.28** | **26,906.87** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| **Financial liabilities** | | | | |
| (i) Non-current borrowings | 22 | 27,444.87 | 3,548.14 | - |
| (ii) Other non-current financial liabilities | 23 | 13,279.03 | 2,918.31 | 66.67 |
| Non-current provisions | 24 | 2,254.62 | 1,417.83 | 851.14 |
| **Total non-current liabilities** | | **42,978.52** | **7,884.28** | **917.81** |
| **Current liabilities** | | | | |
| **Financial liabilities** | | | | |
| (i) Bank overdraft | 13 | 34.22 | 385.66 | - |
| (ii) Current borrowings | 25 | 45,565.52 | 33,900.11 | 22,042.67 |
| (iii) Trade payables | 26 | 6,314.45 | 6,737.45 | 4,172.75 |
| (iv) Other current financial liabilities | 27 | 28,638.61 | 26,295.05 | 9,973.39 |
| Income tax liabilities (net) | 9 | 823.72 | - | - |
| Current provisions | 28 | 2,272.23 | 1,969.09 | 620.50 |
| Other current liabilities | 29 | 17,701.19 | 12,170.74 | 8,989.27 |
| **Total current liabilities** | | **101,349.94** | **81,458.10** | **45,798.58** |
| **Total Liabilities** | | **144,328.46** | **89,342.38** | **46,716.39** |
| **Total Equity and Liabilities** | | **228,034.05** | **125,004.66** | **73,623.26** |

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached
*for* **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

*for* and on behalf of the Board of Directors of
**Quess Corp Limited**

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

**Sd/-**
**Ajit Isaac**
Chairman & Managing Director & CEO
DIN: 00087168

**Sd/-**
**Subrata Kumar Nag**
Executive, Whole-time Director & CFO
DIN: 02234000

**Sd/-**
**Sudershan Pallap**
Company Secretary
Membership No.: A14076

Place: Bengaluru
Date: 16 May 2017

Place: Bengaluru
Date: 16 May 2017

# Consolidated Statement of Profit and Loss

**For the year ended 31 March 2017**

(Amount in ₹ lakhs except per share data)

| For the year ended | Note | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 30 | 415,735.95 | 343,501.42 |
| Other income | 31 | 1,525.20 | 905.16 |
| **Total income** | | **417,261.15** | **344,406.58** |
| **Expenses** | | | |
| Cost of material and stores and spare parts consumed | 32 | 4,687.77 | 4,814.04 |
| Employee benefit expenses | 33 | 354,350.85 | 300,692.06 |
| Finance costs | 34 | 4,653.28 | 3,104.27 |
| Depreciation and amortisation expenses | 35 | 2,644.20 | 1,439.01 |
| Other expenses | 36 | 34,417.22 | 22,887.07 |
| **Total expenses** | | **400,753.32** | **332,936.45** |
| **Profit before share of profit of equity accounted investees and income tax** | | **16,507.83** | **11,470.13** |
| Share of profit/(loss) of equity accounted investees (net of income tax) | 6 | 12.46 | - |
| **Profit before tax** | | **16,520.29** | **11,470.13** |
| **Tax expense** | | | |
| Current tax | 9 | (3,720.74) | (6,245.80) |
| Excess provision of tax relating to earlier years | 9 | - | 645.64 |
| Deferred tax | 9 | (1,455.11) | 2,248.03 |
| **Total tax expenses** | | **(5,175.85)** | **(3,352.13)** |
| **Profit for the year** | | **11,344.44** | **8,118.00** |
| **Other comprehensive income** | | | |
| ***Items that will not be reclassified to profit or loss*** | | | |
| Remeasurement of the net defined benefit liability/asset | 47 | (340.47) | 632.19 |
| Income tax relating to items that will not be reclassified to profit or loss | 9 | 106.72 | (225.38) |
| Share of other comprehensive income of equity accounted investees (net of income tax) | 6 | 54.44 | - |
| ***Items that will be reclassified to profit or loss*** | | | |
| Exchange differences in translating financial statements of foreign operations | | (333.91) | (25.41) |
| Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **Total other comprehensive income, net of tax** | | **(513.22)** | **381.40** |
| **Total comprehensive income for the year** | | **10,831.22** | **8,499.40** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 11,346.07 | 8,118.00 |
| Non-controlling interests | | (1.63) | - |
| **Total profit for the year** | | **11,344.44** | **8,118.00** |
| **Other comprehensive income attributable to:** | | | |
| Owners of the Company | | (513.22) | 381.40 |
| Non-controlling interests | | - | - |
| **Total other comprehensive income** | | **(513.22)** | **381.40** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 10,832.85 | 8,499.40 |
| Non-controlling interests | | (1.63) | - |
| **Total comprehensive income** | | **10,831.22** | **8,499.40** |
| **Earnings per equity share (face value of ₹ 10 each)** | | | |
| Basic (in ₹) | 42 | 9.24 | 7.17 |
| Diluted (in ₹) | 42 | 9.10 | 7.03 |

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

*for* and on behalf of the Board of Directors of
**Quess Corp Limited**

**Sd/-**
**Ajit Isaac**
Chairman & Managing Director & CEO
DIN: 00087168

**Sd/-**
**Subrata Kumar Nag**
Executive, Whole-time Director & CFO
DIN: 02234000

**Sd/-**
**Sudershan Pallap**
Company Secretary
Membership No.: A14076

Place: Bengaluru
Date: 16 May 2017

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2017

## (A) Equity share capital

(Amount in ₹ lakhs)

| Particulars | Note | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| Opening balance | 19 | 11,333.51 | 2,577.38 |
| Changes in equity share capital | 19 | 1,345.59 | 8,756.13 |
| **Closing balance** | | **12,679.10** | **11,333.51** |

## (B) Other equity

(Amount in ₹ lakhs)

| Particulars | Note | Reserves and surplus | | | | | | Other comprehensive income | Total attributable to equity holders of the Company | Attributable to non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Securities premium | Retained earnings | General reserve | Stock options outstanding account | Debenture redemption reserve | Foreign currency translation reserve | Remeasurement of defined benefit liabilities/ (assets) | | | |
| **Balance as of 1 April 2015** | | **12,583.29** | **11,170.95** | **-** | **561.37** | **-** | **13.88** | **-** | **24,329.49** | **-** | **24,329.49** |
| Less: Amount utilized for issue of bonus shares | 19.1 (iii) | (8,500.13) | - | - | - | - | - | - | (8,500.13) | - | (8,500.13) |
| Add: Profit for the year | | - | 8,118.00 | - | - | - | - | | 8,118.00 | - | 8,118.00 |
| Less: Transfer to general reserve on forfeiture of stock options | 48 | - | - | 126.56 | (126.56) | - | - | - | - | - | - |
| Add: Exchange differences on translation of foreign operations | | - | - | - | - | - | (25.41) | - | (25.41) | - | (25.41) |
| Add: Other comprehensive income (net of tax) | | - | - | - | - | - | - | 406.81 | 406.81 | - | 406.81 |
| **Balance as of 31 March 2016** | | **4,083.16** | **19,288.95** | **126.56** | **434.81** | **-** | **(11.53)** | **406.81** | **24,328.77** | **-** | **24,328.77** |
| **Balance as of 1 April 2016** | | **4,083.16** | **19,288.95** | **126.56** | **434.81** | **-** | **(11.53)** | **406.81** | **24,328.77** | **-** | **24,328.77** |
| Add: Premium received on issue of equity shares | 19 | 38,738.18 | - | - | - | - | - | - | 38,738.18 | - | 38,738.18 |
| Less: Share issue expenses | 20 | (2,961.53) | - | - | - | - | - | - | (2,961.53) | - | (2,961.53) |
| Add: Acquisition of subsidiary with non-controlling interests | 21 | - | - | - | - | - | - | - | - | 89.83 | 89.83 |
| Add: Profit for the year | | - | 11,346.07 | - | - | - | - | - | 11,346.07 | (1.63) | 11,344.44 |
| Less: Premium on allotment of ESOP | 48 | 345.79 | - | - | (345.79) | - | - | - | - | - | - |
| Add: Exchange differences on translation of foreign operations | | - | - | - | - | - | (333.91) | - | (333.91) | - | (333.91) |
| Add: Share of other comprehensive income in equity accounted investees (net of tax) | 6 | - | - | - | - | - | - | 54.44 | 54.44 | - | 54.44 |
| Add: Other comprehensive income (net of tax) | | - | - | - | - | - | - | (233.75) | (233.75) | - | (233.75) |
| Add: Transfer to debenture redemption reserve | 20 | - | (187.50) | - | - | 187.50 | - | - | - | - | - |
| **Balance as of 31 March 2017** | | **40,205.60** | **30,447.55** | **126.56** | **89.02** | **187.50** | **(345.44)** | **227.50** | **70,938.29** | **88.20** | **71,026.49** |

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

*for* and on behalf of the Board of Directors of
**Quess Corp Limited**

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

**Sd/-**
**Ajit Isaac**
Chairman & Managing Director & CEO
DIN: 00087168

**Sd/-**
**Subrata Kumar Nag**
Executive, Whole-time Director & CFO
DIN: 02234000

**Sd/-**
**Sudershan Pallap**
Company Secretary
Membership No.: A14076

Place: Bengaluru
Date: 16 May 2017

Place: Bengaluru
Date: 16 May 2017

# Consolidated Statement of Cash Flows

**For the year ended 31 March 2017**

(Amount in ₹ lakhs)

| For the year ended | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before tax | 16,520.29 | 11,470.13 |
| **Adjustments for:** | | |
| Depreciation and amortisation expenses | 2,644.20 | 1,439.01 |
| Dividend income on mutual fund units | (166.26) | - |
| Bad debts written off | 710.59 | - |
| Deposits/ advances written off | - | 136.98 |
| Liabilities no longer required written back | (32.40) | (161.31) |
| Impairment loss on financial assets | (85.25) | 788.85 |
| Interest income | (1,244.39) | (700.05) |
| Finance costs | 4,653.28 | 3,104.27 |
| Change in fair value of contingent consideration | (44.69) | - |
| Loss/ (Profit) on sale of property, plant and equipment and intangible assets, net | 15.16 | (0.95) |
| Unrealised forex exchange loss | 9.77 | 13.05 |
| Share of profit of equity accounted investees | (12.46) | - |
| **Operating cash flows before working capital changes** | **22,967.84** | **16,089.98** |
| **Changes in** | | |
| Inventory | (372.48) | (100.84) |
| Trade receivables and security deposits | 1,218.09 | (16,099.95) |
| Other current, non-current, unbilled revenue and financial assets | (8,278.33) | (14,884.04) |
| Trade payables and other financial liabilities | (3,981.27) | 15,880.59 |
| Other liabilities and provisions | 3,828.95 | (1,015.96) |
| **Cash generated from operating activities** | **15,382.80** | **(130.22)** |
| Income taxes paid (net) | (8,022.43) | (4,822.26) |
| **Net cash provided by/ (used in) operating activities (A)** | **7,360.37** | **(4,952.48)** |
| **Cash flows from investing activities** | | |
| Acquisition of property, plant and equipment and intangibles | (3,791.69) | (2,255.17) |
| Acquisition of shares in subsidiaries net of acquisition date cash and cash equivalents | (9,330.36) | 1,144.07 |
| Acquisition of shares in equity accounted investees | (7,320.42) | - |
| Investment in preference shares | (22,000.00) | - |
| Dividend received on mutual fund units | 166.26 | - |
| Bank deposits (having original maturity of more than three months), net | (15,448.83) | 150.41 |
| Interest received on term deposits | 892.27 | 63.42 |
| Loan given to related parties, net of repayments | (692.11) | - |
| Interest received on loans given to related parties | 11.80 | - |
| Payment to erstwhile minority shareholders | (66.67) | (66.67) |
| **Net cash used in investing activities (B)** | **(57,579.75)** | **(963.94)** |
| **Cash flows from financing activities** | | |
| Borrowings - vehicle loan taken | 78.31 | 25.17 |
| Borrowings - vehicle loan repaid | (29.99) | (16.23) |
| Current borrowings, net of repayments | 11,704.24 | 8,741.58 |
| Proceeds from issue of debentures, net of issue expenses | 14,833.13 | - |
| Proceeds from issue of equity shares, net of issue expenses | 37,038.47 | 256.00 |
| Proceeds from exercise of share options | 83.76 | - |
| Proceeds from term loan | 10,724.94 | 2,049.20 |
| Repayment of term loan | (314.72) | - |
| Proceeds/ (repayment) under finance leases, net | 335.27 | 401.09 |
| Proceeds from loans taken from related parties | 35.19 | 209.23 |
| Repayment of loans to related parties | (106.79) | (41.30) |
| Interest paid | (4,300.20) | (3,040.05) |
| **Net cash provided by financing activities (C)** | **70,081.61** | **8,584.69** |
| **Net increase in cash and cash equivalents (A+B+C)** | **19,862.23** | **2,668.27** |
| Cash and cash equivalents at the beginning of the year | 10,278.56 | 7,602.77 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (47.82) | 7.52 |
| **Cash and cash equivalents at the end of the year (refer note 13)** | **30,092.97** | **10,278.56** |

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

*for* and on behalf of the Board of Directors of
**Quess Corp Limited**

**Sd/-**
**Ajit Isaac**
Chairman & Managing Director & CEO
DIN: 00087168

**Sd/-**
**Subrata Kumar Nag**
Executive, Whole-time Director & CFO
DIN: 02234000

**Sd/-**
**Sudershan Pallap**
Company Secretary
Membership No.: A14076

Place: Bengaluru
Date: 16 May 2017

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

## 1 Company overview

Quess Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED) ("the Company") together with its subsidiaries, collectively referred to as the "Group", is a public limited company incorporated and domiciled in India. The registered office of the Company is located at Bengaluru, Karnataka, India. These consolidated Ind AS financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates and joint venture. The Group is engaged in the business of providing services in global technology solutions, people and services, integrated facility management and industrials, segments.

The Company changed its name to Quess Corp Limited effective from 2 January 2015. The Company under took an intial public offer of equity shares and subsidquently got it shares listed on Bombay Sock Exchange (BSE) and National Stock Exchange (NSE) effective 12 July 2016.

With effect from 14 May 2013, Thomas Cook (India) Limited ("TCIL") has become the parent company and Fairfax Financial Holdings Limited ("FFHL") has become the ultimate holding company of the Company.

## 2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated Ind AS financial statements. Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

### 2.1 Basis of accounting and preparation of Consolidated Ind AS financial statements

**Statement of compliance:**

These consolidated Ind AS financial statements are prepared in accordance with Indian Accounting Standards ("Ind AS") and the provisions of the Companies Act, 2013 ("Act") and the relevant rules thereunder. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Group's consolidated financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Act and other provisions of the Act ("Indian GAAP" or "Previous GAAP").

The Group has adopted all the relevant Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("IGAAP"), which was the Previous GAAP and an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 55.

The Group's consolidated Ind AS financial statements are approved for issue by the Company's Board of Directors on 16 May 2017.

These consolidated Ind AS financial statements are presented in Indian Rupees ("₹"), which is also the Group's functional currency and all amounts have been rounded-off to the nearest lakhs, otherwise stated.

### 2.2 Basis of measurement

The consolidated Ind AS financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following:

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Share based payment transactions measured at fair value;
iii. Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations; and ("DBO")
iv. Contingent consideration in business combination measured at fair value

**2.3 Use of estimates and judgement**

The preparation of the consolidated Ind AS financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated Ind AS financial statements is included in the following notes:

*i.* ***Contingent liabilities:*** Contingent liabilities are not recognised in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs (except, in the extremely rare circumstances where no reliable estimate can be made).

*ii.* ***Income taxes:*** Significant judgements are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

*iii.* ***Recognition of deferred tax assets:*** Availability of future taxable profit against which tax losses carried forward can be used.

*iv.* ***Measurement of defined benefit obligations:*** Key actuarial assumptions used for actuarial valuation.

*v.* ***Impairment of financial assets:*** The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments.

*vi.* ***Property, plant and equipment:*** Useful life of asset.

*vii.* ***Investment in preference shares:*** Estimation of fair value of unlisted preference shares.

*viii.* ***Business combinations and intangible assets:*** Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

*ix.* ***Other estimates:*** The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

**2.4 Measurement of fair values**

Some of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 2.5 Basis of consolidation

### a) Business combinations

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS viz. Ind AS 103, Business Combinations, on the business combinations accounted on or after 1 April 2015. For the business combinations occurred on or after 1 April 2015, in accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date). Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationship with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is re-measured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as the case may be.

### b) Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities ("net assets") acquired exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

In respect of such business combinations that occurred prior to 1 April 2015, goodwill is included on the basis of its deemed cost, which represents the amount recorded under the Group's Previous GAAP or Indian GAAP.

### c) Intangible assets

Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The amortisation of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated and is included in depreciation and amortisation expenses in the consolidated statements of profit and loss. The estimated useful life of amortisable intangibles are reviewed and where appropriate are adjusted, annually.

### d) Subsidiaries

Subsidiaries are the entities controlled by the Group. The consolidated Ind AS financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in note 45. Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group. Non-controlling interests (NCI) which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Group, are excluded.

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

In case where the Group has written a put option with NCI in an existing subsidiary on their equity interest in that subsidiary then the Group evaluates access to the returns associated with the ownership interest. In case NCI still have present access to returns associated with the underlying ownership interest, then the Group has elected to account for put option as per the anticipated-acquisition method. Under the anticipated-acquisition method the put option is accounted for as an anticipated acquisition of the underlying NCI. This is independent of how the exercise price is determined (e.g. fixed or variable) and how likely it is that the option will be exercised. Subsequent to initial recognition, any changes in the carrying amount of the put liability is accounted through profit and loss account.

Change in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**e) Equity accounted investees**

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

Associates are entities over which the group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method of accounting. The investment is initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases. The Group's investment in equity accounted investees includes goodwill identified on acquisition.

## 2.6 Functional and presentation currency

Items included in the consolidated Ind AS financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupees ("₹"), which is also the Company's functional currency.

## 2.7 Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any.

Cost of an item of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the items to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

***Transition to Ind AS***

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated on cost of the items of property, plant and equipment less their estimated residual values over their estimated useful lives using the Straight Line Method ('SLM'), and is recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. The Management believes that the useful lives as given below best represent the period over which management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act ,2013. Depreciation for assets purchased/ sold during the year is proportionately charged. The Group estimated the useful lives for items of property, plant and equipment as follows:

| Asset category | Estimated useful life |
|---|---|
| Leasehold improvements | Lease term or estimated useful life, whichever is lower |
| Leasehold computer equipments | Lease term or estimated useful life, whichever is lower |
| Buildings | 20 years |
| Plant and machinery | 3 years |
| Computer equipments | 3 years |
| Furniture and Fixtures | 4 - 7 years |
| Office equipment | 4 - 5 years |
| Vehicles | 3 years |
| Computer (data server) | 7 years |

The assets residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

**2.8 Goodwill and other intangible assets**

**(i) Goodwill**

For measurement of goodwill that arises on a business combination refer note 2.5. Subsequent measurement of goodwill that arises on business combination is at carrying cost less any accumulated impairment losses.

In respect of such business combinations that occurred prior to 1 April 2015, goodwill is included on the basis of its deemed cost, which represents the amount recorded under the Group's Previous GAAP.

**(ii) Other intangible assets**

*Internally generated: Research and development*

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software includes employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

*Others*
Other intangible assets including those acquired by the Group in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**(iii) Subsequent expenditure**
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as and when incurred.

***Transition to Ind AS***
On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such intangible assets .

**(iv) Amortisation**
Goodwill is not amortised and is tested for impairment annually.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation expenses in statement of profit and loss.

The estimated useful lives of intangibles are as follows:

| Asset category | Estimated useful life |
|---|---|
| Software (leasehold) | Lease term or estimated useful life, whichever is lower |
| Software (owned) | 3 years |
| Copyright and trademarks | 3 years |

The assets' residual value and useful life are review and adjusted if appropriate at the end of each reporting period.

# Notes

## to the Consolidated financial statements for the year ended 31 March 2017

### 2.9 Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

### 2.10 Leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are generally charged to profit or loss on a straight-line basis over the period of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 2.11 Inventories

Inventories (Raw materials and stores and spares) which comprise of food consumables, operating supplies and cleaning consumables are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The comparison of cost and net realisable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolete, damaged or slow moving items. The Group assess the obsolescence of inventory on a quarterly basis.

### 2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is exposed to the significant risks and rewards associated with rendering of services.

When the outcome of the contract cannot be measured reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

When services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue represents revenue earned in excess of amounts billed.

a) **People and services:**
Revenue related to staffing services i.e. salary and incidental expenses of temporary associates along with the service charges are recognised in accordance with the agreed terms and recognised as the related services are performed.

Revenue related to recruitment services are recognised at the time the candidate begins full time employment.

Revenue related to executive research and trainings are recognised upon rendering of the service.

Revenue from training services is recognised prorated over the period of training.

b) **Global Technology Solutions:**
Revenue related to staffing services i.e. salary and incidental expenses of employees of Information Technology/ Information Technology Enabled Services along with the service charges are recognised in accordance with the agreed terms and recognised as the related services are performed.

c) **Integrated Facility Management:**
Revenue from Integrated Facility Management and food services are at a fixed rate and are recognised as per the terms of the arrangement with the customers.

d) **Industrials:**
Revenue from operation and maintenance services are primarily earned on a fixed rate basis and are recognised as per the terms of the arrangement with the customer. Certain arrangements are on time and material basis and are recognised as the services are performed as per the terms of the arrangement with the customer.

e) **Software and solutions business:**
Revenue from information technology primarily includes co-location, which includes the licensing of cabinet space and power, interconnection offerings; managed infrastructure services and application management services. Revenue is recognised ratably in accordance with the agreed terms of the contract with the customers.

**2.13 Other income**

Other income is comprised primarily of interest income, dividend income and exchange gain/ loss on translation of foreign currency assets and liabilities.

Interest income or expense is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

**2.14 Foreign currency transactions and balances**

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognised in profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign currency transactions are translated into the functional currency using the exchange rates in effect on the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

The assets and liabilities of foreign operations (subsidiaries and joint venture) including goodwill and fair value adjustments arising on acquisition, are translated into ₹ the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

**2.15 Financial instruments**

**a) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**b) Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair Value through other comprehensive income (FVOCI) - debt investment;
- Fair Value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets: Subsequent measurement and gains and losses**

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss. |

**c) Impairment of financial assets**

The Group assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Group determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is

# Notes

## to the Consolidated financial statements for the year ended 31 March 2017

used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

**d) Derecognition of financial assets**

The Group derecognizes a financial asset when the

- contractual rights to the cash flows from the financial asset expires, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or
- Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Financial liabilities**

**a) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss (FVTPL) or amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**b) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at FVTPL.

***Amortised cost***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**c) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**2.16 Employee benefits**

**(a) Defined benefit plans**

The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurement of the net defineed liablity or asset (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

**(b) Short-term benefit plans**

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g. short term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employees, and the amount of obligation can be estimated reliably.

**(c) Compensated absences**

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the Projected Unit Credit Method as at the reporting date.

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## to the Consolidated financial statements for the year ended 31 March 2017

**(d) Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

**(e) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes cost for restructuring. If the benefits are not expected to be settled wholly within 12 months of reporting date, then they are discounted.

### 2.17 Share-based payments

Employees of the Group receive remuneration in the form of equity settled instruments of the Company, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the statement of profit and loss with a corresponding increase to the share based payment reserve, a component of equity. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

### 2.18 Taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss at the time of the transaction.
- temporary investments related to investment in subsidiaries , associates and joint arrangements to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be realized. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**2.19 Provisions (other than employee benefits)**

A provision is recognised if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre -tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

***(i) Onerous contract***

A contract is considered to be onerous when the expected economic benefit to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognizes any impairment loss on the assets associated with the contract.

**2.20 Contingent liability**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are disclosed in the financial statements if an inflow of economic benefits is probable.

**2.21 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**2.22 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/ loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**2.23 Earnings per share**

The basic earnings per share is computed by dividing the net profit/ (loss) attributable to owners of the Group for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (loss) per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

**2.24 Segment reporting**

Based on the "management approach" as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. People and services, Integrated facility management, Global technology solutions and Industrials.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

**2.25 Impairment**

**(a) Financial assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Group determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk, rather it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

**(b) Non-financial assets**

**Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in net profit in the statement of profit and loss and is not reversed in the subsequent period.

**2.26 Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.27 New Recent accounting pronouncements**

**(a) Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows', Ind AS 102, 'Share-based payment' and Ind AS 115, 'Revenue from contracts with customers'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows', IFRS 2, 'Share-based payment,' and IFRS 15,' Revenue from contracts with customer' respectively. The amendments are applicable to the company from 1 April 2017.

**Amendment to Ind AS 7**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment is applicable to the group from 1 April 2017.

The Group is evaluating the requirements of the amendment and the effect on the consolidated Ind AS financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The impact of the above stated amendment to Group is Nil as the same is not applicable to Group.

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115, Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015.

The standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions - and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard has been currently deferred. The Group is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

## 3 Property, plant and equipment

(Amount in ₹ lakhs)

| Particulars | Buildings | Leasehold improvements | Furniture and fixtures | Vehicles | Office equipment | Plant and machinery | Computer equipment | Computer equipment - leased | Total Property, plant and equipment | Capital work-in-progress | Total Property, plant and equipment and capital work in progress |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Deemed cost at 1 April 2015*** | **-** | **132.52** | **233.86** | **18.48** | **408.48** | **297.61** | **367.60** | **-** | **1,458.55** | **-** | **1,458.55** |
| Additions through business combination | - | 1,956.46 | 283.61 | 58.78 | 596.61 | 200.88 | 62.86 | 3,156.02 | 6,315.22 | - | 6,315.22 |
| Additions during the year | - | 100.22 | 135.39 | 34.22 | 322.97 | 108.92 | 501.70 | 530.31 | 1,733.73 | - | 1,733.73 |
| Disposals for the year | - | 138.55 | 27.21 | 19.28 | 17.16 | 29.97 | 6.09 | - | 238.26 | - | 238.26 |
| Translation differences# | - | (13.85) | 0.19 | 0.03 | (12.70) | - | (30.55) | 2.70 | (54.18) | - | (54.18) |
| **Balance as at 31 March 2016** | **-** | **2,036.80** | **625.84** | **92.23** | **1,298.20** | **577.44** | **895.52** | **3,689.03** | **9,215.06** | **-** | **9,215.06** |
| Additions through business combination | - | - | 1.51 | - | 7.28 | - | 12.74 | - | 21.53 | 150.92 | 172.45 |
| Additions during the year | 127.58 | 294.43 | 130.06 | 141.61 | 316.22 | 475.04 | 307.87 | 1,041.30 | 2,834.11 | 6.75 | 2,840.86 |
| Disposals for the year | - | 142.88 | 0.06 | 36.02 | 59.03 | 0.04 | 0.07 | - | 238.10 | - | 238.10 |
| Capitalised during the year | - | - | - | - | - | - | - | - | - | (150.92) | (150.92) |
| Translation differences# | - | (18.74) | (3.19) | 0.43 | (13.10) | - | (30.10) | (49.83) | (114.53) | - | (114.53) |
| **Balance as at 31 March 2017** | **127.58** | **2,169.61** | **754.16** | **198.25** | **1,549.57** | **1,052.44** | **1,185.96** | **4,680.50** | **11,718.07** | **6.75** | **11,724.82** |
| **Accumulated depreciation*** | | | | | | | | | | | |
| Additions through business combination | - | 1,303.92 | 279.61 | 43.95 | 498.15 | 115.04 | 36.06 | 1,512.56 | 3,789.29 | - | 3,789.29 |
| Depreciation for the year | - | 156.52 | 70.18 | 27.78 | 178.86 | 255.39 | 279.15 | 259.84 | 1,227.72 | - | 1,227.72 |
| Accumulated depreciation on deletions | - | 138.55 | 27.21 | 12.44 | 17.16 | 20.76 | 6.07 | - | 222.19 | - | 222.19 |
| Translation differences# | - | (12.71) | 0.20 | 0.03 | (11.42) | - | 4.13 | (3.91) | (23.68) | - | (23.68) |
| **Balance as at 31 March 2016** | **-** | **1,309.18** | **322.78** | **59.32** | **648.43** | **349.67** | **313.27** | **1,768.49** | **4,771.14** | **-** | **4,771.14** |
| Additions through business combination | - | - | 1.36 | - | 3.18 | - | 9.85 | - | 14.39 | - | 14.39 |
| Depreciation for the year | 0.56 | 233.03 | 89.31 | 39.58 | 235.04 | 221.99 | 360.07 | 984.33 | 2,163.91 | - | 2,163.91 |
| Accumulated depreciation on deletions | - | 128.21 | 0.03 | 36.02 | 58.45 | 0.04 | 0.01 | - | 222.76 | - | 222.76 |
| Translation differences# | - | (8.91) | (0.45) | 0.43 | (8.58) | - | (27.86) | (0.05) | (45.42) | - | (45.42) |
| **Balance as at 31 March 2017** | **0.56** | **1,405.09** | **412.97** | **63.31** | **819.62** | **571.62** | **655.32** | **2,752.77** | **6,681.26** | **-** | **6,681.26** |
| **Net carrying amount** | | | | | | | | | | | |
| **As at 31 March 2017** | **127.02** | **764.52** | **341.19** | **134.94** | **729.95** | **480.82** | **530.64** | **1,927.73** | **5,036.81** | **6.75** | **5,043.56** |
| **As at 31 March 2016** | **-** | **727.62** | **303.06** | **32.91** | **649.77** | **227.77** | **582.25** | **1,920.54** | **4,443.92** | **-** | **4,443.92** |
| **As at 1 April 2015** | **-** | **132.52** | **233.86** | **18.48** | **408.48** | **297.61** | **367.60** | **-** | **1,458.55** | **-** | **1,458.55** |

* Refer note 55(A)(iii)

# Represents translation of tangible assets of foreign operations into Indian Rupees.

There has been no impairment losses recognised during the year or previous year.

## 4 Goodwill

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Carrying value at the beginning of the year** | **20,197.56** | **11,042.19** | **11,042.19** |
| **Additions:** | | | |
| Goodwill on Aravon Services Private Limited [refer note (a)] | - | 72.97 | - |
| Goodwill on MFXchange Holdings Inc. [refer note (b)] | - | 8,979.90 | - |
| Goodwill on Quess Corp Lanka (Private) Limited [refer note (c)] | 99.08 | - | - |
| Goodwill on Inticore VJP Advance Systems Private Limited [refer note (d)] | 94.89 | - | - |
| Goodwill on Comtel Solutions Pte Limited [refer note (e)] | 18,106.14 | - | - |
| Translation differences | (622.39) | 102.50 | - |
| **Carrying value at the end of the year** | **37,875.28** | **20,197.56** | **11,042.19** |

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. An amount of ₹ 37,875.28 lakhs (31 March 2016: ₹ 20,197.56 lakhs) has been recognised as Goodwill as per the requirements of Ind AS 103, Business Combinations.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The goodwill on acquisition of entities has been allocated to operating segments as follows:

| Entity acquired | Allocated operating segment |
|---|---|
| Aravon Services Private Limited | Integrated facility management |
| MFXchange Holdings Inc. | Global technology solutions |
| Quess Corp Lanka (Private) Limited | People and services |
| Inticore VJP Advance Systems Private Limited | Industrials |
| Comtel Solutions Pte Limited | Global technology solutions |

The carrying value of goodwill, net of translation differences, as on 1 April 2015 is as follows:

(Amount in ₹ lakhs)

| Entity acquired | Allocated operating segment | As at 1 April 2015 |
|---|---|---|
| Avon Facility Management Services# | Integrated facility management | 716.32 |
| Magna Infotech# | Global technology solutions | 6,520.33 |
| Hofincons Infotech and Industrial Services# | Industrials | 1,010.54 |
| Coachieve Solutions Private Limited | People and services | 58.10 |
| Brainhunter Systems Limited | Global technology solutions | 2,736.90 |
| **Total Carrying value as at 1 April 2015** | | **11,042.19** |

# Divisions of the parent entity, Quess Corp Limited

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each of the assumption are mentioned below:

# Notes

## to the Consolidated financial statements for the year ended 31 March 2017

| Particulars | As of 31 March 2017 | As of 31 March 2016 | As of 1 April 2015 |
|---|---|---|---|
| Discount rate* | 12%-15% | 12%-15% | 12%-15% |
| Terminal growth rate** | 2%-4% | 2%-4% | 2%-4% |
| Operating margins | 5%-15% | 5%-15% | 5%-15% |

*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

** The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

As of 31 March 2017, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

**(a) Acquisition of Aravon Services Private Limited**

During the previous year, the Company has acquired 100% of equity interest in Aravon Services Private Limited ("ASPL"). The acquisition was effected through a Share Purchase Agreement ("SPA") dated 12 February 2015, among Quess Corp Limited and erstwhile shareholders (Aramark India Holdings LLC and Aramark Senior Notes Company) for a consideration of ₹ 100. The date of acquisition determined was 1 April 2015 (end of business hours). ASPL is engaged in rendering integrated food and facility management service to corporate customers in India, predominantly in the areas of housekeeping services and guest house management services.

The fair value of net liabilities acquired on the acquisition date as a part of the transaction amounted to ₹ 72.97 lakhs. The purchase consideration paid and the fair value of net liabilities acquired has been attributed to goodwill. Results from this acquisition and goodwill are grouped under integrated facility management segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 202.23 | - | 202.23 |
| Intangible assets | 19.43 | (19.43) | - |
| Net liabilities (excluding above)# | (1.13) | (425.25) | (426.38) |
| Deferred tax assets | - | 151.18 | 151.18 |
| **Total** | | | **(72.97)** |
| Purchase consideration paid* | | | (0.00) |
| **Goodwill** | | | **72.97** |

# A liability at a fair value of ₹ 425.25 lakhs was recognised at the acquisition date arising from a claim from service tax department.

* Purchase consideration paid is ₹ 100

**(b) Acquisition of MFXchange Holdings Inc.**

On 3 November 2014, Quess Corp Limited, through its wholly owned subsidiary Quess Corp (USA) Inc. ("QCI") entered into a Share Purchase Agreement ("SPA") with Fairfax Financial Holdings Limited ("FFHL") to acquire MFXchange Holdings Inc. ("MFX"). As per the terms of the SPA, QCI acquired 49% of the common shares for USD 49 on 3 November 2014. Further, it was also agreed that Quesscorp Holdings Pte Ltd ("QHPL") (wholly owned subsidiary of Quess Corp Limited) would acquire remaining 51% of common shares for USD 51 by 1 January 2016 and to pay FFHL an additional consideration at 40% of the net income of MFX for each of the calendar years ending on 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 respectively ("Additional Consideration"). Based on the same, QHPL acquired remaining 51% of shares on 1 January 2016 and MFX became wholly owned subsidiary during the previous year.

MFX provides customized datacentre and infrastructure services including private cloud offerings across various industries. MFX also provides end-to-end commercial technology applications and business process outsourcing solutions to the property and casualty insurance industry.

The fair value of net liabilities acquired on the acquisition date as a part of the transaction amounted to ₹ 6,089.60 lakhs. The purchase consideration paid and the fair value of net liabilities acquired has been attributed to goodwill aggregating to ₹ 8,979.90 lakhs. Results from this acquisition and goodwill are grouped under Global technology solutions segment.

The fair value of purchase consideration of ₹ 2,890.30 lakhs comprised upfront cash consideration of ₹ 0.03 lakhs and contingent consideration of ₹ 2,890.27 lakhs. The details are as follows:

(Amount in ₹ lakhs)

| Nature of consideration and terms of payment | | Amount | Fair Value |
|---|---|---|---|
| 1. | Upfront cash consideration | 0.03 | 0.03 |
| 2. | Contingent consideration; payable in five instalments on each calendar year ending 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 | 3,221.15 | 2,890.27 |
| **Total purchase consideration** | | **3,221.18** | **2,890.30** |

Contingent consideration recognised on the acquisition date is determined based on management approved forecast of likely earn outs to be paid to the erstwhile owners of MFX. The fair value of the contingent consideration has been arrived by computing the present value of estimated cash outflows at a discount rate of 3.5% which approximates the prime lending rate at United States of America.

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 2,323.70 | - | 2,323.70 |
| Intangible assets | 200.90 | - | 200.90 |
| Net liabilities (excluding above) | (8,614.20) | - | (8,614.20) |
| **Total** | | | **(6,089.60)** |
| Purchase consideration paid | | | 2,890.30 |
| **Goodwill** | | | **8,979.90** |

**(c) Acquisition of Quess Corp Lanka (Private) Limited**

On 26 April 2016, Quess Corp Limited acquired 100% equity interest in Quess Corp Lanka (Private) Limited [formerly known as Randstad Lanka (Private) Limited] through its wholly owned subsidiary Quesscorp Holdings Pte Ltd for a consideration of ₹ 387.16 lakhs. The business acquisition was effected by entering into a Share Purchase Agreement ("SPA") dated 14 October 2015 with Randstad India (Private) Limited. Accordingly, during the year Quess Corp Lanka (Private) Limited became the wholly owned subsidiary of Quess Corp Limited.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 288.08 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 99.08 lakhs. Results from this acquisition and goodwill are grouped under People and services segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 2.93 | - | 2.93 |
| Net assets (excluding above) | 277.94 | - | 277.94 |
| Deferred tax assets | 7.21 | - | 7.21 |
| **Total** | | | **288.08** |
| Purchase consideration paid | | | 387.16 |
| **Goodwill** | | | **99.08** |

**(d) Acquisition of Inticore VJP Advance Systems Private Limited**

On 1 December 2016, Quess Corp Limited acquired 73.95% equity interest in Inticore VJP Advance Systems Private Limited ("IASPL") for a consideration of ₹ 349.89 lakhs. The business combination was effected by entering into a Share Subscription Agreement ("SSA") dated 28 November 2016 with IASPL and promoters of IASPL. IASPL offers engineering solutions to clients including component design solutions, development engineering and sourcing management.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 344.83 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 94.89 lakhs. Results from this acquisition and goodwill are grouped under Industrials segment.

The purchase price has been allocated based on the report of a valuer which is as follows:

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 4.22 | - | 4.22 |
| Net assets (excluding above) | 338.56 | - | 338.56 |
| Deferred tax assets | 2.05 | - | 2.05 |
| **Total** | | | **344.83** |
| **Share of the Group at 73.95%** | | | **255.00** |
| Purchase consideration paid | | | 349.89 |
| **Goodwill** | | | **94.89** |

**(e) Acquisition of Comtel Solutions Pte Limited**

On 14 February 2017, Quess Corp Limited through its wholly owned subsidiary Quesscorp Holdings Pte Ltd ("QHPL") acquired 100% equity interest in Comtel Solutions Pte Limited ("CSPL") for a consideration of ₹ 25,094.49 lakhs. The business combination was effected by entering into a Share Purchase Agreement ("SPA") dated 14 February 2017 with promoter-shareholder of CSPL Mr. Gopal Vasudev ("GV") whereby the parties agreed that QHPL would purchase, and GV would sell, 100% shareholding in Comtel in four tranches. CSPL is one of Singapore's independent staffing companies with services offered across staffing solutions, managed services solutions, and recruitment and search services.

As CSPL acquisition has been completed towards end of the financial year, the management has decided to avail the one year measurement period available as per Ind AS 103 for completing the purchase price allocation exercise. Accordingly, for the year ended 31 March 2017, the group has provisionally allocated the purchase consideration.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to ₹ 6,988.35 lakhs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 18,106.14 lakhs.

The fair value of purchase consideration is ₹ 25,094.49 lakhs. The details are as follows:

(Amount in ₹ lakhs)

| Nature of consideration and terms of payment | Amount | Fair value |
|---|---|---|
| 1. Upfront cash consideration [refer note (i) below] | 12,657.01 | 12,657.01 |
| 2. Additional consideration [refer note (i) below] | 1,169.08 | 1,169.08 |
| 3. Financial liability [refer note (ii) below] | 4,459.48 | 4,235.83 |
| 4. Financial liability towards put option [refer note (iii) below] | 8,066.85 | 7,032.57 |
| **Total purchase consideration** | **26,352.42** | **25,094.49** |

(i) As per the SPA, QHPL has acquired 64% equity shares of Comtel by paying an upfront cash consideration of SGD 268.49 lakhs and an additional consideration of SGD 24.80 lakhs. The additional consideration has been computed as per the predefined calculation based on the EBITDA of CSPL for the financial year ending 31 March 2017 and will be paid on or before 30 June 2017 to GV.

(ii) As per the SPA, GV is committed to sell to QHPL equity shares of 22% (11% each of CSPL in March 2018 and March 2019 respectively). Accordingly, minimum agreed payout during these two tranches of equity share acquisition has been recorded as financial liability as on the date of SPA.

(iii) As per the SPA, QHPL has written a put option to acquire balance equity shares of 14% of CSPL during 1 April 2019 to 31 March 2022. QHPL has adopted anticipated acquisition method for accounting such put option. Under the anticipated acquisition method the interest subject to the put option is deemed to have been acquired at the date of acquisition.

The purchase price has been allocated based on Management's estimates of fair values as follows:

(Amount in ₹ lakhs)

| Particulars | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net assets | 6,988.35 | - | 6,988.35 |
| **Total** | | | **6,988.35** |
| Purchase consideration paid | | | 25,094.49 |
| **Goodwill** | | | **18,106.14** |

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

## 5 Other intangible assets and intangible assets under development

(Amount in ₹ lakhs)

| Particulars | Other intangible assets | | | | | Intangible assets under development (refer note 5.2) |
|---|---|---|---|---|---|---|
| | Goodwill (refer note 5.1) | Computer software | Computer software -leased | Copyright and trademarks (refer note 5.1) | Total | |
| **Deemed cost as at 1 April 2015*** | **-** | **283.67** | **-** | **-** | **283.67** | **-** |
| Additions through business combination | - | 424.65 | 204.34 | - | 628.99 | - |
| Additions during the year | - | 301.96 | - | - | 301.96 | 239.07 |
| Translation differences# | - | 0.36 | 0.18 | - | 0.54 | - |
| **Balance as at 31 March 2016** | **-** | **1,010.64** | **204.52** | **-** | **1,215.16** | **239.07** |
| Additions during the year | 45.20 | 381.84 | 268.17 | 4.80 | 700.01 | 532.61 |
| Disposals for the year | - | 4.75 | - | - | 4.75 | - |
| Translation differences# | - | (1.62) | (7.14) | - | (8.76) | - |
| **Balance as at 31 March 2017** | **45.20** | **1,386.11** | **465.55** | **4.80** | **1,901.66** | **771.68** |
| **Accumulated amortisation*** | | | | | | |
| Additions through business combination | - | 375.21 | 52.88 | - | 428.09 | - |
| Amortisation for the year | - | 193.96 | 17.33 | - | 211.29 | - |
| Translation differences# | - | 0.18 | (0.24) | - | (0.06) | - |
| **Balance as at 31 March 2016** | **-** | **569.35** | **69.97** | **-** | **639.32** | **-** |
| Amortisation for the year | - | 336.00 | 143.49 | 0.80 | 480.29 | - |
| Accumulated amortisation on deletions | - | 4.75 | - | - | 4.75 | - |
| Translation differences# | - | - | (3.58) | - | (3.58) | - |
| **Balance as at 31 March 2017** | **-** | **900.60** | **209.88** | **0.80** | **1,111.28** | **-** |
| **Net carrying amount** | | | | | | |
| **As at 31 March 2017** | **45.20** | **485.51** | **255.67** | **4.00** | **790.38** | **771.68** |
| **As at 31 March 2016** | **-** | **441.29** | **134.55** | **-** | **575.84** | **239.07** |
| **As at 1 April 2015** | **-** | **283.67** | **-** | **-** | **283.67** | **-** |

*Refer note 55(A)(iii)

#Represents translation of intangible assets of foreign operations into Indian Rupees.

There has been no impairment losses recognised during the year or previous year.

5.1 During the year, the Group has entered into an Asset Transfer Agreement with CAARPUS Technology Services Limited ("Transferor") and its founder Mr. L Bharani Raj dated 30 September 2016 and has purchased the business asset (copyright and trademarks for using E-catalogue software and other intangibles). The transferor is engaged in the business of providing technology based solutions for material management, coding, catalogue, inventory management, etc. The total consideration paid is ₹ 50.00 lakhs.

In accordance with Ind AS 103, the consideration paid requires to be allocated across identifiable assets acquired, at their respective fair values. Accordingly, the Company has recognised intangible assets aggregating to ₹ 4.80 lakhs and remaining amount aggregating to ₹ 45.20 lakhs is accounted as goodwill.

5.2 The Group has entered into an agreement with MFX Infotech Private Limited for development of its payroll management system and other applications. The contract is entered on a time and material basis at cost plus agreed markup. The estimated cost for these software development is ₹ 1,048.67 lakhs out of which cost incurred by MFX Infotech Private Limited is ₹ 711.37 lakhs. Since, the transaction is within the Group companies, for the purpose of consolidated Ind AS financial statements, inter-company markup has been eliminated from the profit recognised in the books of MFX Infotech Private Limited and corresponding reduction has been made in the carrying amount of the intangible assets under development in the books of the Group.

## 6 Non-current investments

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Unquoted - Trade** | | | |
| **Investments carried at fair value through other comprehensive income** | | | |
| Investments in equity, preference and other instruments (refer note A below) | 22,365.50 | 365.50 | - |
| Investments in equity accounted investees (refer note A below) | 7,398.32 | - | - |
| | **29,763.82** | **365.50** | **-** |

(Amount in ₹ lakhs)

| A Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Unquoted - Trade** | | | |
| **Investments carried at fair value through other comprehensive income** | | | |
| **Investments in equity instruments** | | | |
| 200,000 (31 March 2016: 200,000) fully paid up equity shares of par value of ₹ 10 each of KMG Infotech Limited (refer note 6.1) | 165.50 | 165.50 | - |
| **Investments in Preference shares** | | | |
| 40,36,697 (31 March 2016: Nil) fully paid up compulsorily convertible preference shares having face value of ₹ 10 each at a premium of ₹ 535 each of Manipal Integrated Services Private Limited (refer note 6.2) | 22,000.00 | - | - |
| **Other non-current investments** | | | |
| Investment in Styracorp Management Services (refer note 6.3) | 132.24 | 132.24 | - |
| Investment in IME Consultancy (refer note 6.3) | 67.76 | 67.76 | - |
| | **22,365.50** | **365.50** | **-** |
| **Investments in equity accounted investees** | | | |
| **Investments in associates** | | | |
| **Investments in equity instruments** | | | |
| 245,000 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each at a premium of ₹ 2,929 each of Terrier Security Services (India) Private Ltd (refer note 6.4)* | 7,291.33 | - | - |
| 4,068 (31 March 2016: Nil) fully paid up equity shares of par value of ₹ 10 each at a premium of ₹ 2,768 each of Simpliance Technologies Private Limited (refer note 6.5 and 6.7) | 105.56 | - | - |
| **Investments in joint venture** | | | |
| 49000 (31 March 2016: Nil) fully paid up equity shares of par value of 1 RM each of Himmer Industrial Services (M) SDN BHD (refer note 6.6 and 6.7) | 1.43 | - | - |
| **Total investments in equity accounted investees** | **7,398.32** | **-** | **-** |
| | **29,763.82** | **365.50** | **-** |
| Aggregate amount of unquoted investments | **29,763.82** | **365.50** | **-** |
| Aggregate amount of impairment in value of investments | **-** | **-** | **-** |

* Investments include interest on corporate guarantee given to associate amounting to ₹ 11 lakhs (31 March 2016: Nil)

# Notes

## to the Consolidated financial statements for the year ended 31 March 2017

6.1 Investments in KMG Infotech Ltd has been acquired through the acquisition of MFXchange Holdings Inc. during the previous year.

6.2 Quess Corp Limited has entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means Identified Business) of MIS through the Scheme of Arrangement ("the Scheme") into the Group. The Board vide its meeting dated 28 November 2016 has approved the draft scheme of arrangement and filed the Scheme with BSE and NSE. The Group has received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively and has further filed it with National Company Law Tribunal ("NCLT"), subsequent to the balance sheet date. In pursuance of the Scheme, Group has invested ₹ 22,000 lakhs by subscribing to Compulsorily Convertible Preference Shares of MIS as part of the purchase consideration. The Scheme requires the Group to account for the acquisition, on and from 1 December 2016, i.e. appointed date. In accordance with Indian Accounting Standard 103, Business combinations, ("Ind AS 103"), the accounting for the acquisition has to be done on and from the acquisition date. As per paragraph 9 of Ind AS 103, the acquisition date is the date on which the acquirer obtains control of the acquiree and is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree the closing date. The appointed date (1 December 2016) as per the Scheme is not the same as the acquisition date, as defined under Ind AS 103. The accounting from the appointed date as mentioned in the Scheme is subject to regulatory approval.

6.3 Styra Corp Management Services ("Styra") and IME Consultancy ("IME") are sole proprietorship establishments incorporated in Dubai, United Arab Emirates. Both these entities are registered in the name of Mr. Ajit Issac and Mr. Mohamed Mazarooki has been appointed as local service agent. The Group, based on a legal advice received from an external lawyer of Dubai, has not consolidated these entities as the Management believes that these entities will continue to operate as sole establishments under the registered ownership of and professional licenses held by Mr. Ajit Isaac, in accordance with applicable laws of United Arab Emirates. The Group only holds the beneficial rights, title and interests and benefits derived therefrom assets and business of such entities, and does not directly or indirectly hold any voting power in these entities.

6.4 The Group has entered into Share Purchase Agreement ("SPA") with Terrier Security Services (India) Private Limited ("Terrier") and its shareholders on 19 October 2016, to acquire 74% stake in Terrier subject to the approval of Foreign Investment Promotion Board ("FIPB") for consideration as per the terms mentioned in the SPA. The Group has currently acquired 49% stake on 9 December 2016 for a consideration of ₹ 7,200 lakhs and accordingly, Terrier has become an associate of the Group.

The following table summarizes the financial information of Terrier as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Terrier.

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Percentage ownership interest** | **49.00%** | **-** | **-** |
| Non-current assets | 1,260.55 | - | - |
| Current assets | 8,141.84 | - | - |
| Non-current liabilities | (79.03) | - | - |
| Current liabilities | (6,813.81) | - | - |
| **Net assets before corporate guarantee adjustment** | **2,509.55** | **-** | **-** |
| Less: Corporate guarantee issued by Quess Corp Limited | (11.00) | - | - |
| **Net assets** | **2,498.55** | **-** | **-** |
| Group's share of net assets | 1,224.29 | - | - |
| Goodwill | 6,056.04 | - | - |
| **Carrying amount of interest in associates** | **7,280.33** | **-** | **-** |
| Add: Corporate guarantee issued by Quess Corp Limited | 11.00 | - | - |
| **Value of investment** | **7,291.33** | **-** | **-** |

(Amount in ₹ lakhs)

| Particulars | For the period from 9 December 2016 to 31 March 2017 |
|---|---|
| Revenue | 10,440.16 |
| Profit after tax | 52.84 |
| Other comprehensive income | 111.10 |
| Total comprehensive income | 163.94 |
| **Group's share of profit (49%)** | **25.89** |
| **Group's share of other comprehensive income (49%)** | **54.44** |
| **Group's share of total comprehensive income** | **80.33** |

6.5 The Group has entered into Share Subscription Agreement ("SSA") dated 19 October 2016 with Simpliance Technologies Private Limited ("Simpliance") and its shareholders to acquire equity stake of upto 45% in Simpliance for a consideration of ₹ 250 lakhs. The Group has currently acquired 27% equity stake for a consideration of ₹ 113 lakhs and accordingly Simpliance has become an associate of the Group.

6.6 The Group has entered into an agreement with CPI Engineering Services SDN. BHD ("CPI") and incorporated Himmer Industrial Services (M) SDN. BHD ("Himmer") in which the group has 49% equity stake. Considering provisions of the agreement, the Group has classified investment in Himmer as joint venture as per Ind AS 111, Joint Arrangements.

6.7 The following table analyses the Group's interests in individually immaterial associate (refer note 6.5) and joint venture (refer note 6.6) in the carrying amount and share of profit and other comprehensive income.

**Associate**

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Group's share of net assets | 8.36 | - | - |
| Goodwill | 97.20 | - | - |
| **Carrying amount of interests in associate** | **105.56** | **-** | **-** |
| Share in loss | **7.44** | **-** | **-** |
| Share in other comprehensive income | **-** | **-** | **-** |
| **Share in total comprehensive income** | **7.44** | **-** | **-** |

**Joint venture**

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Group's share of net assets | 1.43 | - | - |
| Goodwill | - | - | - |
| **Carrying amount of interests in joint venture** | **1.43** | **-** | **-** |
| Share in loss | **5.99** | **-** | **-** |
| Share in other comprehensive income | **-** | **-** | **-** |
| **Share in total comprehensive income** | **5.99** | **-** | **-** |

# Notes

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## 7 Non-current loans

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| *Unsecured, considered good* | | | |
| Security deposits | 1,433.41 | 408.90 | 394.58 |
| | **1,433.41** | **408.90** | **394.58** |

## 8 Other non-current financial assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Bank deposits (due to mature after 12 months from the reporting date) | 131.13 | 217.40 | 43.30 |
| | **131.13** | **217.40** | **43.30** |

## 9 Taxes

### A Amount recognised in profit or loss

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| ***Current tax:*** | | |
| In respect of the current period | (3,720.74) | (6,245.80) |
| Excess provision related to prior years (refer note (i) below) | - | 645.64 |
| ***Deferred tax:*** | | |
| *Attributable to:* | | |
| Origination and reversal of temporary differences | (1,455.11) | 2,242.96 |
| Increase/ reduction of tax rate | - | 5.07 |
| **Income tax expense reported in the Statement of Profit and Loss** | **(5,175.85)** | **(3,352.13)** |

(i) During the previous year ended 31 March 2016, the Group has performed the reconciliations of tax provision created as per books of accounts with the income tax provision filed in its return of income for the completed assessment years and written back additional provision aggregating to ₹ 645.64 lakhs.

### B Income tax recognised in other comprehensive income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Remeasurement of the net defined benefit liability/asset | | |
| Before tax | (340.47) | 632.19 |
| Tax (expense)/ benefit | 106.72 | (225.38) |
| **Net of tax** | **(233.75)** | **406.81** |

## C Reconciliation of effective tax rate

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | | For the year ended 31 March 2016 | |
|---|---|---|---|---|
| Profit before tax | | 16,520.29 | | 11,470.13 |
| Tax using the Company's domestic tax rate | 34.61% | 5,717.34 | 34.61% | 3,969.58 |
| **Effect of:** | | | | |
| Tax exempt income | (1.21)% - (1.88)% | (160.10) | 0.00% - (0.73)% | 7.38 |
| Non-deductible expenses | (35.00)% - 47.86% | 280.52 | (39.60)% - 2.89% | 125.65 |
| Unrecognized tax losses | (5.97)% - 33.06% | (289.54) | (39.60)% - 33.06% | (217.92) |
| Deferred tax credit for earlier periods | (5.99)% - (42.00)% | (226.17) | - | - |
| Difference in enacted tax rate | (18.15)% - 0.39% | (146.20) | (8.61)% - 4.99% | 113.08 |
| Effective tax rate | **31.33%** | **5,175.85** | **34.85%** | **3,997.77** |
| Less: Excess provisions related to prior years | | | | 645.64 |
| **Income tax expense reported in the statement of profit and loss** | **31.33%** | **5,175.85** | **29.22%** | **3,352.13** |

## D The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2017, 31 March 2016 and 1 April 2015

### Non-current tax assets (net)

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Income tax assets | 27,847.46 | 19,852.66 | 13,569.81 |
| Income tax liabilities | (16,067.31) | (12,543.19) | (6,338.38) |
| **Net income tax assets at the end of the year** | **11,780.15** | **7,309.47** | **7,231.43** |

### Current tax liabilities (net)*

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Income tax assets | - | - | - |
| Income tax liabilities | 823.72 | - | - |
| **Net income tax liabilities at the end of the year** | **823.72** | **-** | **-** |

*For current tax liabilities above, there is no legally enforceable right to set off against the non-current tax assets and accordingly disclosed separately.

# Notes

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## E Deferred tax assets, net

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Deferred tax asset and liabilities are attributable to the following:** | | | |
| **Deferred tax assets:** | | | |
| Impairment loss allowance on financial assets | 1,189.46 | 1,130.41 | 641.49 |
| Provision on employee benefits | 1,186.58 | 826.60 | 374.86 |
| Provision for disputed claims | 72.63 | 78.31 | 76.91 |
| Provision for rent escalation | 18.60 | 16.60 | 6.74 |
| Others | 564.87 | 1,929.83 | 29.77 |
| Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws | 1,767.44 | 2,156.97 | 2,835.12 |
| **Net deferred tax assets** | **4,799.58** | **6,138.72** | **3,964.89** |

The movement of deferred tax aggregating to ₹ 1,348.39 lakhs (excluding additions through business combination) for the year ended 31 March 2017 (31 March 2016: ₹ 2,022.65 lakhs) comprises of ₹ (1,455.11) lakhs (31 March 2016: ₹ 2,248.03 lakhs) charged to profit and loss account and ₹ 106.72 lakhs (31 March 2016: ₹ (225.38) lakhs) charged to other comprehensive income.

## F Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

(Amount in ₹ lakhs)

| For the year ended 31 March 2017 | Opening balance | Additions through business combinations | Recognised in profit or loss | Recognised in OCI | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets on:** | | | | | |
| Impairment loss allowance on financial assets | 1,130.42 | - | 59.04 | - | 1,189.46 |
| Provision for employee benefits | 826.60 | - | 253.26 | 106.72 | 1,186.58 |
| Provision for disputed claims | 78.31 | - | (5.68) | - | 72.63 |
| Provision for rent escalation | 16.60 | - | 2.00 | - | 18.60 |
| Others | 1,929.82 | 9.25 | (1,374.20) | - | 564.87 |
| Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws | 2,156.97 | - | (389.53) | - | 1,767.44 |
| **Net deferred tax assets** | **6,138.72** | **9.25** | **(1,455.11)** | **106.72** | **4,799.58** |

(Amount in ₹ lakhs)

| For the year ended 31 March 2016 | Opening balance | Additions through business combinations | Recognised in profit or loss | Recognised in OCI | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets on:** | | | | | |
| Impairment loss allowance on financial assets | 641.49 | - | 488.93 | - | 1,130.42 |
| Provision for employee benefits | 374.86 | - | 677.12 | (225.38) | 826.60 |
| Provision for disputed claims | 76.91 | - | 1.40 | - | 78.31 |
| Provision for rent escalation | 6.74 | - | 9.86 | - | 16.60 |
| Others | 29.77 | 151.18 | 1,748.87 | - | 1,929.82 |
| Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws | 2,835.12 | - | (678.15) | - | 2,156.97 |
| **Net deferred tax assets** | **3,964.89** | **151.18** | **2,248.03** | **(225.38)** | **6,138.72** |

**G Unrecognised deferred tax assets/ (liabilities)**

The Group does not have unrecognised deferred tax liabilities.

Unrecognised deferred tax assets relate primarily to business losses. These unexpired business losses will expire based on the year of origination as follows:

(Amount in ₹ lakhs)

| For the year ended 31 March | Unabsorbed business losses |
|---|---|
| 2018 | 311.01 |
| 2019 | - |
| 2020 | 0.32 |
| 2021 | - |
| 2022 | - |
| Thereafter | 9,560.80 |
| | **9,872.13** |

## 10 Other non-current assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Taxes paid under protest | 186.12 | 46.49 | 79.50 |
| Provident fund payments made under protest | 107.22 | 107.22 | 107.22 |
| Prepaid expenses | 156.82 | 384.25 | 210.81 |
| Capital advances | 113.14 | 75.70 | 30.64 |
| | **563.30** | **613.66** | **428.17** |

## 11 Inventories

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| *Valued at lower of cost and net realizable value* | | | |
| Raw materials and consumables | 147.45 | 107.09 | 43.90 |
| Stores and spares | 425.29 | 75.68 | 8.92 |
| | **572.74** | **182.77** | **52.82** |

## 12 Trade receivables

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| *Unsecured* | | | |
| Considered good | 45,179.75 | 41,216.95 | 24,136.15 |
| Considered doubtful | 3,191.00 | 2,950.55 | 2,166.46 |
| | **48,370.75** | **44,167.50** | **26,302.61** |
| *Loss allowance [refer note 38(i)]* | | | |
| Unsecured considered good | (625.80) | (705.47) | (335.54) |
| Doubtful | (3,060.35) | (2,934.34) | (2,165.46) |
| | **(3,686.15)** | **(3,639.81)** | **(2,501.00)** |
| **Net trade receivables** | **44,684.60** | **40,527.69** | **23,801.61** |

All trade receivables are current.

# Notes
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Of the above, trade receivables from related parties are as below:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Trade receivables from related parties | 253.54 | 291.44 | 143.55 |
| Less: Loss allowance | (130.13) | (86.17) | (4.00) |
| **Net trade receivables** | **123.41** | **205.27** | **139.55** |

For terms and conditions of trade receivables owing from related parties refer note 45.

The Groups exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 38.

## 13 Cash and cash equivalents

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| ***Cash and cash equivalents*** | | | |
| Cash on hand | 17.61 | 14.49 | 11.99 |
| Cheques in hand | 378.66 | - | - |
| Balances with banks | | | |
| In current accounts | 29,399.26 | 10,349.73 | 7,422.22 |
| In deposit accounts (with original maturity of less than 3 months) | 331.66 | 300.00 | 168.56 |
| **Cash and cash equivalents in balance sheet** | **30,127.19** | **10,664.22** | **7,602.77** |
| Bank overdraft used for cash management purpose | (34.22) | (385.66) | - |
| **Cash and cash equivalents in the statement of cash flow** | **30,092.97** | **10,278.56** | **7,602.77** |

## 14 Bank balances other than cash and cash equivalents

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| In deposit accounts (due to mature within 12 months from the reporting date) | 15,833.46 | 271.08 | 579.72 |
| | **15,833.46** | **271.08** | **579.72** |

## 15 Current loans

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| *Unsecured, considered good* | | | |
| Security deposits | 815.48 | 917.42 | 584.79 |
| Loans to employees | 644.14 | 670.86 | 421.09 |
| Loans to related parties (refer note 45) | 842.70 | 150.59 | - |
| | **2,302.32** | **1,738.87** | **1,005.88** |

## 16 Other current financial assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Interest accrued but not due | 259.86 | 23.77 | 16.73 |
| | **259.86** | **23.77** | **16.73** |

## 17 Unbilled revenue

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Unbilled revenue* | 38,682.58 | 28,732.80 | 15,019.97 |
| | **38,682.58** | **28,732.80** | **15,019.97** |

* includes unbilled revenue billable to related parties (refer note 45)

## 18 Other current assets

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Prepaid expenses | 1,592.58 | 1,651.42 | 465.29 |
| Advances to suppliers | 477.09 | 436.18 | 92.08 |
| Travel advances to employees | 27.36 | 108.10 | 28.61 |
| Balances with government authorities | 458.92 | 135.72 | 37.69 |
| Other advances | 63.06 | 22.00 | 73.31 |
| | **2,619.01** | **2,353.42** | **696.98** |

## 19 Equity share capital

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Authorised** | | | |
| 200,000,000 (31 March 2016: 200,000,000) equity shares of par value of ₹ 10 each* | 20,000.00 | 20,000.00 | 11,310.46 |
| | **20,000.00** | **20,000.00** | **11,310.46** |
| **Issued, subscribed and paid-up** | | | |
| 126,790,961 (31 March 2016: 113,335,056) equity shares of par value of ₹ 10 each, fully paid up | 12,679.10 | 11,333.51 | 2,577.38 |
| | **12,679.10** | **11,333.51** | **2,577.38** |

* During the previous year ended 31 March 2016, the Company vide its Extraordinary General Meeting dated 10 August 2015 has increased its authorised share capital from ₹ 11,310.46 lakhs divided into 113,104,631 equity shares of ₹ 10 each to ₹ 20,000.00 lakhs divided into 200,000,000 equity shares of ₹ 10 each.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

### 19.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Number of shares | Amount in ₹ lakhs | Number of shares | Amount in ₹ lakhs |
| **Equity shares** | | | | |
| At the commencement of the year | 113,335,056 | 11,333.51 | 25,773,764 | 2,577.38 |
| Shares issued on exercise of employee stock options (refer note 48) | 837,608 | 83.76 | - | - |
| Shares issued during the year (i) | 12,618,297 | 1,261.83 | - | - |
| Right issue (ii) | - | - | 2,560,000 | 256.00 |
| Bonus issue (iii) | - | - | 85,001,292 | 8,500.13 |
| **At the end of the year** | **126,790,961** | **12,679.10** | **113,335,056** | **11,333.51** |

**(i)** During the year ended 31 March 2017, the Company has completed the Initial Public Offering (IPO) and raised a total capital of ₹40,000 lakhs by issuing 12,618,297 equity shares of ₹ 10 each at a premium of ₹ 307 per equity share. The equity shares of the Company got listed on NSE and BSE effective from 12 July 2016. The proceeds from IPO is ₹ 37,038.47 lakhs (net of estimated issue expenses).

Details of utilisation of IPO proceeds are as follows:

(Amount in ₹ lakhs)

| Particulars | Objects of the issue as per the prospectus | Utilised upto 31 March 2017 | Unutilised amount as on 31 March 2017 |
|---|---|---|---|
| Repayment of debt availed by the Company | 5,000.00 | 5,000.00 | - |
| Meeting capital expenditure requirement of the Company and Subsidiary MFX US | 7,171.70 | 1,636.01 | 5,535.69 |
| Funding incremental working capital requirements of the Company | 15,790.10 | 9,500.00 | 6,290.10 |
| Acquisitions and strategic initiatives | 8,000.00 | 8,000.00 | - |
| General corporate purpose | 1,076.67 | 1,076.67 | - |
| **Total** | **37,038.47** | **25,212.68** | **11,825.79** |

Unutilised amounts of the issue as at 31 March 2017 have been temporarily deployed in fixed deposit with banks which is in accordance with objects of the issue. The same needs to be utilised by 2018.

Expenses incurred by the Company estimated at ₹ 2,961.53 lakhs, in connection with IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013. Till 31 March 2017, the Company has incurred ₹ 2,746.04 lakhs of IPO expenses and the remaining amount of ₹ 215.49 lakhs is accrued and expected to be utilized by June 2017.

**(ii) Right Issue**

During the previous year ended 31 March 2016, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 10 each on right basis, in pursuance of the requirements of Section 62 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Ltd has resolved not to subscribe to the right issue and has obtained the shareholders approval on 12 December 2015 and accordingly a resolution of renunciation was approved by the Board of Directors of Thomas Cook (India) Ltd vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour of Net Resources Investments Private Limited. On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited. Accordingly, the Company in its Board meeting dated 22 December 2015 has approved the allotment of equity shares on right basis as follows:

| Name of shareholder | Number of shares prior to right issue | Number of right shares issued | Number of shares post right issue |
|---|---|---|---|
| Thomas Cook (India) Ltd | 19,705,874 | - | 19,705,874 |
| Mr. Ajit Isaac | 4,646,490 | - | 4,646,490 |
| Net Resources Investment Private Limited | 1,294,100 | 2,547,356 | 3,841,456 |
| Ms. Amrita Nathani | 38,525 | 3,827 | 42,352 |
| Mr. Guruprasad Srinivasan | 28,475 | 2,828 | 31,303 |
| Mr. Venkatesan Jayaraman | 20,100 | 1,997 | 22,097 |
| Mr. Vijay Sivaram | 20,100 | 1,996 | 22,096 |
| Ms. Pratibha J | 13,400 | 1,331 | 14,731 |
| Mr. Jaison Jose | 6,700 | 665 | 7,365 |
| **Total** | **25,773,764** | **2,560,000** | **28,333,764** |

**(iii) Bonus issue**

During the year ended 31 March 2016, the Company in pursuant of the requirements of Section 63(1) of the Companies Act, 2013 and after obtaining the consent of shareholders at the Extraordinary General Meeting held on 23 December 2015 and vide its Board meeting held on 5 January 2016 had passed a resolution to issue 3 fully paid up equity shares of ₹ 10 each for every 1 fully paid up equity share of ₹ 10 each to the existing shareholder whose name appears in the register of members as on 23 December 2015 by utilizing securities premium account. The bonus shares shall rank pari passu in all respects including dividend with the existing equity shares of the Company. The Company accordingly had issued the bonus shares as follows:

| Name of shareholder | Number of shares | Number of bonus shares issued | Number of shares after bonus issue |
|---|---|---|---|
| Thomas Cook (India) Ltd | 19,705,874 | 59,117,622 | 78,823,496 |
| Mr. Ajit Isaac | 4,646,490 | 13,939,470 | 18,585,960 |
| Net Resources Investments Private Limited | 3,841,456 | 11,524,368 | 15,365,824 |
| Ms. Amrita Nathani | 42,352 | 127,056 | 169,408 |
| Mr. Guruprasad Srinivasan | 31,303 | 93,909 | 125,212 |
| Mr. Venkatesan Jayaraman | 22,097 | 66,291 | 88,388 |
| Mr. Vijay Sivaram | 22,096 | 66,288 | 88,384 |
| Ms. Pratibha J | 14,731 | 44,193 | 58,924 |
| Mr. Jaison Jose | 7,365 | 22,095 | 29,460 |
| **Total** | **28,333,764** | **85,001,292** | **113,335,056** |

**19.2 Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, after distribution of all preferential amounts (if any) in proportion to the number of equity shares held.

**19.3 Shares held by Holding Company**

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Number of shares | Amount in ₹ lakhs | Number of shares | Amount in ₹ lakhs |
| **Equity shares** | | | | |
| Equity shares of par value ₹ 10 each | | | | |
| Thomas Cook (India) Limited | 78,823,496 | 7,882.35 | 78,823,496 | 7,882.35 |
| | **78,823,496** | **7,882.35** | **78,823,496** | **7,882.35** |

# Notes

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**19.4 Details of shareholders holding more than 5% shares in the Company**

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Number of shares | % held | Number of shares | % held |
| **Equity shares** | | | | |
| Equity shares of par value of ₹ 10 each | | | | |
| Thomas Cook (India) Limited | 78,823,496 | 62.17% | 78,823,496 | 69.55% |
| Ajit Isaac | 18,585,960 | 14.66% | 18,585,960 | 16.40% |
| Net Resource Investments Private Limited | 15,365,824 | 12.12% | 15,365,824 | 13.56% |
| | **112,775,280** | | **112,775,280** | |

**19.5** The Company has not made any buy back of shares or issued any shares for consideration other than cash, during the period of five years immediately preceding the balance sheet date. However, the Company has issued bonus shares in the previous financial year and equity shares have been issued under Employee Stock Option Plan for which only exercise price has been received in cash (refer note 48).

(Values in numbers)

| Particulars | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 December 2013 | 31 March 2013 |
|---|---|---|---|---|---|
| Bonus shares issued | - | 85,001,292 | - | - | - |
| Shares issued on exercise of employee stock options | 837,608 | - | - | 429,000 | - |

## 20 Other equity*

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Securities premium account (refer note 20.1) | 40,205.60 | 4,083.16 | 12,583.29 |
| Stock options outstanding account (refer note 20.2) | 89.02 | 434.81 | 561.37 |
| Foreign currency translation reserve | (345.44) | (11.53) | 13.87 |
| Debenture redemption reserve (refer note 20.3) | 187.50 | - | - |
| General reserve | 126.56 | 126.56 | - |
| Remeasurement of defined benefit liability/asset | 227.50 | 406.81 | - |
| Retained earnings | 30,447.55 | 19,288.95 | 11,170.94 |
| | **70,938.29** | **24,328.77** | **24,329.47** |

* For detailed movement of reserves refer Statement of changes in equity.

**20.1 Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013. During the year, the Company has made an Initial Public Offer (IPO) and issued 12,618,297 equity shares at a premium of ₹ 307 per share. As per the requirement of Section 52 of the Companies Act 2013, the Company has utilized the securities premium for the expenses incurred in connection with the Initial Public Offer (IPO) amounting to ₹ 2,961.53 lakhs.

**20.2 Stock options outstanding account**

The stock option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

**20.3 Debenture redemption reserve**

During the year, the Company has issued redeemable non-convertible debentures and has created a debenture redemption reserve as per the requirement of Companies Act, 2013.

## 21 Non-controlling interests

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Non-controlling interests (refer note 21.1 and 21.2) | 88.20 | - | - |
| | **88.20** | **-** | **-** |

**21.1 The following table summarizes the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:**

(Amount in ₹ lakhs)

| Particulars | Inticore VJP Advance Systems Private Limited | Intra-group eliminations | Total |
|---|---|---|---|
| **Percentage of non-controlling interest** | **26.05%** | | |
| Non-current assets | 218.83 | - | 218.83 |
| Current assets | 230.52 | - | 230.52 |
| Non-current liabilities | (32.78) | - | (32.78) |
| Current liabilities | (71.74) | - | (71.74) |
| **Net assets** | **344.83** | **-** | **344.83** |
| **Net assets attributable to non-controlling interest** | **89.83** | **-** | **89.83** |

**21.2 The following table summarizes the information relating to Inticore VJP Advance Systems Private Limited, one of the Group's subsidiaries that has material NCI, before any intra-group eliminations**

**(i) Summarized information of net assets**

(Amount in ₹ lakhs)

| Particulars | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Percentage of non-controlling interest** | **26.05%** | **-** | **-** |
| Non-current assets | 346.32 | - | - |
| Current assets | 272.92 | - | - |
| Non-current liabilities | (71.10) | - | - |
| Current liabilities | (209.57) | - | - |
| **Net assets** | **338.57** | **-** | **-** |
| **Net assets attributable to non-controlling interest** | **88.20** | **-** | **-** |

**(ii) Summarized information of total comprehensive income**

(Amount in ₹ lakhs)

| Particulars | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Revenue | 233.78 | - | - |
| Profit | (6.26) | - | - |
| Other comprehensive income | - | - | - |
| **Total comprehensive income** | **(6.26)** | **-** | **-** |
| Profit allocated to non-controlling interest | (1.63) | - | - |
| Other comprehensive income allocated to non-controlling interest | - | - | - |
| **Total comprehensive income allocated to non-controlling interest** | **(1.63)** | **-** | **-** |

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

## 22 Non-current borrowings*

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| *Secured* | | | |
| Non-convertible debentures (refer note 22.2) | 14,833.13 | - | - |
| NSDC loan | - | - | 300.00 |
| Term loans from banks (refer note 22.1 and 22.3) | 12,459.42 | 2,049.20 | - |
| Finance lease obligations (refer note 46) | 3,305.17 | 2,969.90 | - |
| *Unsecured* | | | |
| Vehicle loans | 73.19 | 24.88 | 15.94 |
| **Total borrowings** | **30,670.91** | **5,043.98** | **315.94** |
| Less: Current maturities of long-term borrowings (refer note 27) | 1,914.45 | 350.77 | 315.94 |
| Less: Current maturities of finance lease obligations (refer note 27) | 1,311.59 | 1,145.07 | - |
| | **27,444.87** | **3,548.14** | **-** |

*Information about the Company's exposure to interest rate and liquidity risk is included in note 38.

### 22.1 Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

(Amount in ₹ lakhs)

| Particulars | Currency | Coupon/ Interest rate | Year of maturity | Carrying amount as at 31 March 2017 | Carrying amount as at 31 March 2016 | Carrying amount as at 1 April 2015 |
|---|---|---|---|---|---|---|
| Secured non-convertible debentures | INR | 8.25% | 2022 | 14,833.13 | - | - |
| Secured term loan (refer note 22.3) | USD | LIBOR + Margin | 2021 | 10,724.94 | - | - |
| Secured loan (i) | CAD | CDOR + 2.5% | 2019 | 1,620.08 | 2,049.20 | - |
| Secured loan (ii) | INR | MCLR + 0.6% | 2019 | 114.40 | - | - |
| Finance lease obligations (iii) | USD | 5% to 6.30% | 2021 | 3,305.17 | 2,969.90 | - |
| Vehicle loan | INR | 14.28% | 2018 | 15.65 | 24.88 | - |
| Vehicle loan | INR | 11.98% | 2019 | 57.54 | - | - |
| Secured NSDC loan | INR | 6.00% | 2016 | - | - | 300.00 |
| Vehicle loan | INR | 9.03% | 2016 | - | - | 15.94 |
| **Total borrowings** | | | | **30,670.91** | **5,043.98** | **315.94** |

(i) Secured by way of pledge of 7,300,000 shares of Brainhunter Systems Limited held by Quess Corp (USA) Inc. and corporate guarantee given by Quess Corp Limited and is repayable in 12 quarterly installments, first installment starting from 1 December 2016.

(ii) Secured by way of pari passu first charge on the current assets and movable fixed assets of Inticore VJP Advance Solutions Private Limited and is repayable in 33 monthly installments, first installment starting from 23 February 2017.

(iii) Secured by way of hypothecation of assets taken on lease and is repayable as per the repayment schedule over the period of lease.

**22.2 Non-convertible debentures**

Quess Corp Limited in its Board of Director Meeting held on 28 November 2016 pass a resolution issue 1,500 redeemable non-convertible debentures at a face value of ₹ 10 lakh aggregating to ₹ 15,000 lakhs. The issue was effected on 23 January 2017. The proceeds from debentures shall be utilised for Group's long-term working capital, payment of transaction related expenses related to capital issue and general corporate purpose but shall not be used for any real estate business, equity trading/speculative business.

The debentures carry a coupon rate of 8.25% p.a. payable annually and is to be redeemed after 5 years from the date of allotment without any redemption premium. These debentures are secured by way of exclusive charge on all the movable and immovable assets of the Company.

(Amount in ₹ lakhs)

| Particulars | Amount |
|---|---|
| Proceeds from issue of non-convertible debentures (1,500 debentures of ₹ 10 lakhs face value each) | 15,000.00 |
| Less: Transaction costs | 172.28 |
| **Net proceeds** | **14,827.72** |
| Add: Accrued transaction costs | 5.41 |
| **Carrying amount of liability at 31 March 2017** | **14,833.13** |

**22.3 Term loan**

During the year ended 31 March 2017, the Group has taken term loan from Axis Bank Limited, Hong Kong amounting to USD 16,580,000. The loan carries interest rate of LIBOR + Margin payable half yearly. The repayment shall be half yearly starting after 12 months from the first utilisation date. The proceeds from the loan have been utilised for acquisition of Comtel Solutions Pte Ltd.

(Amount in ₹ lakhs)

| Particulars | Amount |
|---|---|
| Proceeds from term loan | 10,985.40 |
| Less: Transaction costs | 154.74 |
| **Net proceeds** | **10,830.66** |
| Add: Accrued transaction costs | 8.68 |
| **Carrying amount of liability as at 31 March 2017** | **10,839.34** |

## 23 Other non-current financial liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Contingent consideration (payable for acquisition of business) (refer note 45) | 2,184.63 | 2,918.31 | - |
| Non-controlling interests Put option [refer note 4(e)] | 6,923.98 | - | - |
| Financial liability [refer note 4(e)] | 4,170.42 | - | - |
| Payable to erstwhile minority shareholders* | - | - | 66.67 |
| | **13,279.03** | **2,918.31** | **66.67** |

*The Company vide its agreement dated 14 May 2013 acquired 100% shareholding of Avon Facility Management Services Limited at a total consideration of ₹ 1,426.28 lakhs. Out of the total consideration, in accordance with Share Purchase Agreement, the Company has paid ₹ 1,200.94 lakhs in May 2013 and has agreed to pay ₹ 292.00 lakhs to certain shareholders over a period of 3 years.

# Notes

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## 24 Non-current provisions

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Provision for employee benefits** | | | |
| Provision for gratuity (refer note 47) | 1,482.52 | 625.39 | 613.95 |
| **Other provisions** | | | |
| Provision for disputed claims (refer note 24.1) | 711.81 | 758.41 | 226.27 |
| Provision for rent escalation | 60.29 | 34.03 | 10.92 |
| | **2,254.62** | **1,417.83** | **851.14** |

**24.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:**

Provision for disputed claims

(Amount in ₹ lakhs)

| Particulars | Amount |
|---|---|
| **Balance as at 1 April 2015** | **226.27** |
| Additions through business combination | 532.14 |
| Provision recognised/(reversed) | - |
| Provision utilized | **-** |
| **Balance at the end of 31 March 2016** | **758.41** |
| Provision recognised/(reversed) | (46.60) |
| Provision utilized | - |
| **Balance at the end of 31 March 2017** | **711.81** |

**Disputed claims**

The Company has received a demand notice dated 12 June 2012 from Employee's Provident Fund ("EPF") Organization raising a demand of ₹ 428.9 lakhs for the period from April 2008 to February 2012 for not contributing Provident Fund, Pension Fund, Deposit Linked Insurance Fund and administration charges in accordance with the definition of basic wages as contained in section 2(b) of Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Group, based on an expert's opinion, is of the view that a part of the claim of the department is without foundation, while some part is still under debate and accordingly, provision is created based on the management estimate. The Group has appealed against the ruling which is pending in Employees' Provident Fund Appellate Tribunal, New Delhi.

Service tax demands (including penalty and interest) pending with the Commissioner of Service Tax amounts to ₹ 1,504.49 lakhs for the period October 2007 to March 2014. Against these disputed cases Aravon Services Private Limited had created provision of ₹ 532.14 lakhs. While doing the purchase price allocation of Aravon Services Private Limited, the Group has fair valued the remaining liability of ₹ 972.35 lakhs at ₹ 425.25 lakhs and included as provision for expenses. The balance ₹ 547.10 lakhs has been recognised as contingent liability.

## 25 Current borrowings

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Loans from banks repayable on demand | | | |
| *Secured* | | | |
| Working capital loan (refer note 25.1) | 24,500.00 | 8,400.00 | 5,300.00 |
| Cash credit and overdraft facilities (refer note 25.2) | 15,434.47 | 18,645.23 | 14,107.27 |
| Bill discounting facility from bank (refer note 25.3) | 2,540.15 | 3,692.38 | 2,288.76 |
| *Loan from related parties, unsecured* | | | |
| From Fairfax (US), Inc. (refer note 25.4 and 45) | 2,594.00 | 2,650.20 | - |
| From Fairfax Financial Holdings Limited (refer note 25.5 and 45) | 496.90 | 512.30 | 346.64 |
| | **45,565.52** | **33,900.11** | **22,042.67** |

25.1 The Group has taken working capital loan from banks having interest rate ranging from 6% to 9.95%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the current assets of the Group with a carrying amount of ₹ 106,433.09 lakhs (31 March 2016: ₹ 73,006.81 lakhs) and additionally by way of pari passu first charge on the movable assets of the Group with a carrying amount of ₹ 61,650.18 lakhs (31 March 2016: ₹ 23,113.52 lakhs).

25.2 Cash credit from banks are secured primarily by way of exclusive charge on the current assets of the Group with a carrying amount of ₹ 111,390.32 lakhs (31 March 2016: ₹ 79,630.43 lakhs) and on the movable assets of the Group with a carrying amount of ₹ 61,514.28 lakhs (31 March 2016: ₹ 28,013.50 lakhs).

25.3 Credit availed on bills discounted from banks are secured primarily by way of pari passu first charge on the current assets of the Group with a carrying amount of ₹ 105,482.42 lakhs (31 March 2016: ₹ 71,730.86 lakhs) and additionally by way of pari passu first charge on the movable assets of the Group with a carrying amount of ₹ 58,153.65 lakhs (31 March 2016: ₹ 24,472.10 lakhs).

25.4 MFXchange US, Inc. had entered into an arrangement with Fairfax (US) Inc. to obtain a revolving credit facility upto ₹ 3,312.75 lakhs (USD 5,000,000) which carries an interest rate of 3% - 5% per annum on incremental basis each year upto 3 November 2018.

25.5 This represents interest free unsecured loan taken by Brainhunter Systems Limited from Fairfax Financial Holdings Limited {₹ 496.90 lakhs (CAD 1,022,590) [31 March 2016: ₹ 512.30 lakhs (CAD 1,000,000)]}. The loan is repayable on demand.

## 26 Trade payables

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Dues to micro, small and medium enterprises (refer note 51) | - | - | - |
| Trade payables to related parties (refer note 45) | 1.30 | 15.24 | 21.94 |
| Other trade payables | 6,313.15 | 6,722.21 | 4,150.81 |
| | **6,314.45** | **6,737.45** | **4,172.75** |

All trade payables are current.
The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 38.

# Notes

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## 27 Other current financial liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Current maturities of long-term borrowings (refer note 22) | 1,914.45 | 350.77 | 315.94 |
| Current maturities of finance lease obligations (refer note 22) | 1,311.59 | 1,145.07 | - |
| ***Payable for acquisition of business*** | | | |
| Consideration payable (refer note 45) | 1,507.92 | - | - |
| Contingent consideration payable (refer note 45) | 431.29 | - | - |
| Interest accrued and not due | 405.08 | 52.00 | 15.79 |
| Financial guarantee liability | 8.25 | - | - |
| Capital creditors | 50.60 | 17.73 | - |
| ***Other payables*** | | | |
| Payable to erstwhile minority shareholders | - | 66.67 | 66.67 |
| Accrued salaries and benefits | 21,703.51 | 18,547.12 | 8,772.30 |
| Provision for bonus and incentive* | 1,285.06 | 6,088.63 | 784.31 |
| Uniform deposits | 20.86 | 27.06 | 18.38 |
| | **28,638.61** | **26,295.05** | **9,973.39** |

*Balance as at 31 March 2016 includes provision for bonus for the financial year 2015-16 aggregating to ₹ 4,536.37 lakhs computed based on the circular issued by Ministry of Law and Justice dated 31 December 2015 which requires Company to pay bonus at the specified revised threshold. The same has been paid during the year (refer note 41).

The Company's exposure to currency and liquidity risk related to other current financial liabilities is disclosed in note 38.

## 28 Current provisions

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Provision for employee benefits** | | | |
| Provision for gratuity (refer note 47) | 1,860.51 | 1,521.83 | 8.79 |
| Provision for compensated absences | 411.72 | 447.26 | 480.93 |
| **Other provisions** | | | |
| Provision for warranty (refer note 28.1) | - | - | 120.00 |
| Provision for onerous contracts (refer note 28.1) | - | - | 10.78 |
| | **2,272.23** | **1,969.09** | **620.50** |

### 28.1 The disclosure requirement as per Ind AS 37 with respect to the movement of provisions is as follows:

(Amount in ₹ lakhs)

| Particulars | Warranty | Onerous contracts |
|---|---|---|
| **Balance as at 1 April 2015** | **120.00** | **10.78** |
| Provisions recognised /(reversed) | (120.00) | (10.78) |
| Provisions utilized | - | - |
| **Balance as at 31 March 2016** | - | - |

**Warranty**

Warranty provision of ₹ 120 lakhs was created for the projects to make good for any defects identified. During the previous year, the project on which warranty was provided was completed, hence reversed.

**Onerous contract**

Onerous contract provision is created for project where the estimated cost of the project will be more than the economic benefits derived by the Company. During the previous year, provision was reversed on completion of project.

## 29 Other current liabilities

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Balances payable to government authorities | 9,439.31 | 7,396.04 | 3,365.52 |
| Advance received from customers | 3,128.23 | 1,458.90 | 1,179.81 |
| Provision for expenses | 4,049.39 | 2,243.23 | 775.14 |
| Income received in advance | 1,027.00 | 1,056.93 | 3,051.38 |
| Book overdraft | - | - | 608.50 |
| Provision for rent escalation | 57.26 | 15.64 | 8.92 |
| | **17,701.19** | **12,170.74** | **8,989.27** |

The Group's exposure to currency and liquidity risk related to other current liabilities is disclosed in note 38.

## 30 Revenue from operations

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Staffing and recruitment services | 326,343.01 | 280,224.54 |
| Facility management and food services | 41,881.68 | 37,187.13 |
| Training services | 9,101.76 | 7,009.68 |
| Operation and maintenance | 13,182.64 | 11,378.30 |
| Software sales and maintenance | 25,226.86 | 7,701.77 |
| | **415,735.95** | **343,501.42** |

## 31 Other income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Interest income under the effective interest method on: | | |
| Deposits with banks | 1,128.36 | 70.46 |
| Interest income on present valuation of financial instruments | 77.73 | 62.55 |
| Interest on tax refunds | 26.50 | 567.04 |
| Profit on sale of property, plant and equipment and intangible assets, net | - | 0.95 |
| Dividend income on mutual fund units | 166.26 | - |
| Interest on loans given to related parties (refer note 45) | 11.80 | - |
| Liabilities no longer required written back | 32.40 | 161.31 |
| Bad debts recovered | 0.57 | 14.18 |
| Change in fair value of contingent consideration | 44.69 | - |
| Miscellaneous income | 36.89 | 28.67 |
| | **1,525.20** | **905.16** |

# Notes

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## 32 Cost of material and stores and spare parts consumed

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Inventory at the beginning of the year | 182.77 | 52.82 |
| Add: Purchases during the year | 5,077.74 | 4,943.99 |
| Less: Inventory at the end of the year | 572.74 | 182.77 |
| **Cost of materials and stores and spare parts consumed** | **4,687.77** | **4,814.04** |

## 33 Employee benefit expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Salaries and wages | 327,939.93 | 279,253.21 |
| Contribution to provident and other funds | 23,454.24 | 17,766.78 |
| Expenses related to defined benefit plans | 1,028.05 | 2,386.47 |
| Expenses related to compensated absences | 138.81 | 143.33 |
| Staff welfare expenses | 1,789.82 | 1,142.27 |
| | **354,350.85** | **300,692.06** |

## 34 Finance costs

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Interest expense | 4,349.49 | 2,834.65 |
| Other borrowing costs | 303.79 | 269.62 |
| | **4,653.28** | **3,104.27** |

## 35 Depreciation and amortisation expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Depreciation of property, plant and equipment (refer note 3) | 2,163.91 | 1,227.72 |
| Amortisation of intangible assets (refer note 5) | 480.29 | 211.29 |
| | **2,644.20** | **1,439.01** |

## 36 Other expenses

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Sub-contractor charges | 7,149.44 | 3,237.68 |
| Recruitment and training expenses | 3,408.86 | 2,716.51 |
| Rent (refer note 46) | 3,689.59 | 2,858.22 |
| Power and fuel | 772.93 | 483.16 |
| Repairs & maintenance | | |

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| - buildings | 453.73 | 351.78 |
| - plant and machinery | 152.55 | 78.91 |
| - others | 5,076.85 | 1,577.86 |
| Legal and professional fees (refer note 36.1) | 1,723.51 | 1,393.40 |
| Rates and taxes | 230.77 | 250.52 |
| Printing and stationery | 543.67 | 559.16 |
| Consumables | 1,352.74 | 1,745.51 |
| Travelling and conveyance | 4,631.22 | 3,885.00 |
| Communication expenses | 1,774.64 | 1,023.23 |
| Impairment loss allowance on financial assets, net [refer note 38(i)] | (85.25) | 788.85 |
| Deposits/advances written-off | - | 136.98 |
| Equipment hire charges | 1,018.22 | 793.99 |
| Insurance | 291.01 | 194.02 |
| Database access charges | 318.61 | 183.54 |
| Bank charges | 88.49 | 39.46 |
| Bad debts written-off | 710.59 | - |
| Business promotion and advertisement expenses | 596.81 | 226.48 |
| Loss on sale of property, plant and equipment and intangible assets, net | 15.16 | - |
| Foreign exchange loss, net | 143.13 | 8.64 |
| Expenditure on corporate social responsibility (refer note 36.2) | 152.42 | 75.65 |
| Miscellaneous expenses | 207.53 | 278.52 |
| | **34,417.22** | **22,887.07** |

**36.1 Payment to auditors (net of service tax; included in legal and professional fees)**

(Amount in ₹ lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Statutory audit fees | 83.50 | 71.00 |
| Tax audit fees | 6.50 | 7.00 |
| Others | 58.00 | 16.50 |
| Reimbursement of expenses | 5.69 | 5.75 |
| | **153.69** | **100.25** |

**36.2 Details of CSR expenditure**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility ("CSR") activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been

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formed by the company as per the Act. The funds required to be spent and funds spent during the year with respect to the Group are explained below:

(Amount in ₹ lakhs)

| Particulars | | For the year ended | |
|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 |
| a) | Gross amount required to be spent by the Company during the year | 152.31 | 74.60 |
| b) | Amount spent during the year | | |
| | i) Construction or acquisition of any asset | 10.30 | - |
| | ii) On purpose other than i) above | 142.12 | 75.65 |

## 37 Financial instruments-fair value and risk management

**Accounting classification and fair values**

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

**Fair value hierarchy**

The section explains the judgment and estimates made in determining the fair values of the financial instruments that are:

a) recognised and measured at fair value

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 Indian Accounting Standard.

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | 31 March 2017 | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at amortised cost** | | | | |
| Loans | 3,735.73 | - | - | - |
| Trade receivables | 44,684.60 | - | - | - |
| Cash and cash equivalents including other bank balances | 45,960.65 | - | - | - |
| Other financial assets | 390.99 | - | - | - |
| Unbilled revenue | 38,682.58 | - | - | - |
| **Financial assets measured at fair value** | | | | |
| Investment in preference shares | 22,000.00 | - | - | 22,000.00 |
| Other non-current investments | 365.50 | - | - | 365.50 |
| **Total financial assets** | **155,820.05** | **-** | **-** | **22,365.50** |
| **Financial liabilities measured at amortised cost** | | | | |
| Non-convertible debentures | 14,833.13 | - | - | 14,833.13 |
| Finance lease obligations | 3,305.17 | - | 3,179.90 | - |
| Borrowings other than above | 58,132.34 | - | - | - |
| Trade payables | 6,314.45 | - | - | - |
| Other financial liabilities | 24,981.27 | - | - | - |
| **Financial liabilities measured at fair value** | | | | |
| Contingent consideration | 2,615.92 | - | - | 2,615.92 |
| Financial liability towards put option | 6,923.98 | - | - | 6,923.98 |
| Financial liability | 4,170.42 | - | - | 4,170.42 |
| **Total financial liabilities** | **121,276.68** | **-** | **3,179.90** | **28,543.45** |

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | 31 March 2016 | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at amortised cost** | | | | |
| Loans | 2,147.77 | - | - | - |
| Trade receivables | 40,527.69 | - | - | - |
| Cash and cash equivalents including other bank balances | 10,935.30 | - | - | - |
| Other financial assets | 241.17 | - | - | - |
| Unbilled revenue | 28,732.80 | - | - | - |
| **Financial assets measured at fair value** | | | | |
| Other non-current investments | 365.50 | - | - | 365.50 |
| **Total financial assets** | **82,950.23** | **-** | **-** | **365.50** |
| **Financial liabilities measured at amortised cost** | | | | |
| Finance lease obligations | 2,969.90 | - | 2,825.27 | - |
| Borrowings other than above | 34,864.00 | - | - | - |
| Trade payables | 6,737.45 | - | - | - |
| Other financial liabilities | 26,295.05 | - | - | - |
| **Financial liabilities measured at fair value** | | | | |
| Contingent consideration | 2,918.31 | - | - | 2,918.31 |
| **Total financial liabilities** | **73,784.71** | **-** | **2,825.27** | **2,918.31** |

(Amount in ₹ lakhs)

| Particulars | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | 1 April 2015 | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at amortised cost** | | | | |
| Loans | 1,400.46 | - | - | - |
| Trade receivables | 23,801.61 | - | - | - |
| Cash and cash equivalents including other bank balances | 8,182.49 | - | - | - |
| Other financial assets | 60.03 | - | - | - |
| Unbilled revenue | 15,019.97 | - | - | - |
| **Total financial assets** | **48,464.56** | **-** | **-** | **-** |
| **Financial liabilities measured at amortised cost** | | | | |
| NSDC Loan | 300.00 | - | - | 300.00 |
| Borrowings | 21,742.67 | - | - | - |
| Trade payables | 4,172.75 | - | - | - |
| Other financial liabilities | 10,040.06 | - | - | - |
| **Total financial liabilities** | **36,255.48** | **-** | **-** | **300.00** |

*Equity accounted investments are not appearing as financial assets in the table above being investment in associates and joint venture accounted under Ind AS 28, Investments in Associates and Joint Ventures under the equity method.*

**Fair value hierarchy**

**Level 1:** This hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference shares, mutual funds and debentures that have quoted price.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in unquoted preference shares included in level 3.

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**Fair valuation method**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values

**A Financial Assets:**

1) Fair value of all these financial assets are measured at balance sheet date value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the balance sheet date value.

2) **Investment in preference shares and other non-current investments (unquoted):** The fair values of the unquoted investment have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions with respect to inputs used, including revenue, EBITDA and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these investments.

**B Financial Liabilities:**

1) **Non-convertible debentures (quoted):** The fair values of the Company's interest-bearing debentures are determined by using DCF method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The debentures are issued during the year, therefore fair value of the debentures is almost equal to balance sheet date value.

2) **Borrowings:** It also includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

3) **National Skill Development Centre Loan:** This includes term loan from National Skill Development Centre of ₹ 300 lakhs taken by the Company which is secured against hypothecation of project assets. The loan is taken at 6% p.a. simple interest. As the specific project for which the loan was sanctioned could not be implemented and the entire loan became due for repayment in 2015 and this has been classified under other current financial liabilities. Therefore, the fair value of the loan is equal to the balance sheet date value.

4) **Finance lease obligations:** The fair value of obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

5) **Trade payables and other liabilities:** Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

6) **Contingent consideration:** The fair value of contingent consideration is determined by using a discount rate that reflects the likely amount to be paid out over the years as earn out which has been calculated using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

7) **Financial liability towards put option:** The fair value of financial liability towards put option has been determined by discounting estimated consideration payable on put option being exercised by the non-controlling interest shareholder. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimates of fair value of this put option.

8) **Financial liability:** The fair value of financial liability has been determined by discounting consideration payable on commitment to sell. The probability of the estimate within the range can be reasonably assessed and are used in the management's estimates of fair value of this put option.

### Valuation inputs and relationships to fair value

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used (refer above notes for valuation technique adopted):

### Financial instruments measured at fair value

(Amount in ₹ lakhs)

| Particulars | Fair Value as at 31 March 2017 | Significant unobservable inputs | Fair value as at 31 March 2017 | | Sensitivity |
|---|---|---|---|---|---|
| | | | Increase by 1% | Decrease by 1 % | |
| Investment in preference shares (unquoted) | 22,000.00 | Risk adjusted discount rate | 21,772.80 | 22,213.16 | Increase in discount rate by 1% would decrease the fair value by ₹ 227.20 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 213.16 lakhs. |
| | | EBITDA projection | 22,244.25 | 21,737.88 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 244.25 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 262.12 lakhs. |
| | | Revenue projection | 22,116.39 | 21,863.21 | Increase in revenue projection by 1% would increase the fair value by ₹ 116.39 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 136.79 lakhs. |
| Other non-current investments (unquoted) | 365.50 | Risk adjusted discount rate | 317.36 | 424.52 | Increase in discount rate by 1% would decrease the fair value by ₹ 48.14 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 59.02 lakhs. |
| | | EBITDA projection | 371.13 | 359.87 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 5.63 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 5.63 lakhs. |
| | | Revenue projection | 371.78 | 358.55 | Increase in revenue projection by 1% would increase the fair value by ₹ 6.28 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 6.94 lakhs. |
| Contingent consideration | 2,615.92 | Risk adjusted discount rate | 2,557.07 | 2,676.86 | Increase in discount rate by 1% would decrease the fair value by ₹ 58.50 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 60.94 lakhs. |
| | | EBITDA projection | 2,653.85 | 2,577.99 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 37.93 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 37.93 lakhs. |
| | | Revenue projection | 2,653.85 | 2,577.99 | Increase in revenue projection by 1% would increase the fair value by ₹ 37.93 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 37.93 lakhs. |

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| Particulars | Fair Value as at 31 March 2017 | Significant unobservable inputs | Fair value as at 31 March 2017 | | Sensitivity |
|---|---|---|---|---|---|
| | | | Increase by 1% | Decrease by 1 % | |
| Financial liability towards put option | 6,923.98 | Risk adjusted discount rate | 6,791.76 | 7,060.50 | Increase in discount rate by 1% would decrease the fair value by ₹ 132.22 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 136.52 lakhs. |
| | | Probability of payment of maximum consideration | 6,971.57 | 6,876.39 | Increase in probability of payment of maximum consideration by 1% would increase the fair value by ₹ 47.59 lakhs and decrease in probability of payment of maximum consideration by 1% would decrease the fair value by ₹ 47.59 lakhs. |
| Financial liability | 4,170.42 | Risk adjusted discount rate | 4,110.16 | 4,232.25 | Increase in discount rate by 1% would decrease the fair value by ₹ 60.26 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 61.83 lakhs. |

**Financial instruments measured at fair value**

(Amount in ₹ lakhs)

| Particulars | Fair Value as at 31 March 2016 | Significant unobservable inputs | Fair value as at 31 March 2016 | | Sensitivity |
|---|---|---|---|---|---|
| | | | Increase by 1% | Decrease by 1 % | |
| Other non-current investments (unquoted) | 365.50 | Risk adjusted discount rate | 316.30 | 425.82 | Increase in discount rate by 1% would decrease the fair value by ₹ 49.20 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 60.32 lakhs. |
| | | EBITDA projection | 371.25 | 359.75 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 5.75 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 5.75 lakhs. |
| | | Revenue projection | 371.75 | 359.25 | Increase in revenue projection by 1% would increase the fair value by ₹ 6.25 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 6.25 lakhs. |
| Contingent consideration | 2,918.31 | Risk adjusted discount rate | 2,832.70 | 3,007.91 | Increase in discount rate by 1% would decrease the fair value by ₹ 85.61 lakhs and decrease in discount rate by 1% would increase the fair value by ₹ 89.60 lakhs. |
| | | EBITDA projection | 2,963.04 | 2,873.58 | Increase in EBITDA projection by 1% would increase the fair value by ₹ 44.73 lakhs and decrease in EBITDA projection by 1% would decrease the fair value by ₹ 44.73 lakhs. |
| | | Revenue projection | 2,963.04 | 2,873.58 | Increase in revenue projection by 1% would increase the fair value by ₹ 44.73 lakhs and decrease in revenue projection by 1% would decrease the fair value by ₹ 44.73 lakhs. |

**Reconciliation of Level 3 fair values**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

(Amount in ₹ lakhs)

| Particulars | Fair value through other comprehensive income | | Fair value through profit and loss | | |
|---|---|---|---|---|---|
| | Preference shares | Other non-current investments (unquoted) | Contingent consideration | Financial liability towards put option | Financial liability |
| **Balance as at 1 April 2015** | **-** | **-** | **-** | **-** | **-** |
| Assumed in a business combination | - | 165.50 | (2,918.31) | - | - |
| Purchases | - | 200.00 | - | - | - |
| Net change in fair value (unrealised) | - | - | - | - | - |
| **Balance as at 31 March 2016** | **-** | **365.50** | **(2,918.31)** | **-** | **-** |
| Assumed in a business combination | - | - | - | (6,923.98) | (4,170.42) |
| Purchases | 22,000.00 | - | - | - | - |
| Net change in fair value (unrealised) | - | - | 302.39 | - | - |
| **Balance as at 31 March 2017** | **22,000.00** | **365.50** | **(2,615.92)** | **(6,923.98)** | **(4,170.42)** |

## 38 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

**Risk management framework**

The Board of Directors of Quess Corp Limited has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**i) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and current asset. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

The carrying amount of following financial assets represents the maximum credit exposure:

***Trade receivables***

The Group's exposure to credit risk is influenced mainly by its customer. However, the management also considers the factors that may influence the credit risk of its customer base.

The Group has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

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The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

***Expected credit loss assessment for corporate customers as at 1 April 2015, 31 March 2016 and 31 March 2017 are as follows:***

The Group uses an allowance matrix to measure the expected credit loss of trade receivable from customers.
Based on industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default (credit impaired) if the payments are more than 360 days past due. Loss rates are based on actual credit loss experience over the last six quarters.

These rates have been adjusted to reflect the management's view of economic conditions over the expected lives of the receivables.

**The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from customers:**

**As at 31 March 2017**

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount of trade receivables |
|---|---|---|---|---|---|
| Not due | 19,454.18 | 0.00% - 16.01% | 78.54 | No | 19,375.64 |
| Past due 1–90 days | 21,605.51 | 0.00% - 46.54% | 189.36 | No | 21,416.15 |
| Past due 91–180 days | 3,080.07 | 0.00% - 73.53% | 188.00 | No | 2,892.07 |
| Past due 181–270 days | 1,057.65 | 0.00% - 88.61% | 169.90 | No | 887.75 |
| Past due 271–360 days | 734.36 | 0.00% - 100% | 621.37 | No | 112.99 |
| Above 360 days | 2,438.98 | 100.00% | 2,438.98 | Yes | - |
| | **48,370.75** | | **3,686.15** | | **44,684.60** |

**As at 31 March 2016**

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount of trade receivables |
|---|---|---|---|---|---|
| Not due | 20,093.37 | 0.00% - 16.01% | 58.38 | No | 20,034.99 |
| Past due 1–90 days | 16,626.39 | 0.00% - 46.54% | 209.59 | No | 16,416.80 |
| Past due 91–180 days | 2,919.62 | 0.00% - 73.53% | 166.33 | No | 2,753.29 |
| Past due 181–270 days | 1,577.56 | 0.00% - 88.61% | 271.17 | No | 1,306.39 |
| Past due 271–360 days | 470.43 | 0.00% - 100% | 454.21 | No | 16.22 |
| Above 360 days | 2,480.13 | 100.00% | 2,480.13 | Yes | - |
| | **44,167.50** | | **3,639.81** | | **40,527.69** |

**As at 1 April 2015**

(Amount in ₹ lakhs)

| Particulars | Gross carrying amount | Expected credit loss rate | Expected credit losses | Whether receivable is credit impaired | Carrying amount of trade receivables |
|---|---|---|---|---|---|
| Not due | 12,168.09 | 0.00% - 16.01% | 28.54 | No | 12,139.55 |
| Past due 1–90 days | 9,751.25 | 0.00% - 46.54% | 132.76 | No | 9,618.49 |
| Past due 91–180 days | 1,710.89 | 0.00% - 73.53% | 97.71 | No | 1,613.18 |
| Past due 181–270 days | 505.93 | 0.00% - 88.61% | 76.53 | No | 429.40 |
| Past due 271–360 days | 781.85 | 0.00% - 100% | 780.86 | No | 0.99 |
| Above 360 days | 1,384.60 | 100.00% | 1,384.60 | Yes | - |
| | **26,302.61** | | **2,501.00** | | **23,801.61** |

**Movement in allowance for impairment in respect of trade receivables:**
**The movement in the allowance for impairment in respect of trade receivables during the year was as follows:**

(Amount in ₹ lakhs)

| Particulars | As at | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| **Balance as at the beginning of the year** | 3,639.81 | 2,501.00 |
| Additions through business combination | 131.59 | 349.96 |
| Impairment loss allowances recognised/ (reversed) | (85.25) | 788.85 |
| **Balance as at the end of the year** | **3,686.15** | **3,639.81** |

There is no significant movement in the impairment loss allowance during the year 2016-17.

**ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecast of the Group's liquidity position and cash and cash equivalent on the basis of expected cash flows. The Group's objective is to maintain a balance between cash outflow and inflow. Usually the excess of funds is invested in fixed deposit. This is generally carried out in accordance with practice and limits set by the Group. The limits vary to take into account the liquidity of the market in which the Group operates.

**i) Financing arrangement**

The Group maintains the following line of credit:

(i) The Group has taken working capital loan from banks having interest rate ranging from 6% to 9.95%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Group on both present and future and collateral by way of pari passu first charge on the entire movable assets of the Group (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Group.

(ii) The Group has taken cash credit and overdraft facilities having interest rate ranging from MCLR+0.35% to MCLR+2.10%, CDOR+2.25%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the current assets of the Group on both present and future and collateral by way of pari passu first charge on the movable assets of the Group (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Group.

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(iii) The Group has taken bills discounting facilities from banks having interest rate of MCLR+1.30%, Base rate+1.75%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current and movable assets of the Group on both past and future excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreement and assets created out of NSDC facility.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015. The amounts are gross undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

**As at 31 March 2017**

(Amount in ₹ lakhs)

| Particulars | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings | 76,270.65 | 50,679.38 | 6,071.82 | 27,002.88 | - |
| Trade payables | 6,314.45 | 6,314.45 | - | - | - |
| Other financial liabilities | 38,691.59 | 25,412.57 | 4,936.37 | 8,342.65 | - |

**As at 31 March 2016**

(Amount in ₹ lakhs)

| Particulars | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings | 39,329.75 | 35,944.29 | 1,918.41 | 2,020.30 | - |
| Trade payables | 6,737.45 | 6,737.45 | - | - | - |
| Other financial liabilities | 27,717.52 | 24,799.21 | 733.69 | 2,184.63 | - |

**As at 1 April 2015**

(Amount in ₹ lakhs)

| Particulars | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | 0-1 years | 1-2 years | 2-5 years | 5 years and above |
| Borrowings | 22,358.60 | 22,358.60 | - | - | - |
| Trade payables | 4,172.75 | 4,172.75 | - | - | - |
| Other financial liabilities | 9,724.12 | 9,657.46 | 66.67 | - | - |

As disclosed in note 22 and note 25, the Group has a secured bank loan that contains a loan covenant. A future breach of covenant may require Group to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

**iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) **Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies.

**Exposure to currency risk**

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

(Amount in ₹ lakhs)

| Particulars | Currency | As at | | | | | |
|---|---|---|---|---|---|---|---|
| | | 31 March 2017 | | 31 March 2017 | | 1 April 2015 | |
| | | Foreign currency* | Amount | Foreign currency* | Amount | Foreign currency* | Amount |
| Trade receivables | USD | 4,018,722 | 2,606.14 | 3,542,645 | 2,347.18 | 553,201 | 336.51 |
| | EURO | 16,798 | 11.64 | 22,819 | 17.20 | - | - |
| | CAD | 6,248 | 3.04 | 2,284 | 1.17 | - | - |
| | SAR | 96,695 | 16.72 | - | - | - | - |
| Other liabilities | CAD | 99,866 | 48.53 | 77,736 | 39.82 | - | - |
| | USD | 403,361 | 261.58 | 144,227 | 95.56 | - | - |

*Foreign currency values are in actuals and not recorded in lakhs.

The following significant exchange rates have been applied:

| Currency | Year end spot rate | | |
|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| USD / INR | 64.85 | 66.26 | 60.83 |
| EUR / INR | 69.29 | 75.40 | 67.51 |
| CAD / INR | 48.59 | 51.23 | 49.31 |
| SAR / INR | 17.29 | 17.63 | 16.67 |

**Sensitivity analysis**

A reasonably possible strengthening/ (weakening) of the USD, EURO, SAR and CAD against INR at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **31 March 2017** | | | | |
| USD (2% movement) | 46.89 | (46.89) | 32.20 | (32.20) |
| EURO (8% movement) | 0.93 | (0.93) | 0.64 | (0.64) |
| CAD (5% movement) | (2.27) | 2.27 | (1.56) | 1.56 |
| SAR (2% movement) | 0.33 | (0.33) | 0.23 | (0.23) |
| **31 March 2016** | | | | |
| USD (9% movement) | 202.65 | (202.65) | 139.16 | (139.16) |
| EURO (12% movement) | 2.06 | (2.06) | 1.42 | (1.42) |
| CAD (4% movement) | (1.55) | 1.55 | (1.06) | 1.06 |
| SAR (6% movement) | - | - | - | - |

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowing comprises of vehicle loans, working capital loans, finance lease obligations, loan from related parties and debentures which carries fixed rate of interest, which do not expose it to interest rate risk. However, non-convertible debenture has a fixed coupon rate but there is a condition of call/put option associated with change in interest rate exposing it to interest rate risk. The borrowings also includes cash credit, bills discounting and term loan facilities and loans from related parties which carries variable rate of interest.

(a) **Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Variable rate borrowings | 57,562.26 | 35,822.67 | 21,696.02 |
| Fixed rate borrowings | 18,708.39 | 3,507.08 | 662.58 |
| **Total borrowings** | **76,270.65** | **39,329.75** | **22,358.60** |

(b) **Sensitivity**

(Amount in ₹ lakhs)

| Particulars | Profit and loss | | Equity, net of tax | |
|---|---|---|---|---|
| | 1% Increase | 1% decrease | 1% Increase | 1% decrease |
| **31 March 2017** | | | | |
| Variable rate borrowings | (37.71) | 37.71 | (25.90) | 25.90 |
| **31 March 2016** | | | | |
| Variable rate borrowings | (13.47) | 13.47 | (9.25) | 9.25 |
| **1 April 2015** | | | | |
| Variable rate borrowings | (14.87) | 14.87 | (10.21) | 10.21 |

## 39 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as aggregate of Non-current borrowing and current borrowing, less cash and cash equivalents.

The Group's policy is to keep the ratio below 2.50. The Group's adjusted net debt to equity ratio are as follows:

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Gross Debt | 73,010.39 | 37,448.25 | 22,042.67 |
| Less: Cash and cash equivalents | 30,127.19 | 10,664.22 | 7,602.77 |
| **Adjusted net debt** | **42,883.20** | **26,784.03** | **14,439.90** |
| Total equity | 83,705.59 | 35,662.28 | 26,906.87 |
| **Net debt to equity ratio** | **0.51** | **0.75** | **0.54** |

## 40 Capital commitments

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 590.67 | 32.59 |
| | **590.67** | **32.59** |

## 41 Contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹ lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Corporate guarantee given as security for loan availed by related party [refer note (i)] | 2,200.00 | - |
| Bonus [refer note (ii)] | 3,258.77 | 3,258.77 |
| Provident fund [see note (iii) and (iv) below] | 257.33 | 257.33 |
| Direct and Indirect tax matters [see note (iii) and (iv) below] | 1,230.86 | 733.37 |
| | **6,946.96** | **4,249.47** |

(i) The Group has given guarantee to banks for the loans given to related party to make good any default made by the related party in payment to banks.

**Movement of Corporate Guarantee given to related party during the year is as follows:**

(Amount in ₹ lakhs)

| Related party | As at 1 April 2016 | Provided during the financial year | Settled /expired during the financial year | As at 31 March 2017 |
|---|---|---|---|---|
| Terrier Security Services (India) Private Ltd | - | 2,200.00 | - | 2,200.00 |
| **Total** | **-** | **2,200.00** | **-** | **2,200.00** |

(ii) The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015 according to which the eligibility criteria of salary or wages has been increased from ₹ 10,000 per month to ₹ 21,000 per month [Section 2(13)] and the ceiling for computation of such salary or wages has been increased from ₹ 3,500 per month to ₹ 7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate Government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act, 2015 is effective retrospectively from 1 April 2014. Based on the same, the Group has computed the bonus for the year ended 31 March 2016 and 31 March 2017 aggregating to ₹ 4,536.37 lakhs and ₹ Nil respectively.

For the period ended 31 March 2015, the Group has obtained a legal opinion from an external lawyer and advised to take a position that the stay granted by the two High Courts of India on the retrospective application of the amendment would have a persuasive effect even outside the boundaries of the relevant states and accordingly no provision is currently required. The same if incurred by the Group will be billed back to customers including service charges.

(iii) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

(iv) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect outcome of these proceedings to have a material adverse effect on its financial position.

## 42 Earnings per share

(Amount in ₹ lakhs except number of shares and per share data)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Nominal value of equity shares (₹ per share) | 10 | 10 |
| Net profit after tax for the purpose of earnings per share (₹) | 11,346.07 | 8,118.00 |
| Weighted average number of shares used in computing basic earnings per share | 122,829,474 | 113,215,610 |
| **Basic earnings per share (₹)** | **9.24** | **7.17** |
| Weighted average number of shares used in computing diluted earnings per share | 124,693,775 | 115,421,839 |
| **Diluted earnings per share (₹)** | **9.10** | **7.03** |

### Computation of weighted average number of shares

(Amount in numbers)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| **Number of equity shares outstanding at beginning of the year** | **113,335,056** | **25,773,764** |
| **Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue:** | | |
| - Adjustment of opening number of shares prior to right issue from 1 April 2015 to 22 December 2015 (25,773,764*1.09*265/366) | - | 20,395,438 |
| - Adjustment of opening number of shares post right issue from 22 December 2015 to 31 March 2016 (25,773,764*101/366) | - | 7,112,432 |
| **Add: Weighted average number of equity shares issued during the year** | | |
| - 12,618,297 number of equity shares issued on Initial Public Offer on 12 July 2016 for 263 days | 9,092,088 | - |
| - 795,398 number of equity shares issued under ESOP scheme on 4 October 2016 for 179 days | 390,072 | - |
| - 42,210 number of equity shares issued under ESOP scheme on 16 December 2016 for 106 days | 12,258 | - |
| - Right issue of 2,560,000 number of equity shares issued on 22 December 2015 for 101 days | - | 706,448 |
| - Bonus issue of 85,001,292 number of equity shares issued on 5 January 2016 | - | 85,001,292 |
| **Weighted average number of shares outstanding at the end of year for computing basic earnings per share** | **122,829,474** | **113,215,610** |
| **Add: Impact of potentially dilutive equity shares** | | |
| - 1,891,920 number of ESOP at fair value | 1,864,301 | - |
| - 2,729,428 number of ESOP including bonus at fair value | - | 2,206,229 |
| **Weighted average number of shares outstanding at the end of year for computing diluted earnings per share** | **124,693,775** | **115,421,839** |

## 43 Earnings in foreign currency

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Staffing and recruitment services | 3,694.55 | 1,518.43 |
| Operation and maintenance | 557.78 | 1,270.75 |
| Software and solution business | 3,871.38 | 1,500.88 |
| | **8,123.71** | **4,290.06** |

## 44 Segment reporting

The Chief Executive Officer and Managing Director of the company has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by service offerings. Accordingly, segment information has been presented for service offerings.

**Operating segment**

The Group's business is concentrated in various service offerings like temporary staffing services, executive search, contingency recruitment, housekeeping and facility management services, food services, skill development and training services and accordingly primary segment information is presented on the following service offerings:

**Reportable segment**

| | |
|---|---|
| People and services | It provides comprehensive staffing services and solutions including general staffing, recruitment and executive search, recruitment process outsourcing, as well as payroll, compliance and background verification services. |
| Global technology solutions | It provides IT staffing and technology solutions and products. |
| Integrated facility management | It provides services including janitorial services, electro-mechanical services, pest control as well as food and hospitality services. |
| Industrials | It provides industrial operations and maintenance services and related asset record maintenance services. |

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. The Group has a corporate center, which provides various accounting and administrative support functions. Segment information for this activity has been aggregated under "Unallocated". Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expenses, cost of material consumed, recruitment and training expenses, stores and tools consumed, sub-contractor charges and operating expenses that can be allocated on a reasonable basis to respective segments. Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Group therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly these are separately disclosed as 'unallocated'.

# Notes

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**A Operating segment information for the period from 1 April 2016 to 31 March 2017 is as follows:**

(Amount in ₹ lakhs)

| Particulars | People and services | Global technology solutions | Integrated facility management | Industrials | Unallocated | Total |
|---|---|---|---|---|---|---|
| Segment revenue | 234,541.08 | 118,296.65 | 40,461.18 | 22,437.04 | - | 415,735.95 |
| Segment cost | (223,650.70) | (109,959.87) | (38,430.55) | (20,727.63) | - | (392,768.75) |
| **Segment result** | **10,890.38** | **8,336.78** | **2,030.63** | **1,709.41** | **-** | **22,967.20** |
| Other income | - | - | - | - | 1,525.20 | 1,525.20 |
| Finance charges | - | - | - | - | (4,653.28) | (4,653.28) |
| Unallocated corporate expenses | - | - | - | - | (3,331.29) | (3,331.29) |
| Share of profit/(loss) of equity accounted investees (net of income tax) | - | - | - | - | 12.46 | 12.46 |
| **Profit before taxations** | **10,890.38** | **8,336.78** | **2,030.63** | **1,709.41** | **(6,446.91)** | **16,520.29** |
| Taxation | - | - | - | - | (5,175.85) | (5,175.85) |
| **Profit after taxation** | **10,890.38** | **8,336.78** | **2,030.63** | **1,709.41** | **(11,622.76)** | **11,344.44** |
| Segment assets | 35,202.16 | 71,687.50 | 13,866.23 | 10,570.10 | 96,708.06 | 228,034.05 |
| Segment liabilities | 23,241.85 | 16,252.91 | 7,085.10 | 3,792.01 | 93,956.59 | 144,328.46 |
| Capital expenditure | 801.55 | 1,921.05 | 235.20 | 386.98 | 577.83 | 3,922.61 |

**Operating segment information for the period from 1 April 2015 to 31 March 2016 is as follows:**

(Amount in ₹ lakhs)

| Particulars | People and services | Global technology solutions | Integrated facility management | Industrials | Unallocated | Total |
|---|---|---|---|---|---|---|
| Segment revenue | 194,984.66 | 92,112.45 | 37,187.13 | 19,217.18 | - | 343,501.42 |
| Segment cost | (187,741.54) | (86,066.31) | (35,469.17) | (17,511.78) | - | (326,788.80) |
| **Segment result** | **7,243.12** | **6,046.14** | **1,717.96** | **1,705.40** | **-** | **16,712.62** |
| Other income | | - | - | - | 905.16 | 905.16 |
| Finance charges | | - | - | - | (3,104.27) | (3,104.27) |
| Unallocated corporate expenses | | - | - | - | (3,043.38) | (3,043.38) |
| **Profit before taxation** | **7,243.12** | **6,046.14** | **1,717.96** | **1,705.40** | **(5,242.49)** | **11,470.13** |
| Taxation | | - | - | - | (3,352.13) | (3,352.13) |
| **Profit after taxation** | | **6,046.14** | **1,717.96** | **1,705.40** | **(8,594.62)** | **8,118.00** |
| Segment assets | 32,439.69 | 46,648.10 | 13,641.78 | 6,649.15 | 25,625.94 | 125,004.66 |
| Segment liabilities | 21,767.96 | 12,446.53 | 4,231.16 | 1,443.46 | 49,453.27 | 89,342.38 |
| Capital expenditure | 986.09 | 868.26 | 244.45 | 90.40 | 85.55 | 2,274.75 |

**B Geographic information**

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets which have been based on the geographical location of the assets.

(Amount in ₹ lakhs)

| Geographic information | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | For the year ended | | As at | |
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| India | 341,514.65 | 295,910.94 | 31,755.98 | 18,470.74 |
| Other countries | | | | |
| - Singapore | 5,792.69 | - | 17,826.56 | - |
| - Canada | 35,053.30 | 37,269.18 | 3,031.23 | 2,985.22 |
| - Phillipines | 1,203.90 | 1,054.19 | 6.54 | 8.40 |
| - United States of America | 26,193.43 | 7,673.64 | 11,487.82 | 11,912.98 |
| - Germany | 60.15 | 39.01 | - | - |
| - Qatar | 557.78 | 1,270.75 | - | - |
| - Malaysia | 1,953.61 | 283.71 | 18.52 | 2.17 |
| - Ireland | - | - | - | - |
| - Srilanka | 3,406.44 | - | 95.95 | - |
| **Total** | **415,735.95** | **343,501.42** | **64,222.60** | **33,379.51** |

*Non-current assets exclude financial instruments and deferred tax assets.

The Group has disclosed the equity accounted investees as the geographic information of non-current assets because they are regularly provided to the CODM.

**C Major customer**

None of the customers of the Company has revenue which is more than 10 % of the Company's total revenue.

## 45 Related party disclosures

**(i) Name of related parties and description of relationship:**

| | |
|---|---|
| - Ultimate Holding Company | Fairfax Financial Holdings Limited |
| - Holding Company | Thomas Cook (India) Limited |
| - Subsidiaries, associates and joint venture | Refer note (ii) below |
| - Fellow subsidiaries | National Collateral Management Services Limited |
| | Fairfax (US) Inc. |
| - Entity having common directors | Net Resources Investments Private Limited |
| - Entities in which key managerial personnel have significant influence | Styracorp Management Services |
| | IME Consultancy |
| **Key executive management personnel** | |
| Ajit Isaac | Chairman & Managing Director & CEO |
| Subrata Kumar Nag | Whole time Director & Chief Financial Officer (till 23 January 2017 and from 4 April 2017) |
| | Whole time Director (24 January 2017 to 4 April 2017) |
| Balasubramanian S | Chief Financial Officer (from 24 January 2017 to 4 April 2017) |
| N.V.S.Pavan Kumar | Company Secretary (till 28 November 2016) |
| Sudershan Pallap | Company Secretary (from 28 November 2016) |

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

**(ii) List of subsidiaries (including step subsidiaries), associates and joint venture**

| Name of the entity | Note | Nature of relation | Country of domicile | Holdings as at | |
|---|---|---|---|---|---|
| | | | | 31 March 2017 | 31 March 2016 |
| Coachieve Solutions Private Limited | | Subsidiary | India | 100.00% | 100.00% |
| MFX Infotech Private Limited | | Subsidiary | India | 100.00% | 100.00% |
| Aravon Services Private Limited | | Subsidiary | India | 100.00% | 100.00% |
| Brainhunter Systems Ltd. | | Subsidiary | Canada | 100.00% | 100.00% |
| Mindwire Systems Ltd. | 1 | Subsidiary | Canada | 100.00% | 100.00% |
| Brainhunter Companies Canada Inc. | 1 | Subsidiary | Canada | 100.00% | 100.00% |
| Brainhunter Companies LLC | 1 | Subsidiary | USA | 100.00% | 100.00% |
| Quess (Philippines) Corp. | | Subsidiary | Philippines | 100.00% | 100.00% |
| Quess Corp (USA) Inc. | | Subsidiary | USA | 100.00% | 100.00% |
| Quesscorp Holdings Pte Ltd | | Subsidiary | Singapore | 100.00% | 100.00% |
| Quessglobal (Malaysia) SDN. BHD. | 2 | Subsidiary | Malaysia | 100.00% | 100.00% |
| Quess Corp Lanka (Private) Limited | 2 | Subsidiary | Sri Lanka | 100.00% | - |
| Comtel Solutions Pte Ltd | 2 | Subsidiary | Singapore | 100.00% | - |
| Ikya Business Services (Private) Limited | 3 | Subsidiary | Sri Lanka | - | - |
| MFXchange Holdings Inc. | | Subsidiary | Canada | 100.00% | 100.00% |
| MFXchange US, Inc. | 4 | Subsidiary | USA | 100.00% | 100.00% |
| MFXchange (Ireland) Limited | 4 | Subsidiary | Ireland | 100.00% | 100.00% |
| MFX Roanoke Inc. | 4 & 5 | Subsidiary | USA | - | - |
| Dependo Logistics Solutions Private Limited | | Subsidiary | India | 100.00% | - |
| CenterQ Business Solutions Private Limited | | Subsidiary | India | 100.00% | - |
| Excelus Learning Solutions Private Limited | | Subsidiary | India | 100.00% | - |
| Inticore VJP Advanced Solutions Private Limited | 6 | Subsidiary | India | 73.95% | - |
| Terrier Security Services (India) Private Limited | | Associate | India | 49.00% | - |
| Simpliance Technologies Private Limited | | Associate | India | 27.00% | - |
| Himmer Industrial Services (M) SDN BHD | | Joint venture | Malaysia | 49.00% | - |

*1. Wholly owned subsidiaries of Brainhunter Systems Ltd.*

*2. Wholly owned subsidiaries of Quesscorp Holdings Pte Ltd.*

*3. No investments have been made in this subsidiary till date and the subsidiary does not have any operations. This Company was incorporated by Quess Corp Limited on 17 June 2014.*

*4. Wholly owned subsidiaries of MFXchange Holdings Inc.*

*5. Merged with MFXchange US, Inc. effective 31 December 2015.*

*6. On 1 December 2016, Quess Corp Limited acquired 73.95% equity shares in Inticore VJP Advanced Solutions Private Limited.*

**(iii) Related party transactions during the year**

(Amount in ₹ lakhs)

| Particulars | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **Revenue from operations** | | | |
| | Thomas Cook (India) Limited | 1,411.24 | 1,732.48 |
| | National Collateral Management Services Limited | 1,978.05 | 1,016.74 |
| | Terrier Security Services (India) Private Limited | 366.45 | - |
| **Other expenses** | | | |
| | Thomas Cook (India) Limited | 403.63 | 282.16 |
| | Net Resources Investments Private Limited | 300.14 | 314.21 |
| | Terrier Security Services (India) Private Limited | 14.21 | - |
| **Finance costs** | | | |
| - Interest expense | Fairfax (US) Inc. | 86.75 | 20.29 |
| | Fairfax Financial Holdings Limited | 15.25 | - |
| - Interest income | | | |
| | IME Consultancy | 1.11 | - |
| | Styracorp Management Services | 10.69 | - |
| **Purchase consideration** | | | |
| - Purchase consideration paid | Fairfax Financial Holdings Limited | - | 0.03 |
| - Additional consideration | Fairfax Financial Holdings Limited | - | 2,890.27 |
| **Loans given to related parties** | | | |
| | Styracorp Management Services | 617.14 | 150.59 |
| | IME Consultancy | 74.98 | - |
| **Repayment/ adjustment of loans taken from related parties** | | | |
| | From Fairfax (US), Inc. | (56.20) | 2,650.20 |
| | From Fairfax Financial Holdings Limited | (15.40) | 165.66 |
| **Guarantees provided to banks on behalf of associates** | | | |
| | Terrier Security Services (India) Private Limited | 2,200.00 | - |
| **Purchase of intangible asset** | | | |
| | Simpliance Technologies Private Limited | 1.71 | - |
| **Right renunciation** | | | |
| | Thomas Cook (India) Limited | ** | ** |
| | Ajit Isaac | ** | ** |

****Renunciation of right issues**

During the previous year ended 31 March 2016, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of ₹ 10 each on right basis, in pursuance of the requirement of Section 62 of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules, 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Limited has resolved not to subscribe to the right issue and has obtained the shareholders approval on 12 December 2015 and accordingly a resolution of renunciation was approved by the Board of Directors of the Thomas Cook (India) Limited vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour of Net Resources Investments Private Limited. On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited.

# Notes

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**(iv) Balance receivable from and payable to related parties as at the balance sheet date:**

(Amount in ₹ lakhs)

| Particulars | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **Trade receivables (gross of loss allowance)** | | | | |
| | Thomas Cook (India) Limited | 235.14 | 291.44 | 141.40 |
| | Terrier Security Services (India) Private Limited | 18.40 | - | - |
| | Net Resources Investments Private Limited | - | - | 2.15 |
| **Trade payables** | | | | |
| | Thomas Cook (India) Limited | - | 15.24 | 21.94 |
| | Terrier Security Services (India) Private Limited | 0.31 | - | - |
| | Simpliance Technologies Private Limited | 0.99 | - | - |
| **Unbilled revenue** | | | | |
| | Thomas Cook (India) Limited | 92.68 | - | - |
| **Consideration payable** | | | | |
| | Fairfax Financial Holdings Limited | 356.89 | - | - |
| **Contingent consideration payable** | | | | |
| | Fairfax Financial Holdings Limited | 2,615.92 | 2,918.31 | - |
| **Current borrowings** | | | | |
| | Fairfax (US) Inc.* | 2,594.00 | 2,650.20 | - |
| | Fairfax Financial Holdings Limited | 496.90 | 512.30 | 346.64 |
| **Current loans** | | | | |
| | Styracorp Management Services | 767.73 | 150.59 | - |
| | IME Consultancy | 74.97 | - | - |
| **Guarantee outstanding** | | | | |
| | Terrier Security Services (India) Private Limited | 2,200.00 | - | - |

*includes interest

**(v) Compensation of key managerial personnel***

(Amount in ₹ lakhs)

| Particulars | For the period from 1 April 2016 to 31 March 2017 | For the period from 1 April 2015 to 31 March 2016 |
|---|---|---|
| Ajit Isaac | 167.12 | 145.20 |
| Subrata Kumar Nag | 104.38 | 90.75 |
| N.V.S.Pavan Kumar (from 26 March 2015 till 28 November 2016) | 20.09 | 27.40 |
| Balasubramanian S (from 24 January 2017 to 31 March 2017) | 25.00 | - |
| Sudershan Pallap (from 28 November 2016) | 15.00 | - |
| | **331.59** | **263.35** |

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since provision for these are based on an actuarial valuation carried out for the Company as a whole.

**Terms and conditions**

All transactions with these related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date except for "Contingent consideration payable" where the payments will be settled as per the terms of the SPA. None of the balances are secured.

## 46 Leases

***Operating Leases***

The Group has taken on lease offices and residential premises under operating leases. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are renegotiated at the time of renewal. Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in ₹ lakhs)

| Particulars | As at | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Payable within 1 year | 1,667.54 | 2,403.25 |
| Payable between 1-5 years | 2,863.53 | 3,849.00 |
| Payable later than 5 years | 500.51 | 643.51 |

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Total rental expense relating to operating lease | 3,689.59 | 2,858.22 |
| - Non-cancellable | 2,308.95 | 1,731.77 |
| - Cancellable | 1,380.64 | 1,126.45 |

The Group has purchased assets under finance lease. The lease agreement is for a period of 36 months. The minimum lease payments and their present values for the finance lease, for the following periods are as follows:

(Amount in ₹ lakhs)

| Particulars | As at | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Payable within 1 year | 1,469.76 | 1,258.21 |
| Payable between 1-5 years | 1,993.58 | 1,933.58 |
| **Total** | **3,463.34** | **3,191.79** |
| Less: Finance charges | (158.17) | (221.89) |
| **Present value of minimum lease payments** | **3,305.17** | **2,969.90** |

## 47 Assets and liabilities relating to employee benefits

(Amount in ₹ lakhs)

| Particulars | As at | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Net defined benefit liability, gratuity plan | 3,343.03 | 2,147.22 | 622.74 |
| Liability for compensated absences | 411.72 | 447.26 | 480.93 |
| **Total employee benefit liability** | **3,754.75** | **2,594.48** | **1,103.67** |
| Current | 2,272.23 | 1,969.09 | 489.72 |
| Non-current | 1,482.52 | 625.39 | 613.95 |
| | **3,754.75** | **2,594.48** | **1,103.67** |

For details about employee benefit expenses, see note 33.

The Group operates the following post-employment defined benefit plans.

The Group has a defined benefit gratuity plan in India (Plan A), governed by the Payment of Gratuity Act, 1972. Plan A entitles an employee, who has rendered at least five years of continuous services, to gratuity at the rate of 15 days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The Group also provides certain post-employment medical cost benefits to employees of some of the Group entities outside India (Plan B). Plan B reimburses certain medical costs for retired employees.

# Notes

## to the Consolidated financial statements for the year ended 31 March 2017

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

**A Funding**

Plan A is administered through Life Insurance Corporation of India. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of Plan A is based on valuation for funding purposes for which the assumptions may differ from the assumptions set out in note (E) below. Employees do not contribute to the plan. Plan B is unfunded.

The Group has determined that, in accordance with the terms and conditions of Plan A, and in accordance with statutory requirements (including minimum funding requirements) of the plan of the relevant jurisdiction, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit asset is necessary at 31 March 2017 or 31 March 2016.

The Group expects to pay ₹ 476.53 Lakhs in contributions to its defined benefit plans in 2017-18.

**B Reconciliation of net defined benefit liability/asset**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| **Reconciliation of present value of defined benefit obligation** | | |
| Obligation at the beginning of the year | 2,758.50 | 1,062.81 |
| Additions through business combination | - | 115.92 |
| Current service cost | 871.14 | 732.02 |
| Interest cost | 202.54 | 90.58 |
| Past service cost | - | 1,603.71 |
| Benefit settled | (180.05) | (177.54) |
| Actuarial (gains)/ losses recognised in other comprehensive income | | |
| - Changes in experience adjustments | 267.01 | (505.78) |
| - Changes in demographic assumptions | 64.97 | (117.56) |
| - Changes in financial assumptions | 10.58 | (45.66) |
| **Obligation at the end of the year** | **3,994.69** | **2,758.50** |
| **Reconciliation of present value of plan assets** | | |
| Plan assets at the beginning of the year, at fair value | 611.28 | 440.07 |
| Additions through business combination | - | 84.66 |
| Interest income on plan assets | 45.63 | 39.84 |
| Return on plan assets recognised in other comprehensive income | 2.09 | (36.82) |
| Contributions | 170.80 | 260.59 |
| Benefits settled | (178.14) | (177.06) |
| **Plan assets as at the end of the year** | **651.66** | **611.28** |
| **Net defined benefit liability** | **3,343.03** | **2,147.22** |

**C (i) Expense recognised in profit or loss**

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Current service cost | 871.14 | 732.02 |
| Interest cost | 202.54 | 90.58 |
| Past service cost | - | 1,603.71 |
| Interest income | (45.63) | (39.84) |
| **Net gratuity cost** | **1,028.05** | **2,386.47** |

### (ii) Remeasurement recognised in other comprehensive income

(Amount in ₹ lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| Remeasurement of the net defined benefit liability | 342.56 | (669.01) |
| Remeasurement of the net defined benefit asset | (2.09) | 36.82 |
| | **340.47** | **(632.19)** |

## D Plan assets

(Amount in ₹ lakhs)

| Particulars | As at | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Funds managed by insurer | 651.66 | 611.28 | 440.07 |
| | **651.66** | **611.28** | **440.07** |

## E Defined benefit obligation - Actuarial Assumptions

(Amount in ₹ lakhs)

| Particulars | For the year ended | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 31 March 2015 |
| Discount rate | 6.36% - 6.68% | 7.30% - 7.50% | 7.80% - 9.25% |
| Future salary growth | 6.00% - 12.00% | 6.00% - 12.00% | 6.00% - 12.00% |
| Attrition rate | 12.50% - 70.00% | 12.50% - 70.00% | 8.00% - 15.00% |
| Rate of return on planned asset | 6% - 7% | 6% - 7% | 6% - 7% |
| Average duration of defined benefit obligation (in years) | 3 - 10 | 3 - 10 | 3 - 10 |

## F Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

### Core employees

(Amount in ₹ lakhs)

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 700.52 | 760.44 | 531.26 | 573.23 | 199.07 | 212.70 |
| Future salary growth (1% movement) | 757.99 | 702.00 | 571.98 | 531.90 | 211.82 | 199.33 |
| Attrition rate (1% movement) | 593.08 | 676.75 | 466.67 | 542.34 | 192.34 | 223.53 |

### Associate employees

(Amount in ₹ lakhs)

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 3,210.00 | 3,322.61 | 2,169.38 | 2,247.17 | 842.56 | 871.49 |
| Future salary growth (1% movement) | 3,321.98 | 3,209.56 | 2,245.76 | 2,170.80 | 871.47 | 842.64 |
| Attrition rate (1% movement) | 2,955.62 | 3,726.02 | 1,999.85 | 2,516.08 | 780.62 | 963.34 |

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

## 48 Employee stock options

### A Description of share based payment arrangement

The Company has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options of its own shares to specified employees of the Company. The scheme was approved by the Board of Directors in its meeting held on 19 November 2009. The Option Scheme 2009 provides for the creation and issue of 5,200,000 (bonus adjusted) options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. The options have a vesting schedule over a three year period and are exercisable only upon the occurrence of the liquidity event. The scheme defines 'liquidity event' as an initial public offering by the Company (or one of its subsidiaries) or dilution of voting right below majority of the existing shareholders. The exercise price of these stock options is ₹ 10. All outstanding options were vested at 31 March 2015. As at 31 March 2017, the Company had 1,891,920 exercisable options outstanding [31 March 2016: 2,729,528 (bonus adjusted)].

The Company, pursuant to resolutions passed by the Board and its Shareholders resolutions dated 22 December 2015 and 23 December 2015, respectively, adopted Quess Corp Limited Employee Stock Option Scheme 2015 ("ESOP 2015"). Pursuant to ESOP 2015, options to acquire equity shares may be granted to eligible employees (as defined in ESOP 2015). The aggregate number of equity shares, which may be issued under ESOP 2015, shall not exceed 1,900,000 (bonus adjusted) equity shares. The Company has not granted any options till 31 March 2017 under ESOP 2015 scheme.

### B Measurement of fair values

The Company does not have any unvested option as at 1 April 2015 under Employee Stock Option Scheme 2009. The Company has elected for the exemption of Employee Share Based Payment under Ind AS 101 and accordingly fair valuation of vested options prior to 1 April 2015 was not required.

### C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans are as follows:

| Particulars | For the year ended | | | |
|---|---|---|---|---|
| | 31 March 2017 | | 31 March 2016 | |
| | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| **Outstanding options, at the beginning of the year** | **2,729,528** | **10** | **871,000** | **10** |
| Less: Exercised during the year | (837,608) | 10 | - | - |
| Less: Lapsed/forfeited during the year | - | - | (188,618) | 10 |
| **Options exercisable at the end of the year** | **1,891,920** | **10** | **682,382** | **10** |
| Add: Bonus impact on ESOP outstanding | - | - | 2,047,146 | 10 |
| **Options vested and exercisable at the end of the year (including bonus impact)** | **1,891,920** | **10** | **2,729,528** | **10** |

During the previous year, 188,618 options were forfeited and resultantly an amount of ₹ 126.56 lakhs was transferred from Share option outstanding account to General Reserve. Further, as detailed in note 19.1(iii), the Company has issued bonus shares and accordingly has passed a resolution vide its board meeting dated 22 December 2015 that the bonus will be equally applicable to the option holders at the time of exercise. Resultantly, 682,382 options will be converted into 2,729,528 options.

The options outstanding as at 31 March 2017 have an exercise price of ₹ 10 (31 March 2016: ₹ 10) and a weighted average remaining contractual life of 4.17 years (31 March 2016: 5.16 years)

The weighted average share price at the date of exercise for share options exercised in 2016-17 is ₹ 10 (2015-16: no options exercised)

## 49 Details of non-current investments purchased and sold during the year:

### Investment in associates

(Amount in ₹ lakhs except number of shares data)

| Entity | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | Adjustment on account of corporate guarantee | Share in total comprehensive income for the year | As at 31 March 2017 |
|---|---|---|---|---|---|---|---|---|
| Terrier Security Services (India) Private Ltd | 245,000 | 2,939 | - | 7,200.00 | - | 11.00 | 80.33 | 7,291.33 |
| Simpliance Technologies Private Limited | 4,068 | 2,778 | - | 113.00 | - | - | (7.44) | 105.56 |

### Investment in joint venture

(Amount in ₹ lakhs except number of shares data)

| Entity | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | Adjustment on account of corporate guarantee | Share in total comprehensive income for the year | As at 31 March 2017 |
|---|---|---|---|---|---|---|---|---|
| Himmer Industrial Services (M) SDN BHD | 49,000 | 1 RM | - | 7.42 | - | - | (5.99) | 1.43 |

### Investment in preference shares

(Amount in ₹ lakhs except number of shares data)

| Entity | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | As at 31 March 2017 |
|---|---|---|---|---|---|---|
| Manipal Integrated Services Private Limited | 4,036,697 | 545.00 | - | 22,000.00 | - | 22,000.00 |

### Investment in equity instruments

(Amount in ₹ lakhs except number of shares data)

| Entity | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | As at 31 March 2017 |
|---|---|---|---|---|---|---|
| KMG Infotech Limited | 200,000 | 82.75 | 165.50 | - | - | 165.50 |

### Other non-current investments

(Amount in ₹ lakhs except number of shares data)

| Entity | No. of shares acquired | Value per share including premium | As at 1 April 2016 | Purchased during the year | Sold during the year | As at 31 March 2017 |
|---|---|---|---|---|---|---|
| Investment in Styracorp Management Services | NA | NA | 132.24 | - | - | 132.24 |
| Investment in IME Consultancy | NA | NA | 67.76 | - | - | 67.76 |

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

## 50 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

(Amount in ₹ lakhs)

| Name of entity | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | as percentage of consolidated net assets | Amount | as percentage of consolidated profit or loss | Amount | as percentage of consolidated other comprehensive income | Amount | as percentage of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Quess Corp Limited | 91.32% | 79,243.57 | 81.70% | 9,021.02 | 86.46% | (202.09) | 81.60% | 8,818.93 |
| **Subsidiaries - Indian** | | | | | | | | |
| Aravon Services Private Limited | 1.28% | 1,110.83 | 6.28% | 693.58 | 11.25% | (26.30) | 6.17% | 667.28 |
| Coachieve Solutions Private Limited | -0.50% | (435.20) | -0.31% | (34.12) | 0.31% | (0.71) | -0.32% | (34.83) |
| MFX Infotech Private Limited | 0.60% | 518.27 | 3.24% | 358.24 | 1.99% | (4.65) | 3.27% | 353.59 |
| Dependo Logistics Solutions Private Limited | 0.00% | 0.24 | -0.01% | (0.76) | 0.00% | - | -0.01% | (0.76) |
| CenterQ Business Solutions Private Limited | 0.00% | 1.07 | 0.00% | 0.07 | 0.00% | - | 0.00% | 0.07 |
| Excelus Learning Solutions Private Limited | -0.02% | (15.61) | -0.30% | (33.04) | 0.00% | - | -0.31% | (33.04) |
| Inticore VJP Advanced Solutions Private Limited | 0.40% | 344.83 | -0.04% | (4.63) | 0.00% | - | -0.04% | (4.63) |
| **Subsidiaries - Foreign** | | | | | | | | |
| Quess (Phillipines) Corp | 0.33% | 286.98 | 0.89% | 98.27 | 0.00% | - | 0.91% | 98.27 |
| Brainhunter Systems Limited | -4.50% | (3,902.45) | -2.54% | (280.21) | 0.00% | - | -2.59% | (280.21) |
| Quess Corp (USA) Inc. | -0.02% | (20.32) | -1.08% | (118.81) | 0.00% | - | -1.10% | (118.81) |
| Quesscorp Holdings Pte Ltd | 7.29% | 6,324.85 | -0.87% | (95.92) | 0.00% | - | -0.89% | (95.92) |
| Quessglobal (Malaysia) SDN.BHD | 0.26% | 228.79 | 1.50% | 166.16 | 0.00% | - | 1.54% | 166.16 |
| MFXchange Holdings Inc, Canada | -5.55% | (4,819.86) | 4.49% | 495.80 | 0.00% | - | 4.59% | 495.80 |
| Ikya Business Services (Private) Limited | - | - | - | - | - | - | - | - |
| Comtel Solutions Pte Ltd | 8.48% | 7,357.70 | 4.35% | 480.54 | 0.00% | - | 4.45% | 480.54 |
| Quess Corp Lanka (Private) Limited | 0.63% | 548.37 | 2.67% | 294.98 | 0.00% | - | 2.73% | 294.98 |
| **Sub total** | **100.00%** | **86,772.06** | **100.00%** | **11,041.17** | **100.00%** | **(233.75)** | **100.00%** | **10,807.42** |
| Adjustment arising out of consolidation | | (3,221.57) | | 292.44 | | (333.91) | | (41.47) |
| Non-controlling interests in subsidiaries | | 88.20 | | (1.63) | | - | | (1.63) |
| **Associates - Indian** | | | | | | | | |
| Terrier Security Services (India) Private Limited | | 80.33 | | 25.89 | | 54.44 | | 80.33 |
| Simpliance Technologies Private Limited | | (7.44) | | (7.44) | | - | | (7.44) |
| **Joint venture - Foreign** | | | | | | | | |
| Himmer Industrial Services (M) SDN BHD | | (5.99) | | (5.99) | | - | | (5.99) |
| **Total** | | **83,705.59** | | **11,344.44** | | **(513.22)** | | **10,831.22** |

## 51 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2017 based on the information received and available with the Company. Also, the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

## 52 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹ lakhs)

| Particulars | SBN* | Other denomination notes | Total |
|---|---|---|---|
| **Closing cash in hand as on 8 November 2016** | **9.21** | **2.86** | **12.07** |
| Add: Permitted receipts | 1.32 | 71.33 | 72.65 |
| Less: Permitted payments | (0.06) | (19.67) | (19.73) |
| Less: Amount exchanged over the counter | (0.16) | - | (0.16) |
| Less: Amount deposited in Banks | (10.31) | (37.00) | (47.32) |
| **Closing cash in hand as on 30 December 2016** | **-** | **17.51** | **17.51** |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

**53** During the year ended 31 March 2015, the Group acquired 100% interest in Brainhunter Systems (Canada) Limited ("BSL") from ICICI Bank India. Prior to acquisition of BSL by the Group, equity shares of BSL were originally owned by Zylog Systems Limited ("ZSL") and were pledged in favour of ICICI Bank as security for loans availed by ZSL from ICICI Bank. ZSL defaulted on loan repayments and ICICI Bank invoked the pledge and sold the shares to the Group.

During the year ended 31 March 2015, the Group has received a notice from the official liquidator of Zylog, alleging that the acquisition of the equity shares of BSL by the Group was not in accordance with law and therefore void-ab-initio, as such sale and transfer of the equity shares of BSL had taken place subsequent to an order passed by the Honorable Madras High Court appointing the official liquidator for ZSL liquidation. Further, the Group has also received letter from the RBI stating its inability to take on record the transfer of the equity shares of BSL until the winding up proceedings of ZSL have been completed and resolved. The Company is of the view, that they have a strong case and has taken a legal opinion.

The legal opinion reiterates that the case does not have merit and the sale is bonafide on the basis of the following:

a. There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings.
b. ICICI Bank has enforced its security to realise its rights as a secured creditor and the sale is in compliance with Canadian law.
c. That the sale of equity shares of BSL is not prejudicial to the parties and that the same has been undertaken in accordance with the provisions of the law. The Group has also obtained legal opinion from Canadian law firm which has confirmed that the acquisition is appropriate from a Canadian jurisdiction perspective. Based on the legal opinions the management believes that the acquisition of BSL is appropriate.

## 54 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions (if applicable) entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions (if any) are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

# Notes

**to the Consolidated financial statements for the year ended 31 March 2017**

## 55. First time adoption

As stated in note 2, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Group has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2015 ("transition date"). For the year ended 31 March 2016, the Group had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP' or the 'Indian GAAP').

The accounting policies set out in note 2 have been applied in preparing these consolidated financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its consolidated Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

**A Optional exemptions availed:**

In preparing these Consolidated Financial Statements, the Group has applied the below mentioned optional exemptions.

**(i) Business combination**

As per Ind AS, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements from that same date.

The Group has elected to apply Ind AS 103, Business combinations prospectively to business combinations occured after 1 April 2015 i.e. the transition date. Business combinations occurred prior to the transition date have not been restated.

**(ii) Share-based payments**

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows a first-time adopter to elect not to apply Ind AS 102, Share-based payments to equity instruments that were vested before the transition date. Accordingly, the Group has elected the optional exemption.

**(iii) Property, plant and equipment and Intangible assets**

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;
- or, cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index. The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. The Company has disclosed the net carrying amount of property, plant and equipment and intangible assets as its deemed cost as at the date of transition.

**(iv) Investments in subsidiaries, associates and joint ventures**

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries, associates and joint ventures at:

a) cost determined in accordance with Ind AS 27, Separate Financial Statements; or
b) deemed cost, which shall be its:
   i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
   ii) previous GAAP carrying value at that date.

The Group has chosen to avail the exemption provided by Ind AS 101 and value all its investments in subsidiaries at deemed cost being the previous GAAP carrying value at the transition date.

**B. Mandatory exceptions availed:**

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

**(i) Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments carried at Fair value through profit and loss or Fair value through other comprehensive income;
- Impairment of financial assets based on expected credit loss model and
- Determination of the discounted value for financial instruments carried at amortised cost.

Upon the assessment of the estimate made under previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, other than those which are required due to application of Ind AS.

**(ii) Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initially accounting for those transactions.

The Group has chosen to avail the exception to apply the derecognition provision of Ind AS 109 prospectively from the date of transition.

# Notes

## to the Consolidated financial statements for the year ended 31 March 2017

**(iii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

**(C) Reconciliations**

**The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101.**

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 ₹ lakhs)

| Particulars | Note | Balance Sheet as at 31 March 2016 | | | Balance sheet as at 1 April 2015 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Adjustments | Ind AS | IGAAP | Adjustments | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 4,443.92 | - | 4,443.92 | 1,458.55 | - | 1,458.55 |
| Goodwill | a | 20,455.48 | (257.92) | 20,197.56 | 11,042.19 | - | 11,042.19 |
| Other intangible assets | a | 608.63 | (32.79) | 575.84 | 429.36 | (145.69) | 283.67 |
| Intangible assets under development | | 239.07 | - | 239.07 | - | - | - |
| **Financial assets** | | | | | | | |
| (i) Investments | | 365.50 | - | 365.50 | - | - | - |
| (ii) Non-current loans | b | 844.46 | (435.56) | 408.90 | 610.01 | (215.43) | 394.58 |
| (iii) Other non-current financial assets | | 217.40 | - | 217.40 | 43.30 | - | 43.30 |
| Deferred tax assets (net) | c | 2,331.49 | 3,807.23 | 6,138.72 | 296.10 | 3,668.79 | 3,964.89 |
| Income tax assets (net) | | 7,309.47 | - | 7,309.47 | 7,231.43 | - | 7,231.43 |
| Other non-current assets | b | 369.57 | 244.09 | 613.66 | 280.31 | 147.86 | 428.17 |
| **Total non-current assets** | | **37,184.99** | **3,325.05** | **40,510.04** | **21,391.25** | **3,455.53** | **24,846.78** |
| **Current Assets** | | | | | | | |
| Inventories | | 182.77 | - | 182.77 | 52.82 | - | 52.82 |
| **Financial assets** | | | | | | | |
| (i) Trade receivables | d | 42,820.00 | (2,292.31) | 40,527.69 | 25,483.64 | (1,682.03) | 23,801.61 |
| (ii) Cash and cash equivalents | | 10,664.22 | - | 10,664.22 | 7,602.77 | - | 7,602.77 |
| (iii) Bank balances other than (ii) above | | 271.08 | - | 271.08 | 579.72 | - | 579.72 |
| (iv) Current loans | b | 1,557.91 | 180.96 | 1,738.87 | 988.68 | 17.20 | 1,005.88 |
| (v) Other current financial assets | | 23.77 | - | 23.77 | 16.73 | - | 16.73 |
| (vi) Unbilled revenue | | 28,732.80 | - | 28,732.80 | 15,019.97 | - | 15,019.97 |
| Other current assets | b | 2,349.25 | 4.17 | 2,353.42 | 654.17 | 42.81 | 696.98 |
| **Total current assets** | | **86,601.80** | **(2,107.18)** | **84,494.62** | **50,398.50** | **(1,622.02)** | **48,776.48** |
| **Total Assets** | | **123,786.79** | **1,217.87** | **125,004.66** | **71,789.75** | **1,833.51** | **73,623.26** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 11,333.51 | - | 11,333.51 | 2,577.38 | - | 2,577.38 |
| Other equity | f | 23,224.83 | 1,103.94 | 24,328.77 | 22,495.97 | 1,833.52 | 24,329.49 |
| **Total equity** | | **34,558.34** | **1,103.94** | **35,662.28** | **25,073.35** | **1,833.52** | **26,906.87** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| (i) Non-current borrowings | | 3,548.14 | - | 3,548.14 | - | - | - |
| (ii) Other non-current financial liabilities | | 3,223.91 | (305.60) | 2,918.31 | 66.67 | - | 66.67 |
| Non-current provisions | e | 1,423.55 | (5.72) | 1,417.83 | 851.14 | - | 851.14 |
| **Total non-current liabilities** | | **8,195.60** | **(311.32)** | **7,884.28** | **917.81** | **-** | **917.81** |

(Amount in ₹ lakhs)

| Particulars | Note | Balance Sheet as at 31 March 2016 | | | Balance sheet as at 1 April 2015 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Adjustments | Ind AS | IGAAP | Adjustments | Ind AS |
| **Current liabilities** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| (i) Bank overdraft | | 385.66 | - | 385.66 | - | - | - |
| (ii) Current borrowings | | 33,900.11 | - | 33,900.11 | 22,042.67 | - | 22,042.67 |
| (iii) Trade and other payables | | 6,737.45 | - | 6,737.45 | 4,172.75 | - | 4,172.75 |
| (iv) Other current financial liabilities | | 26,295.05 | - | 26,295.05 | 9,973.39 | - | 9,973.39 |
| Current provisions | e | 1,969.09 | - | 1,969.09 | 620.50 | - | 620.50 |
| Other current liabilities | | 11,745.49 | 425.25 | 12,170.74 | 8,989.27 | - | 8,989.27 |
| **Total current liabilities** | | **81,032.85** | **425.25** | **81,458.10** | **45,798.58** | **-** | **45,798.58** |
| **Total Liabilities** | | **89,228.45** | **113.93** | **89,342.38** | **46,716.39** | **-** | **46,716.39** |
| **Total Equity and Liabilities** | | **123,786.79** | **1,217.88** | **125,004.66** | **71,789.75** | **1,833.52** | **73,623.26** |

***Explanations for Reconciliation of Consolidated Balance Sheet as previously reported under IGAAP to IND AS:***

***(a) Impairment of goodwill and reversal of amortisation:***

The Group has availed the exemption under Ind AS 101 and accordingly business combination prior to 1 April 2015 was not restated and goodwill is carried at cost. The Group has carried the impairment testing of goodwill as at 1 April 2015 and as the recoverable amount was less than the carrying value, this goodwill is impaired leading to decrease in equity. As the goodwill is impaired on 1 April 2015, the amortisation on such goodwill amortised as per previous GAAP is reversed leading to an increase in income.

***(b) Loans and other current assets - Security deposits:***

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS.

Difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 254.61 lakhs as at 31 March 2016 (1 April 2015: ₹ 198.23 lakhs). The prepaid rent increased by ₹ 248.27 lakhs as at 31 March 2016 (1 April 2015: ₹ 190.69 lakhs). Total equity decreased by ₹ 7.54 lakhs as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 decreased by ₹ 63.40 lakhs due to amortisation of the prepaid rent and is partially off-set by the notional interest income of ₹ 62.54 lakhs recognised on security deposits.

***(c) Deffered taxes:***

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12, Income taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for deferred tax on such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax asset is of ₹ 3,807.23 lakhs as at 31 March 2016 (1 April 2015: ₹ 3,668.78 lakhs).

***(d) Trade receivables:***

Under previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection. The Group uses an allowance matrix to measure the expected credit loss over the last six quarters under which the Group impaired its trade receivables by ₹ 1,682.03 lakhs on 1 April 2015 which has been eliminated against retained earnings. The impact of ₹ 610.28 lakhs for the year ended on 31 March 2016 has been recognised in the statement of profit and loss.

# Notes

to the Consolidated financial statements for the year ended 31 March 2017

***(e) Provisions for other liabilities and charges:***

The Group has reinstated business combination for the year 2015-16 as required under Ind AS 103. Accordingly, contingent liability appearing in balance sheet at Nil has been fair valued at ₹ 425.25 lakhs.

***(f) Other equity:***

Adjustments to retained earnings has been made in accordance with Ind AS for the above mentioned line items.

In addition, as per Ind AS 19, Employee benefits actuarial gain and losses are recognised in other comprehensive income as compared to being recognised in the statement of profit and loss under IGAAP. Further, the Group has reinstated business combinations for the year 2015-16 as required under Ind AS 103. Accordingly, based on the Purchase Price Allocation, the Group has recognised goodwill of ₹ 72.97 lakhs as opposed to capital reserve aggregating to ₹ 290.56 lakhs recognised under previous GAAP.

**Reconciliation of Consolidated Statement of profit and loss as previously reported under IGAAP to Ind AS**

(Amount in ₹ lakhs)

| Particulars | Note | Year ended 31 March 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Adjustments | Ind AS |
| **Income** | | | | |
| Revenue from operations | | 343,501.42 | - | 343,501.42 |
| Other income | g | 842.62 | 62.54 | 905.16 |
| **Total income** | | **344,344.04** | **62.54** | **344,406.58** |
| **Expenses** | | | | |
| Cost of material and stores and spare parts consumed | | 4,814.04 | - | 4,814.04 |
| Employee benefit expenses | h | 300,059.87 | 632.19 | 300,692.06 |
| Finance costs | i | 3,078.99 | 25.29 | 3,104.27 |
| Depreciation and amortisation expenses | j | 1,571.32 | (132.32) | 1,439.01 |
| Other expenses | k | 22,283.44 | 603.63 | 22,887.07 |
| **Total expenses** | | **331,807.66** | **1,128.79** | **332,936.45** |
| **Profit before tax** | | **12,536.38** | **(1,066.25)** | **11,470.13** |
| **Tax expense** | | | | |
| Current tax | | (6,245.80) | - | (6,245.80) |
| Excess provision of tax relating to earlier years | | 645.64 | - | 645.64 |
| Deferred tax | l | 2,035.38 | 212.65 | 2,248.03 |
| **Total tax expenses** | | **(3,564.78)** | **212.65** | **(3352.13)** |
| **Profit for the year** | | **8,971.60** | **(853.60)** | **8,118.00** |
| **Other comprehensive income** | | | | |
| ***Items that will not be reclassified to profit or loss*** | | | | |
| Remeasurement of the net defined benefit liability/asset | m | - | 632.19 | 632.19 |
| Income tax relating to items that will not be reclassified to profit or loss | | - | (225.38) | (225.38) |
| ***Items that will be reclassified to profit or loss*** | | | | |
| Exchange differences in translating financial statements of foreign operations | | | (25.41) | (25.41) |
| Income tax relating to items that will be reclassified to profit or loss | | | - | - |
| **Total other comprehensive income, net of tax** | | **-** | **381.40** | **381.40** |
| **Total comprehensive income for the year** | | **8,971.60** | **(472.20)** | **8,499.40** |

***Explanations for reconciliation of Consolidated Statement of profit or loss as previously reported under IGAAP to Ind AS:***

***(g) Other income:***

Adjustments in other income pertains to effective interest income on present valuation of financial instruments i.e. on security deposits.

***(h) Employee benefit expenses - Remeasurement of post employment defined benefit obligations:***

Under Ind AS, remeasurement i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability/asset are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2016 decreased by ₹ 632.19 lakhs. There is no impact on the total equity as at 31 March 2016.

***(i) Finance costs:***

Under Ind AS, contingent consideration has been present valued and accordingly, the adjustments in relation to finance costs pertains to unwinding of contingent consideration.

***(j) Depreciation and amortisation expenses:***

Under Ind AS, acquired goodwill is not amortised as it has indefinite useful life and tested for impairment annually and when there is an indication of impairment the same is impaired whereas in Indian GAAP, purchased goodwill was amortised over 3 years. Therefore, on Ind AS transition the amortisation on goodwill as per IGAAP has been written back.

***(k) Other expenses:***

Ind AS adjustments in relation to other expenses pertains to amortisation of prepaid rent recognised against security deposits during the period and impairment loss allowance recognised against trade receivables as per expected credit loss model.

***(l) Deferred tax:***

Deferred tax adjustments has been made in accordance with Ind AS under balance sheet approach for all the items which have differential book base from that of tax base and which gets reversed due to timing difference.

***(m) Other comprehensive income:***

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurement of the net defined benefit liability /asset etc. The concept of other comprehensive income did not exist under previous GAAP.

As per our report of even date attached
*for* **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

**Sd/-**
**Vineet Dhawan**
Partner
Membership No.: 092084

Place: Bengaluru
Date: 16 May 2017

*for* and on behalf of the Board of Directors of
**Quess Corp Limited**

**Sd/-**
**Ajit Isaac**
Chairman & Managing Director & CEO
DIN: 00087168

**Sd/-**
**Subrata Kumar Nag**
Executive, Whole-time Director & CFO
DIN: 02234000

**Sd/-**
**Sudershan Pallap**
Company Secretary
Membership No.: A14076

Place: Bengaluru
Date: 16 May 2017

# (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 - AOC-1)

## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part A: Subsidiaries

(Amount in ₹ lakhs)

| Sl. No. | Name of the subsidiary | The date since when subsidiary was acquired | Reporting currency | Closing exchange rate | Financial period ended | Issued & subscribed share capital | Reserves | Total assets | Total liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | % of holding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Coachieve Solutions Private Limited | 14.12.2009 | INR | NA | 31.03.2017 | 311.00 | (746.20) | 246.50 | 681.70 | - | 220.62 | (34.12) | - | (34.12) | 100.00 |
| 2 | MFX Infotech Private Limited | 20.08.2014 | INR | NA | 31.03.2017 | 100.00 | 418.27 | 2,833.06 | 2,314.78 | - | 134.17 | 517.02 | 158.78 | 358.24 | 100.00 |
| 3 | Aravon Services Private Limited | 01.04.2015 | INR | NA | 31.03.2017 | 3,941.16 | (2,830.32) | 2,700.52 | 1,589.69 | - | 6,599.97 | 488.45 | (205.13) | 693.58 | 100.00 |
| 4 | Brainhunter Systems Limited | 23.10.2014 | CAD | 48.5925 | 31.03.2017 | 2,457.12 | (3,908.55) | 3,617.02 | 5,068.46 | 1,280.75 | 14,616.55 | (1,201.17) | - | (1,201.17) | 100.00 |
| 5 | Mindwire Systems Limited, Ottawa1 | 23.10.2014 | CAD | 48.5925 | 31.03.2017 | 1,280.75 | (1,441.32) | 3,032.99 | 3,193.56 | - | 19,313.33 | 1,218.26 | - | 1,218.26 | 100.00 |
| 6 | Brainhunter Companies LLC1 | 23.10.2014 | CAD | 48.5925 | 31.03.2017 | - | (1,009.70) | 324.07 | 1,333.77 | - | 1,123.42 | (297.30) | - | (297.30) | 100.00 |
| 7 | Brainhunter Companies (Canada) Limited1&2 | 23.10.2014 | CAD | 48.5925 | 31.03.2017 | - | - | - | - | - | - | - | - | - | 100.00 |
| 8 | Quesscorp Inc, USA (formerly known as Magna Infotech Inc., USA) | 19.11.2013 | USD | 64.8500 | 31.03.2017 | 62.54 | (82.86) | 4,611.40 | 4,631.72 | 3,279.27 | - | (118.81) | - | (118.81) | 100.00 |
| 9 | Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines) | 14.05.2013 | PESO | 1.2907 | 31.03.2017 | 122.74 | 164.24 | 730.83 | 443.85 | - | 1,203.90 | 141.46 | 43.19 | 98.27 | 100.00 |
| 10 | Quesscorp Holdings PTE. LTD, Singapore | 16.06.2015 | SGD | 46.4125 | 31.03.2017 | 5,900.00 | 424.85 | 29,341.48 | 23,016.63 | 25,772.41 | - | (95.92) | - | (95.92) | 100.00 |
| 11 | Quessglobal (Malaysia) SDN. BHD (formerly known as Brainhunter SDN. BHD., Malaysia)3 | 12.08.2015 | MYR | 14.6525 | 31.03.2017 | 83.30 | 145.49 | 891.81 | 663.02 | - | 1,953.61 | 166.16 | - | 166.16 | 100.00 |
| 12 | MFXchange Holdings Inc, Canada | 01.01.2016 | USD | 64.8500 | 31.03.2017 | 24,662.36 | (15,203.42) | 9,273.94 | (185.00) | 165.50 | 793.69 | (97.69) | - | (97.69) | 100.00 |
| 13 | MFXchange (Ireland) Limited4&5 | 01.01.2016 | USD | 64.8500 | 31.03.2017 | - | - | - | - | - | - | - | - | - | 100.00 |
| 14 | MFXchange Inc, USA4 | 01.01.2016 | USD | 64.8500 | 31.03.2017 | - | (14,278.80) | 7,198.41 | 21,477.21 | - | 24,277.85 | 614.52 | 21.03 | 593.49 | 100.00 |
| 15 | Dependo Logistics Solutions Private Limited | 25.10.2016 | INR | NA | 31.03.2017 | 1.00 | (0.76) | 34.00 | 33.76 | - | - | (0.76) | - | (0.76) | 100.00 |
| 16 | CenterQ Business Solutions Private Limited | 25.01.2017 | INR | NA | 31.03.2017 | 1.00 | 0.07 | 2.04 | 0.97 | - | 0.90 | 0.10 | 0.03 | 0.07 | 100.00 |
| 17 | Excelus Learning Solutions Private Limited | 09.01.2017 | INR | NA | 31.03.2017 | 1.00 | (16.61) | 203.71 | 219.32 | - | - | (30.66) | 2.38 | (33.04) | 100.00 |
| 18 | Inticore VJP Advanced Solutions Private Limited6 | 01.12.2016 | INR | NA | 31.03.2017 | 3.84 | 341.38 | 619.24 | 274.02 | - | 233.78 | (4.23) | 2.03 | (6.26) | 73.95 |
| 19 | Comtel Solutions Pte Ltd3 | 14.02.2017 | SGD | 46.4125 | 31.03.2017 | 235.70 | 7,122.00 | 11,826.64 | 4,468.93 | - | 5,792.69 | 532.01 | 51.47 | 480.54 | 100.00 |
| 20 | Quess Corp Lanka Private Limited3 | 26.04.2016 | LKR | 0.4251 | 31.03.2017 | 55.30 | 493.07 | 2,336.81 | 1,788.44 | - | 3,406.44 | 351.11 | 56.14 | 294.98 | 100.00 |

1. Wholly owned subsidiaries of Brainhunter Systems Limited.
2. Dissolved with effect from 7 February 2017.
3. Wholly owned subsidiaries of Quesscorp Holdings Pte. Limited.
4. Wholly owned subsidiaries of MFXchange Holdings Inc.
5. Merged with MFXchange Holdings Inc, Canada.
6. On 1 December 2016, Quess Corp Limited acquired 73.95% equity shares in Inticore VJP Advanced Solutions Private Limited.

**Notes:**

a. Total assets include investments.

b. Proposed dividend from any of the subsidiaries is nil.

## Part B: Associate/ joint venture

(Amount in ₹ lakhs)

| Sl. No. | Name of the associate/ joint venture | Latest audited Balance Sheet Date | Date on which the Associate or Joint Venture was associated or acquired | Shares of Associate or Joint Ventures held by the company on the year end | | | Description of how there is significant influence | Reason why the associate / joint venture is not consolidated | Networth attributable to shareholding as per latest audited Balance Sheet | Profit or Loss for the year | Not Considered in Consolidation |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Number | Amount of Investment in Associates or Joint Venture | Extent of Holding (in percentage) | | | | Considered in Consolidation | |
| 1 | Terrier Security Services (India) Private Limited | 31.03.2017 | 09.12.2016 | 245,000 | 7,200.00 | 49.00 | More than 20% holding | NA | 1,229.68 | 25.89 | 26.95 |
| 2 | Simpliance Technologies Private Limited | 31.03.2017 | 02.01.2017 | 4,068 | 113.00 | 27.00 | More than 20% holding | NA | 13.54 | (7.43) | (20.10) |
| 3 | Himmer Industrial Services (M) SDN BHD | 31.03.2017 | 28.03.2017 | 49,000 | 7.43 | 49.00 | More than 20% holding | NA | 1.39 | (5.99) | (6.24) |

*for* and on behalf of the Board of **Quess Corp Limited**

Date: 16.05.2017

Place: Bengaluru

| Ajit Isaac | Subrata Kumar Nag | Sudershan Pallap |
|---|---|---|
| **Chairman, Managing Director & CEO** | **Executive, Whole-time Director & CFO** | **Company Secretary** |

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**Behind Every Business**

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## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF STERLING HOLIDAY RESORTS LIMITED

### Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Sterling Holiday Resorts 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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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLPIN AAC-5001 FRN 012754N/N500016 Chennai

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 a modified opinion dated 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 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 Notes 46 and 48;

ii. The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 8 and 30. The Company does not have derivative contracts;

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 55.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

P. Baskar

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 Limited (formerly known as Thomas Cook Insurance Services (India) 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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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 title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company, except for the assets stated in Note 48 to the financial statements.

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 granted secured loans to three companies covered in the register maintained under Section 189 of the Act. There are no firms/Limited Liability Partnerships/ other parties covered in the register maintained under Section 189 of the Act. Also refer (b) below.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest. Also refer (b) below.

(b) In respect of the aforesaid loans given to subsidiary companies, no schedule for repayment of principal and payment of interest has been stipulated by the Company. Therefore, in absence of stipulation of repayment terms we do not make any comment on the regularity of repayment of principal and payment of interest.

(c) Consequent to the absence of repayment schedule, there is no amount which is overdue for more than ninety days.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

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 employee state insurance, value added tax, luxury tax, service tax and works contract tax though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including 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:

Price Waterhouse Chartered Accountants LLP
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Chennai

| 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 | 72.94 | Assessment Years 2006-07 and 2009-10 | March 31 2006, 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 and duty of customs which have not been deposited on account of any dispute. The particulars of dues of service tax and value added tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs. in Lakhs.) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Finance Act, 1994 | Service tax | 527.04* | June 2005 to September 2006 | Central Excise and Service Tax Appellate Tribunal |
| Tamilnadu VAT Act, 2006 | Value Added Tax | 3.56 | Assessment Year 2010-11 to 2014-15 | Deputy Commissioner |
| Tamilnadu VAT Act, 2006 | Value Added Tax | 37.61 | Assessment Year 2013-14 | Madurai Bench of Madras High Court |

*Dispute amount considered above is net off Rs. 30 lakhs paid under protest

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans have been applied, on an overall basis for the purposes for which they were 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 paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. 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.

Price Waterhouse Chartered Accountants LLP
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Chennai

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 Limited (Formerly known as Thomas Cook Insurance Services (India) 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 | 38,588.86 | 34,803.42 | 23,577.94 |
| Capital work in progress | 4 | 3,970.74 | 4,548.48 | 9,439.01 |
| Other intangible assets | 5 | 292.06 | 358.09 | 378.02 |
| Intangible assets under development | 6 | 128.07 | 74.31 | 80.26 |
| Financial assets | | | | |
| i. Investments | 7(a) | 3,677.90 | 2,210.51 | 190.91 |
| ii. Trade receivables | 8(a) | 5,503.81 | 3,742.30 | 4,386.81 |
| iii. Loans | 9 | 1,059.65 | 858.74 | 861.45 |
| iv. Other financial assets | 10 | 1,428.50 | 2,824.23 | 1,225.30 |
| Current tax assets (net) | 11 | 528.02 | 481.95 | 412.97 |
| Other non-current assets | 12 | 515.34 | 668.31 | 1,254.80 |
| **Total non-current assets** | | **55,692.95** | **50,570.34** | **41,807.47** |
| **Current assets** | | | | |
| Inventories | 13 | 139.88 | 118.75 | 222.41 |
| Financial assets | | | | |
| i. Investments | 7(b) | 5,410.83 | - | 16,169.47 |
| ii. Trade receivables | 8(b) | 5,322.61 | 4,951.20 | 12,606.11 |
| iii. Cash and cash equivalents | 14 | 210.68 | 198.67 | 566.50 |
| iv. Bank balances other than (iii) above | 15 | 48.32 | 30.00 | 37.35 |
| v. Loans | 9 | 709.67 | 766.54 | 221.32 |
| vi. Other financial assets | 10 | 80.45 | 70.91 | 826.23 |
| Other current assets | 16 | 1,124.59 | 1,118.07 | 638.93 |
| Non-current assets classified as held for sale | 17 | - | 9,958.87 | - |
| **Total current assets** | | **13,047.03** | **17,213.01** | **31,288.32** |
| **Total Assets** | | **68,739.98** | **67,783.35** | **73,095.79** |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | 18 | 2,905.00 | 2,905.00 | 2,905.00 |
| **Other equity** | | | | |
| Reserves and surplus | 19 | 16,041.69 | 19,864.94 | 32,543.14 |
| Other reserves | 20 | 641.06 | 358.72 | 72.69 |
| **Total equity** | | **19,587.75** | **23,128.66** | **35,520.83** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| i. Borrowings | 21 | 4,661.21 | 5,045.78 | 347.02 |
| ii. Other financial liabilities | 22(a) | 70.19 | 279.75 | 127.34 |
| Employee benefit obligations | 23 | 302.09 | 203.86 | 188.26 |
| Deferred tax liabilities (Net) | 24 | - | - | - |
| Other non-current liabilities | 25 | 31,284.49 | 27,513.28 | 30,670.89 |
| **Total non-current liabilities** | | **36,317.98** | **33,042.67** | **31,333.51** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| i. Borrowings | 26 | 1,703.86 | 350.96 | - |
| ii. Trade payables | 27 | 2,279.24 | 2,393.70 | 1,716.47 |
| iii. Other financial liabilities | 22(b) | 3,804.56 | 4,610.03 | 2,959.95 |
| Provisions | 28 | 2,212.13 | 2,212.13 | 72.94 |
| Employee benefit obligations | 23 | 130.23 | 80.74 | 40.67 |
| Other current liabilities | 29 | 2,704.23 | 1,964.46 | 1,451.42 |
| **Total current liabilities** | | **12,834.25** | **11,612.02** | **6,241.45** |
| **Total liabilities** | | **49,152.23** | **44,654.69** | **37,574.96** |
| **Total equity and liabilities** | | **68,739.98** | **67,783.35** | **73,095.79** |

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

HR

Harsha Raghavan
Chairman

Ramesh Ramanathan
Managing Director

B Udhay Shankar
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 03, 2017

STERLING HOLIDAY RESORTS LIMITED CHENNAI

**Sterling Holiday Resorts Limited (Formerly known as Thomas Cook Insurance Services (India) Limited)**
**Statement of Profit and Loss**
*(All amounts in Rs. lakhs, unless otherwise stated)*

| | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 30 | 21,115.30 | 19,207.87 |
| Other income | 31 | 2,939.34 | 2,986.17 |
| **Total income** | | **24,054.64** | **22,194.04** |
| **Expenses** | | | |
| Cost of materials consumed | 32 | 1,310.34 | 892.24 |
| Employee benefit expenses | 33 | 11,701.27 | 9,795.05 |
| Finance costs | 34 | 804.68 | 356.71 |
| Depreciation and amortisation expense | 35 | 1,939.70 | 1,552.28 |
| Other expenses | 36 | 12,092.82 | 12,876.80 |
| **Total expenses** | | **27,848.81** | **25,473.08** |
| **Loss before exceptional items and tax** | | **(3,794.17)** | **(3,279.04)** |
| Exceptional items | 37 | - | 9,384.97 |
| **Loss before tax** | | **(3,794.17)** | **(12,664.01)** |
| **Income tax expense** | 38 | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Loss for the year** | | **(3,794.17)** | **(12,664.01)** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurement of post employment benefit obligations | | (29.08) | (14.19) |
| Change in fair value of FVOCI equity instruments | | 21.24 | - |
| Income tax relating to these items | | - | - |
| **Other comprehensive income for the year, net of tax** | | **(7.84)** | **(14.19)** |
| **Total comprehensive income for the year** | | **(3,802.01)** | **(12,678.20)** |
| Earnings per equity share | | | |
| Basic earnings per share | 53 | (13.06) | (43.59) |
| Diluted earnings per share | 53 | (13.06) | (43.59) |

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

HR

Harsha Raghavan
Chairman

Ramesh Ramanathan
Managing Director

R Udhay Shankar
Chief Financial Officer

M. Balasubramaniyan

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 03, 2017

STERLING HOLIDAY RESORTS LIMITED
CHENNAI

**Sterling Holiday Resorts Limited (Formerly known as Thomas Cook Insurance Services (India) Limited)**
**Statement of cash flows**
*(All amounts in Rs. lakhs, unless otherwise stated)*

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before income tax** | **(3,794.17)** | **(12,664.01)** |
| Adjustments for: | | |
| Depreciation and amortisation | 1,939.70 | 1,552.28 |
| Finance costs | 804.68 | 356.71 |
| Interest income | (1,321.55) | (1,978.70) |
| Loss/(Profit) on sale of assets | (662.79) | 26.11 |
| Employee share based payments | 261.10 | 286.03 |
| Dividend classified as investing cash flows | - | (493.47) |
| Gain on sale of investments (net) | (333.70) | (110.70) |
| Change in fair value of financials assets at fair value through profit or loss | (400.52) | - |
| Liabilities no longer required written back | (145.32) | (171.00) |
| Bad debts | - | 9.89 |
| Provision for doubtful advances | 31.99 | |
| Provision for bad and doubtful debts/doubtful advances | 20.07 | 81.80 |
| Provision for interest income included in exceptional item | - | 1,398.53 |
| Capital work in progress written off included in exceptional items | - | 2,165.97 |
| **Change in operating assets and liabilities** | | |
| (Increase)/Decrease in trade receivables (including adjustments relating to exceptional items in March 31, 2016) | (2,152.99) | 8,207.73 |
| (Increase)/ decrease in inventories | (21.13) | 103.66 |
| Increase in trade payables | 30.86 | 848.23 |
| (Increase) in other financial assets | (92.24) | (159.96) |
| (Increase)/decrease in other non-current assets | 37.11 | 20.56 |
| (Increase) in other current assets | (6.49) | (479.14) |
| Increase in provisions | - | 2,139.19 |
| Increase in employee benefit obligations | 118.64 | 41.48 |
| (Decrease) in other financial liabilities | (557.69) | (96.71) |
| Increase/(decrease) in other current and non current liabilities | 4,510.96 | (2,644.57) |
| **Cash generated from operations** | **(1,733.48)** | **(1,560.09)** |
| Income taxes paid | (46.07) | (68.98) |
| **Net cash outflow from operating activities** | **(1,779.55)** | **(1,629.07)** |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (5,319.09) | (8,858.74) |
| (Increase)/Decrease in non current assets held for sale | 9,958.87 | (9,958.87) |
| Loans to subsidiaries | (38.58) | (575.40) |
| Investment in TCI | - | (1,399.50) |
| Investment in Nature trails | (30.10) | (2,035.99) |
| Investment in fixed deposits | 48.66 | (51.78) |
| Proceeds on sale of assets | 689.34 | 135.31 |
| Proceeds from sale of current investments | 2,704.69 | 16,280.17 |
| Investment in Mutual Funds | (7,381.74) | 0.28 |
| Dividend received | - | 493.47 |
| Interest received | 1,211.94 | 1,404.14 |
| **Net cash inflow/(outflow) from investing activities** | **1,843.99** | **(4,566.91)** |
| **Cash flows from financing activities** | | |
| Interest paid | (790.52) | (386.38) |
| Repayment of borrowings | (2,614.81) | (2,190.29) |
| Proceeds from borrowings | 2,000.00 | 8,053.86 |
| **Net cash (outflow)/inflow from financing activities** | **(1,405.33)** | **5,477.19** |
| **Net increase (decrease) in cash and cash equivalents** | (1,340.89) | (718.79) |
| Cash and cash equivalents at the beginning of the financial year | (152.29) | 566.50 |
| **Cash and cash equivalents at end of the year** | **(1,493.18)** | **(152.29)** |

**Reconciliation of cash and cash equivalents as per cash Flow Statement**
Cash and cash equivalents as per the above comprises of the following

| | 31-Mar-17 | 31-Mar-16 |
|---|---|---|
| Cash and cash equivalents (Note 14) | 210.68 | 198.67 |
| Bank overdrafts (Note 26) | (1,703.86) | (350.96) |
| Balances as per statement of cash flows | **(1,493.18)** | **(152.29)** |

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

HR

Harsha Raghavan
Chairman

Ramesh Ramanathan
Managing Director

B Udhay Shankar
Chief Financial Officer

M-Balasubramaniyan

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 03, 2017

STERLING HOLIDAY RESORTS LIMITED CHENNAI

**Sterling Holiday Resorts Limited (Formerly known as Thomas Cook Insurance Services (India) 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 | | 2,905.00 |
| Changes in equity share capital during the year | 18 | - |
| **Balance as at March 31, 2016** | | **2,905.00** |
| Changes in equity share capital during the year | 18 | - |
| **Balance as at March 31, 2017** | | **2,905.00** |

**II) Other equity**

| | Notes | Reserves and surplus | | | Other Reserves | | |
|---|---|---|---|---|---|---|---|
| | | Securities Premium Account | General reserve | Retained earnings | ESOP reserve | FVOCI of Equity Instruments | Total |
| **Balance as at April 1, 2015** | | 32,057.94 | 4.70 | 480.50 | 72.69 | - | 32,615.83 |
| Loss for the year | 19 | - | - | (12,664.01) | - | - | (12,664.01) |
| Employee stock expense | 20 | - | - | - | 286.03 | - | 286.03 |
| Other comprehensive income | 19 | - | - | (14.19) | - | - | (14.19) |
| **Balance as at March 31, 2016** | | 32,057.94 | 4.70 | (12,197.70) | 358.72 | - | 20,223.66 |
| Loss for the year | 19 | - | - | (3,794.17) | - | - | (3,794.17) |
| Employee stock expense | 20 | - | - | - | 261.10 | - | 261.10 |
| Other comprehensive income | 19 | - | - | (29.08) | - | 21.24 | (7.84) |
| **Balance as at March 31, 2017** | | 32,057.94 | 4.70 | (16,020.95) | 619.82 | 21.24 | 16,682.75 |

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

HR

Harsha Raghavan
Chairman

Ramesh Ramanathan
Managing Director

B Udhay Shankar
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 03, 2017

STERLING HOLIDAY RESORTS LIMITED
CHENNAI

## 1.1. General Information :

Sterling Holiday Resorts Limited (Formerly known as Thomas Cook Insurance Services (India) Limited) (the "Company") is engaged in selling Vacation Ownership including Leisure Hospitality Services (Time Share and Resort business) and is also engaged in travel insurance business. The Company is a subsidiary of Thomas Cook (India) Limited and the ultimate holding company is Fairfax Financial Holdings Limited, Canada.

The composite Scheme of Arrangement and Amalgamation ("the Scheme") between Sterling Holiday Resorts Limited (Formerly knowns as Thomas Cook Insurance Services (India) Limited) ("the Company"), Thomas Cook (India) Limited ("TCIL") and erstwhile Sterling Holiday Resorts (India) Limited ("SHRIL") and their respective shareholders and creditors was sanctioned by the High Court of Judicature at Mumbai and the High Court of Judicature at Madras on July 2, 2015 and April 13, 2015, respectively, and has been made effective on August 18, 2015. In terms of the said Scheme, the Timeshare and Resort business of SHRIL ("Demerged Undertaking") has been demerged and transferred to and vested with the Company as a going concern and the residual SHRIL has been amalgamated with TCIL. The appointed date of the Scheme is April 1, 2014. The accounting for this scheme has been effected from the appointed date in line with the accounting treatment mentioned in the scheme of Arrangement and Amalgamation and approved by the High Court.

The name of the Company has been changed from Thomas Cook Insurance Services (India) Limited to Sterling Holiday Resorts Limited with effect from September 1, 2015.

## 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 were 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 56 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;
- share-based payments; and
- assets held for sale measured at lower of carrying amount and fair value less costs to sell

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### 1.2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.

The Managing Director (MD) of the company has been identified as the chief operating decision maker of Sterling Holiday Resorts Limited who assesses the financial performance and position of the Company, and makes strategic decisions. Refer note 43 for segment information presented.

### 1.2.3. Foreign Curreney Transaction

**a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR) 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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

### 1.2.4. Revenue recognition

In respect of Sterling Vacation Ownership Plan (SHVOP), 60% of the product value, being admission fee is recognized as income in the year of sale. This is non-refundable after a limited period as per the terms and conditions agreed with the customer. The remaining 40%, being Entitlement fee, which entitles the vacation ownership member for the specified facilities over the membership usage period, is recognised as income equally over the period of entitlement.

In respect of all other vacation ownership products prior to November 2011, 45% of the product value, being admission fee was recognised as income in the year of sale. This was non-refundable after a limited period as per the terms and conditions agreed with the customer. The remaining 55%, being Advance Subscription towards Customer Facilities (ASCF), which entitles the vacation ownership member for the specified facilities over the membership usage period, is recognised as income equally over the period of entitlement.

The balance of Entitlement fee and ASCF as at the year-end is classified as Deferred Income under the head Other non-current/Other current liabilities.

Provision for cancellation of vacation ownership contracts is made considering the Company's cancellation policy and historical trends and experience.

Income from resorts comprising of sale of food and beverages, room rentals and other services are recognised when these are sold and as services are rendered.

Incomes in respect of Annual subscription fee or Annual amenity charges dues from members is recognized only when it is reasonably certain that the ultimate collection will be made.

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### 1.2.5. Income taxes

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.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period. 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 income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is 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 and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 1.2.6. Leases

**a) As a lessee:**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line

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with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**b) As a lessor:**

Lease income from operating leases where the Company is a lessor is recognised as income in accordance with the terms of the arrangement. The respective leased assets are included in the balance sheet on the lease being classified as an operating lease and the ownership, risk and rewards pertaining to the assets are retained by the company.

### 1.2.7. 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.

### 1.2.8. 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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### 1.2.9. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment / cancellation.

### 1.2.10. 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.

### 1.2.11. 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.

**Debt instruments:**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**i. Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**ii. Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**iii. Fair value through profit or loss:**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

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**Equity instruments**

The Company subsequently measures all equity investments other than investment in subsidiaries and associates, at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**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 39 details how the Company determines whether there has been a significant increase in credit risk.

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.

**1.2.12. Income recognition**

**a) Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

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Interest income on vacation ownership plans: Interest is recognised as an income on an accrual basis based on the terms of the contracts entered into with the members/membership plans if they are reasonably certain to be recovered from the customers.

### 1.2.13. Property, plant and equipment

Freehold land is carried at historical cost. All other 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 |
| Office Equipment | 5 |
| Computer and data processing units – Servers & Network | 6 |
| Computer and data processing units – Desktop, Laptop and end user items | 3 |
| Electrical equipment | 10 |
| Vehicles | 8 |

Premium paid for acquiring leasehold land is amortised over the period of lease. Assets constructed on Leasehold Land/Leasehold improvements are amortised over the primary period of lease or its estimated useful life, whichever is lower.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

### 1.2.14. Intangible assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their

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estimated useful lives. The amortisation period and the amortisation method are reviewed at the end of each financial year. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Computer software are amortised over a period of 5 years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

**1.2.15. 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.

**1.2.16. 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 profit or loss as other gains/(losses).

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.

**1.2.17. Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**1.2.18. Provisions**

Provisions for legal claims, volume discounts and returns 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

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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.

### 1.2.19. 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.

**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. The Group Gratuity plan is funded with Life Insurance Corporation of India, for all of the employees, under Group Gratuity cum Cash Accumulation Scheme.

**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.

**d) Share based payments**
**Employee options**

The fair value of options granted 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 (e.g., the entity's share price)

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- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

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 profit or loss, with a corresponding adjustment to equity.

### 1.2.20. 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 53).

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.

### 1.2.21. 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 01, 2017.

**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.

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**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 financial statements of the Company since the Company has not issued any cash settled awards.

### 1.2.22. 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. Critical estimates and judgements:

The preparation of financial statements requires the use of accounting estimates which, by definition will seldom equal the actual rersults. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**The area involving critical estimate or judgement is:**

Recognition of revenue including provision for cancellation of contracts – Note 30

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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Sterling Holiday Resorts Limited (Formerly known as Thomas Cook Insurance Services (India) 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 is as follows:

| Asset Description | Gross Carrying Amount | | | | Accumulated Depreciation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Deemed Cost as at April 1, 2015 | 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 April 1, 2015 | As at March 31, 2016 |
| Land - Freehold @ | 3,065.19 | 549.25 | 10.92 | 3,603.52 | - | - | - | - | 3,065.19 | 3,603.52 |
| Land - Leasehold | 1,708.23 | - | 9.29 | 1,698.94 | - | 54.62 | - | 54.62 | 1,708.23 | 1,644.32 |
| Building * | 15,848.55 | 7,775.57 | 140.19 | 23,483.93 | - | 478.47 | 0.69 | 477.78 | 15,848.55 | 23,006.15 |
| Computer Equipment | 217.53 | 150.18 | - | 367.71 | - | 124.01 | - | 124.01 | 217.53 | 243.70 |
| Plant and Machinery | 657.42 | 1,140.70 | - | 1,798.12 | - | 110.13 | - | 110.13 | 657.42 | 1,687.99 |
| Furniture and Fixtures | 935.19 | 1,268.46 | 0.21 | 2,203.44 | - | 266.50 | 0.02 | 266.48 | 935.19 | 1,936.96 |
| Office Equipment | 102.68 | 31.86 | 3.01 | 131.53 | - | 92.19 | 1.49 | 90.70 | 102.68 | 40.83 |
| Vehicles | 123.42 | 19.14 | - | 142.56 | - | 23.24 | - | 23.24 | 123.42 | 119.32 |
| Electrical Installations | 919.73 | 1,869.19 | - | 2,788.92 | - | 268.29 | - | 268.29 | 919.73 | 2,520.63 |
| Total | 23,577.94 | 12,804.35 | 163.62 | 36,218.67 | - | 1,417.45 | 2.20 | 1,415.25 | 23,577.94 | 34,803.42 |

* Disposals/Adjustments includes an amount of Rs. 98.12 lakhs under Gross carrying amount and Rs. 0.69 lakhs under accumulated depreciation which has been classified as held for sale (Refer Note 17)

@ Disposals/Adjustments includes an amount of Rs.10.92 lakhs under Gross carrying amount and Rs.Nil under accumulated depreciation which has been classified as held for sale (Refer Note 17)

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 | 3,603.52 | - | - | 3,603.52 | - | - | - | - | 3,603.52 | 3,603.52 |
| Land - Leasehold | 1,698.94 | - | - | 1,698.94 | 54.62 | 22.18 | - | 76.80 | 1,644.32 | 1,622.14 |
| Building - Own | 23,483.93 | 3,572.86 | 12.94 | 27,043.85 | 477.78 | 631.80 | - | 1,109.58 | 23,006.15 | 25,934.27 |
| Computer Equipment | 367.71 | 59.60 | 1.16 | 426.15 | 124.01 | 123.42 | 0.85 | 246.58 | 243.70 | 179.57 |
| Plant and Machinery | 1,798.12 | 206.78 | 0.42 | 2,004.48 | 110.13 | 164.81 | 0.42 | 274.52 | 1,687.99 | 1,729.96 |
| Furniture and Fixtures | 2,203.44 | 935.06 | 2.57 | 3,135.93 | 266.48 | 411.71 | 0.54 | 677.65 | 1,936.96 | 2,458.28 |
| Office Equipment | 131.53 | 6.56 | 2.03 | 136.06 | 90.70 | 45.18 | 1.81 | 134.07 | 40.83 | 1.99 |
| Vehicles | 142.56 | 21.27 | 15.83 | 148.00 | 23.24 | 24.52 | 5.62 | 42.14 | 119.32 | 105.86 |
| Electrical Installations | 2,788.92 | 810.93 | 1.56 | 3,598.29 | 268.29 | 377.45 | 0.72 | 645.02 | 2,520.63 | 2,953.27 |
| Total | 36,218.67 | 5,613.06 | 36.51 | 41,795.22 | 1,415.25 | 1,801.07 | 9.96 | 3,206.36 | 34,803.42 | 38,588.86 |

a. Consequent to the Scheme referred in Note 51 becoming effective, the Company is in the process of transferring the title of land and building in the name of Company.
b. Leasehold land of Rs. 1,698.94 lakhs represents parcels of land which were obtained by the Company for a lease term of 99 years.
The upfront lease payment represented fair value of the land at the time of entering the agreement based on which it has been classified as a finance lease.
c. Refer Note 48 for certain property related matters.
d. Refer Note 47 for capital commitments

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## 4 Capital work in progress

The changes in the carrying value of Capital work in progress for the year ended March 31, 2016 are as follows:

| Asset Description | Gross Carrying Amount | | | |
|---|---|---|---|---|
| | As at April 1, 2015 | Additions | Disposals/ Transfers | As at March 31, 2016 |
| Capital work in progress | 9,439.01 | 12,510.28 | 17,400.81 | 4,548.48 |

The changes in the carrying value of Capital work in progress for the year ended March 31, 2017 are as follows:

| Asset Description | Gross Carrying Amount | | | |
|---|---|---|---|---|
| | As at April 1, 2016 | Additions | Disposals/ Transfers | As at March 31, 2017 |
| Capital work in progress | 4,548.48 | 5,071.53 | 5,649.27 | 3,970.74 |

Capital work in progress mainly comprises of resort properties under construction/renovation.

## 5 Other intangible assets

The changes in the carrying value of Intangibles for the year ended March 31, 2016 are as follows:

| Asset Description | Gross Carrying Amount | | | | Accumulated amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Deemed Cost as at April 1, 2015 | Additions | Disposals/ Adjustments | As at March 31, 2016 | As at April 1, 2015 | Amortisation charge during the year | Disposals/ Adjustments | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2016 |
| Computer Software | 378.02 | 114.90 | - | 492.92 | - | 134.83 | - | 134.83 | 378.02 | 358.09 |

The changes in the carrying value of Intangibles for the year ended March 31, 2017 are as follows:

| Asset Description | Gross Carrying Amount | | | | Accumulated amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening balance as at April 1, 2016 | Additions | Disposals/ Adjustments | As at March 31, 2017 | Opening balance as at April 1, 2016 | Amortisation charge during the year | Disposals/ Adjustments | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2017 |
| Computer Software | 492.92 | 72.60 | - | 565.52 | 134.83 | 138.63 | - | 273.46 | 358.09 | 292.06 |

## 6 Intangible assets under development

| Asset Description | Gross Carrying Amount | | | |
|---|---|---|---|---|
| | As at April 1, 2015 | Additions | Disposals/Transfers | As at March 31, 2016 |
| Capital work in progress | 80.26 | - | 5.95 | 74.31 |

| Asset Description | Gross Carrying Amount | | | |
|---|---|---|---|---|
| | As at April 1, 2016 | Additions | Disposals/Transfers | As at March 31, 2016 |
| Capital work in progress | 74.31 | 53.76 | - | 128.07 |

Intangible assets under development comprise the Company's website which is under development.

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| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| 7(a) | **Non-current investments** | | | |
| | **Investment in equity instruments (fully paid-up)** | | | |
| | **Equity Investments at cost** | | | |
| | **Investment in subsidiaries - Unquoted** | | | |
| | 49,000 (March 31, 2016: 49,000, April 1, 2015: 49,000) equity shares of Sterling Holidays (Ooty) Limited | 73.48 | 73.48 | 73.48 |
| | 49,000 (March 31, 2016: 49,000, April 1, 2015: 49,000) equity shares of Sterling Holiday Resorts (Kodaikanal) Limited | 116.68 | 116.68 | 116.68 |
| | 147,578 (March 31, 2016: 44,313, April 1, 2015: Nil) equity shares of Nature Trails Resorts Private Limited | 2,066.09 | 620.38 | - |
| | **Investment in Associate - Unquoted** | | | |
| | Nil (March 31, 2016: 73,234 , April 1, 2015: Nil) equity shares of Travel Corporation (India) Limited | - | 1,399.50 | - |
| | **Equity Investments at FVTPL** | | | |
| | **Unquoted** | | | |
| | **Investment in Equity Shares of Rs.10 each, fully paid-up:** | | | |
| | 100,000 (March 31, 2016: 100,000, April 1, 2015: 100,000) equity shares of Sterling Holiday Finvest Limited | - | - | - |
| | 100,000 (March 31, 2016: 100,000, April 1, 2015: 100,000) equity shares of Sterling Securities and Futures Limited | - | - | - |
| | 520,000 (March 31, 2016: 520,000, April 1, 2015: 520,000) equity shares of Sterling Resorts Home Finance Limited | - | - | - |
| | 700,000 (March 31, 2016: 700,000, April 1, 2015: 700,000) equity shares of Sterling Holidays Financial Services Limited | - | - | - |
| | **Investment in no. of Teak Units:** | | | |
| | 28,765 (March 31, 2016: 28,765, April 1, 2015: 28,765) equity shares of Sterling Tree Magnum (India) Limited | - | - | - |
| | **Quoted:** | | | |
| | Investment in Equity Shares of Rs.10 each, fully paid-up: | | | |
| | 1,100 (March 31, 2016: 1,100 , April 1, 2015: 1,100) equity shares of Tourism Finance Corporation of India Limited | 0.91 | 0.47 | 0.75 |
| | **Equity Investments at FVOCI** | | | |
| | **Unquoted** | | | |
| | 73,234 (March 31, 2016: Nil, April 1, 2015: Nil) equity shares of Travel Corporation (India) Limited | 1,420.74 | - | - |
| | **Total** | **3,677.90** | **2,210.51** | **190.91** |
| | Aggregate amount of quoted investments and market value thereof | 0.91 | 0.47 | 0.75 |
| | Aggregate amount of unquoted investments | 3,676.99 | 2,210.04 | 190.16 |
| | Aggregate amount of impairment in the value of investments | 1,145.00 | 1,145.00 | 1,145.00 |

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| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **7(b) Current Investments** | | | |
| **Investment in Mutual Funds at FVTPL - Quoted:** | | | |
| Nil (March 31, 2016: Nil, April 1, 2015: 9,468,420) units of IDFC Money Manager Fund- Treasury Plan-Growth-Regular Plan | - | - | 2,070.18 |
| Nil (March 31, 2016: Nil, April 1, 2015: 15,004) units of Birla Sunlife Cash Plus- Daily Dividend | - | - | 15.04 |
| Nil (March 31, 2016: Nil, April 1, 2015: 1,013,990) units of SBI Premier Liquid Fund- Dividend - Daily Reinvestment | - | - | 10,172.85 |
| Nil (March 31, 2016: Nil, April 1, 2015: 95,141) units of LIC Nomura Liquid Fund- Dividend - Daily Reinvestment | - | - | 1,044.65 |
| Nil (March 31, 2016: Nil, April 1, 2015: 10,000,000) units of Kotak FMP Series 147- Growth | - | - | 1,095.40 |
| Nil (March 31, 2016: Nil, April 1, 2015: 259,213) units of ICICI Money Market Fund- Regular Growth | - | - | 500.92 |
| Nil (March 31, 2016: Nil, April 1, 2015: 52,427) units of Reliance Money Manager Fund- Growth Plan Growth option | - | - | 1,003.29 |
| Nil (March 31, 2016: Nil, April 1, 2015: 14,883) units of SBI Ultra Short Term Debt fund-Regular Plan- Growth | - | - | 267.14 |
| 3,010,403 (March 31, 2016: Nil, April 1, 2015: Nil) units of Tata Dynamic Bond Fund - Reg - Growth | 764.91 | - | - |
| 9,711,189 (March 31, 2016: Nil, April 1, 2015: Nil) units of IDFC Corporate Bond Fund - Reg - Growth | 1,085.99 | - | - |
| 3,496,369 (March 31, 2016: Nil, April 1, 2015: Nil) units of Reliance Short Term Fund - Growth | 1,078.77 | - | - |
| 406,947 (March 31, 2016: Nil, April 1, 2015: Nil) units of Birla Sun Life Short Term Fund - Reg - Growth | 253.75 | - | - |
| 1,873,185 (March 31, 2016: Nil, April 1, 2015: Nil) units of Birla Sun Life Dynamic Bond Fund - Reg - Growth | 543.05 | - | - |
| 210 (March 31, 2016: Nil, April 1, 2015: Nil) units of Tata Floater Fund - Reg - Growth | 5.18 | - | - |
| 2,350,964 (March 31, 2016: Nil, April 1, 2015: Nil) units of Kotak Banking and PSU Debt Fund - Reg - Growth | 867.10 | - | - |
| 1,037,468 (March 31, 2016: Nil, April 1, 2015: Nil) units of Kotak Treasury Advantage Fund - Reg- Growth * | 270.17 | - | - |
| 10,985 (March 31, 2016: Nil, April 1, 2015: Nil) units of TATA Floater Fund - Growth * | 270.79 | - | - |
| 959,041 (March 31, 2016: Nil, April 1, 2015: Nil) units of HDFC FRIF - Short Term Plan - Growth * | 271.12 | - | - |
| **Total** | **5,410.83** | **-** | **16,169.47** |
| Aggregate amount of quoted investments and market value thereof | 5,410.83 | - | 16,169.47 |
| Aggregate amount of unquoted investments | - | - | - |
| Aggregate amount of impairment in the value of investments | - | - | - |

* Represents investments given a security for loan of Rs. 491.13 availed by a subsidiary company.

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| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **8(a)** | **Trade receivables - Non Current- Unsecured** | | | |
| | Considered Good | 5,503.81 | 3,742.30 | 4,386.81 |
| | Considered Doubtful | 1,395.21 | 3,524.54 | 443.38 |
| | | **6,899.02** | **7,266.84** | **4,830.19** |
| | Less: Deferred Income | (787.88) | (1,989.60) | - |
| | Less: Provision for cancellation | (607.33) | (1,534.94) | (443.38) |
| | **Total** | **5,503.81** | **3,742.30** | **4,386.81** |
| **8(b)** | **Trade receivables - Current- Unsecured** | | | |
| | Considered Good | 5,322.61 | 4,951.20 | 12,606.11 |
| | Considered Doubtful | 9,795.94 | 14,470.22 | 1,314.23 |
| | | **15,118.55** | **19,421.42** | **13,920.34** |
| | Less: Deferred Income | (5,341.35) | (7,932.29) | - |
| | Less: Provision for cancellation / doubtful debts | (4,454.59) | (6,537.93) | (1,314.23) |
| | **Total** | **5,322.61** | **4,951.20** | **12,606.11** |
| | Current Portion | **5,322.61** | **4,951.20** | **12,606.11** |
| | Non Current Portion | **5,503.81** | **3,742.30** | **4,386.81** |

**8(c)** ***Transferred Receivables***

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Company has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognise the transferred asset in their entirety in its Balance sheet. The amount repayable under the arrangement is presented as securitised borrowing.

The relevant carrying amount are as follows:

| Particulars | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Total transferred receivables | 1,607.79 | 6,609.38 | 1,474.98 |
| Associated securitised borrowing (Note 21) | 1,239.81 | 3,870.13 | 949.26 |

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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 |
| 9 | **Loans** | | | | | | |
| | **Unsecured, considered good** | | | | | | |
| | Loans and advances to related parties - Subsidiaries (Refer Note 45) | 535.53 | 1,059.65 | 697.85 | 858.74 | 119.75 | 861.45 |
| | Interest accrued on loans and advances to related parties | 174.14 | - | 68.69 | - | 101.57 | - |
| | **Total** | **709.67** | **1,059.65** | **766.54** | **858.74** | **221.32** | **861.45** |
| 10 | **Other financial assets** | | | | | | |
| | Security Deposits | - | 901.40 | - | 814.54 | - | 690.35 |
| | Deposits with banks with maturity period more than 12 months (Refer note 10.1) | - | - | - | 66.98 | - | 7.85 |
| | Receivable on sale of fixed assets [Refer Note 48(b)] | - | 527.10 | - | 527.10 | - | 527.10 |
| | Interest accrued on fixed deposits | 18.58 | - | 14.42 | - | 11.50 | - |
| | Unbilled revenue | 61.87 | - | 56.49 | - | 20.72 | - |
| | Interest receivable on trade receivables {instalment plan} net of provision Rs. 441.99 lakhs (March 31, 2016: Rs. 1,908.12 lakhs, April 01, 2015: NIL) | - | - | - | - | 794.01 | - |
| | Advance towards Investment - Nature Trails Resorts Private Limited | - | - | - | 1,415.61 | - | - |
| | **Total** | **80.45** | **1,428.50** | **70.91** | **2,824.23** | **826.23** | **1,225.30** |

10.1 Under lien with bank towards guarantees issued

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| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| 11 | **Current tax assets (net)** | | | |
| | - Advance tax [Net of Provision for Tax Rs. 213.92 lakhs (March 31, 2016: Rs. 213.92 lakhs, April 1, 2015: Rs. 213.92 lakhs)] | 528.02 | 481.95 | 412.97 |
| | **Total** | **528.02** | **481.95** | **412.97** |
| 12 | **Other non-current assets** | | | |
| | Prepaid expenses | 226.90 | 296.02 | 316.58 |
| | Capital advances | | | |
| | - Considered good | 288.44 | 372.29 | 938.22 |
| | - Considered doubtful | 886.06 | 854.07 | 854.07 |
| | | **1,174.50** | **1,226.36** | **1,792.29** |
| | - Less: Provision for doubtful advances | (886.06) | (854.07) | (854.07) |
| | | 288.44 | 372.29 | 938.22 |
| | **Total** | **515.34** | **668.31** | **1,254.80** |
| 13 | **Inventories** | | | |
| | Food and beverages | 45.09 | 35.92 | 29.69 |
| | Operating supplies | 94.79 | 82.83 | 192.72 |
| | **Total** | **139.88** | **118.75** | **222.41** |
| 14 | **Cash and cash equivalents** | | | |
| | Balances with banks | | | |
| | - in current accounts | 189.72 | 177.60 | 544.54 |
| | Deposits with maturity of less than three months | - | - | 10.00 |
| | Cash on hand | 20.96 | 21.07 | 11.96 |
| | **Total** | **210.68** | **198.67** | **566.50** |

There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting period and prior periods

| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| 15 | **Other Bank Balances** | | | |
| | Short term Bank Deposits | 48.32 | 30.00 | 37.35 |
| | (Deposits with maturity of more than 3 months but less than 12 months) | | | |
| | **Total** | **48.32** | **30.00** | **37.35** |
| 16 | **Other current assets** | | | |
| | Prepaid expenses | 521.10 | 648.40 | 340.74 |
| | Others | | | |
| | - Advances to Vendors | 364.48 | 205.11 | 207.70 |
| | - Employee advances | 114.50 | 82.59 | 52.51 |
| | - Balances with Statutory Authorities | 124.51 | 181.97 | 37.98 |
| | **Total** | **1,124.59** | **1,118.07** | **638.93** |
| 17 | **Non current Assets classified as held for sale** | | | |
| | Land & Building* | - | 108.35 | - |
| | **Investment in Associate**** | | | |
| | Investment in Travel Corporation (India) Limited | - | 9,850.52 | - |
| | **Total** | **-** | **9,958.87** | **-** |

*In 2015, the Directors of the Company decided to sell surplus land of the Company measuring 3,645 sq mts together with building at Goa (Vagator Property). The sale was effected on July 27, 2016. The assets are carried at lower of cost or the fair value less costs to sell of the assets at the time of reclassification. Since the asset is carried at cost which is lower than the fair value less costs to sell, there is no resultant gain or loss recognised in the statement of profit or loss.

** In 2016, the Company decided to sell a major portion of investments held in Travel Corporation (India) Limited to SOTC Travel Services (438,144 shares) and Distant Frontier Tours Private Limited (77,320 shares) for a total consideration of INR 10,000 lakhs. The sale was effected in May 2016. The assets are carried at lower of cost or the fair value less costs to sell of the assets at the time of reclassification. Since the asset is carried at cost which is lower than the fair value less costs to sell, there was no resultant gain or loss recognised in the statement of profit or loss.

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**18 Equity share capital**

**Authorised equity share capital**

| | Number of shares (Nos) | Amount |
|---|---|---|
| As at April 1, 2015 | 40,000,000 | 4,000.00 |
| Increase during the year | - | - |
| **As at March 31, 2016** | **40,000,000** | **4,000.00** |
| Increase during the year | - | - |
| **As at March 31, 2017** | **40,000,000** | **4,000.00** |

**(i) Movements in equity share capital**

| | Number of shares (Nos) | Equity share capital (par value) |
|---|---|---|
| As at April 1, 2015 | 29,050,000 | 2,905.00 |
| Increase during the year | - | - |
| **As at March 31, 2016** | **29,050,000** | **2,905.00** |
| Increase during the year | - | - |
| **As at March 31, 2017** | **29,050,000** | **2,905.00** |

**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 their shareholding.

**(ii) Shares of the company held by holding company are as below**

| | March 31, 2017 | | March 31, 2016 | | April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares (Nos) | Amount | Number of shares (Nos) | Amount | Number of shares (Nos) | Amount |
| Thomas Cook (India) Limited and its nominees | 29,050,000 | 2,905.00 | 29,050,000 | 2,905.00 | 29,050,000 | 2,905.00 |
| | **29,050,000** | **2,905.00** | **29,050,000** | **2,905.00** | **29,050,000** | **2,905.00** |

**(iii) Details of shareholders holding more than 5% shares in the company**

| | March 31, 2017 | | March 31, 2016 | | April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares (Nos) | % holding | Number of shares (Nos) | % holding | Number of shares (Nos) | % holding |
| Thomas Cook (India) Limited and its nominees | 29,050,000 | 100% | 29,050,000 | 100% | 29,050,000 | 100% |
| | **29,050,000** | **100%** | **29,050,000** | **100%** | **29,050,000** | **100%** |

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| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **19 Reserves and surplus** | | | |
| Securities premium reserves | 32,057.94 | 32,057.94 | 32,057.94 |
| General reserve | 4.70 | 4.70 | 4.70 |
| Retained earnings | (16,020.95) | (12,197.70) | 480.50 |
| **Total** | **16,041.69** | **19,864.94** | **32,543.14** |

**Movement in Reserves and surplus balances is as follows :**

| | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **a) Securities premium reserves** | | |
| Opening balance | 32,057.94 | 32,057.94 |
| Additions during the year | - | - |
| **Closing balance** | **32,057.94** | **32,057.94** |
| **b) General reserve** | | |
| Opening balance | 4.70 | 4.70 |
| Additions during the year | - | - |
| **Closing balance** | **4.70** | **4.70** |
| **c) Retained earnings** | | |
| Opening balance | (12,197.70) | 480.50 |
| Loss for the year | (3,794.17) | (12,664.01) |
| *Items of other comprehensive income recognised directly in retained earnings* | | |
| - Remeasurements of post-employment benefit obligation, net of tax | (29.08) | (14.19) |
| **Closing balance** | **(16,020.95)** | **(12,197.70)** |

**20 Other Reserves**

| | ESOP reserve | FVOCI - Equity Instruments | Total |
|---|---|---|---|
| As at April 1, 2015 | 72.69 | - | 72.69 |
| Additions during the year | 286.03 | - | 286.03 |
| As at March 31, 2016 | **358.72** | - | **358.72** |
| Additions during the year | 261.10 | 21.24 | 282.34 |
| As at March 31, 2017 | **619.82** | **21.24** | **641.06** |

**ESOP Reserve**

The ESOP reserve is used for recognising the grant date fair value of the share options issued to the employees under the Employee Share Option Scheme in addition to the fair value of the options issued to the employees of the Company by the holding company (Thomas Cook (India) Limited) as per Ind AS 102

**FVOCI - Equity Instruments**

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI Equity instruments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

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| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| 21 | **Non-current borrowings** | | | |
| | **Loans repayable on demand** | | | |
| | **Secured** | | | |
| | *From Banks* | 4,661.21 | 4,070.37 | 194.29 |
| | *From Others* | - | 975.41 | 152.73 |
| | **Total** | **4,661.21** | **5,045.78** | **347.02** |

**Term Loan from banks**

a Loan amounting to Rs. 4,971.07 lakhs (net of processing fees) from HDFC Bank Limited is secured by way of hypothecation of movable fixed assets acquired through the term loan at resorts namely Mussoorie, Manali, Darjeeling, Ooty Fern Hill and Kodai Valley View and by way of pledge of immovable properties at Mussoorie and Yercaud and is repayable in 24 equal quarterly installments including a moratorium of 12 months from the date of loan (January 4, 2016) along with an interest rate of 11% per annum. The loan amount outstanding as at year end is Rs. 4,971.07 lakhs (March 31, 2016: Rs. 2,955.56 lakhs, April 01, 2015: NIL). Out of this, Rs. 824.70 lakhs (March 31, 2016: Rs.125.00 lakhs, April 01, 2015: Nil) is repayable within 1 year and the balance amount of Rs. 4,146.37 lakhs (March 31, 2016: Rs. 2,830.56 lakhs, April 01, 2015: Nil) is repayable after 1 year from the balance sheet date.

b Loan amounting to Rs. 2,500 lakhs from HDFC Bank Limited is repayable in 44 monthly installments commencing from August 24, 2015 along with an interest rate of base rate + 1.55% per annum. The loan is secured by way of assignment of receivables amounting to Rs. 4,439.28 lakhs with 100% recourse to the Company. The loan amount outstanding as at year end is Rs.1,222.58 lakhs (March 31, 2016: Rs.2,061.97 lakhs, April 01, 2015: Nil). Out of this loan, Rs. 707.74 lakhs (March 31, 2016: Rs. 839.39 lakhs, April 01, 2015: Nil) is repayable within 1 year and the balance amount of Rs.514.84 lakhs (March 31, 2016: Rs. 1,222.58 lakhs, April 01, 2015: Nil) is repayable after 1 year from the balance sheet date.

c Loan amounting to Rs. 700 lakhs availed from HDFC Bank Limited is repayable in 44 months commencing from October 25, 2013 along with an interest rate of base rate +3.2% per annum. The loan is secured by way of assignment of receivables amounting to Rs. 1,158.89 lakhs with 100% recourse to the Company and an equitable mortgage on Yelagiri property. The loan amount outstanding as at year end is Rs. 17.23 lakhs (March 31, 2016: Rs. 197.73 lakhs, April 01, 2015: Rs. 392.02 lakhs). Out of this, amount of Rs.17.23 lakhs (March 31, 2016: Rs. 180.50 lakhs, April 01, 2015: Rs.197.73 lakhs) is repayable within 1 year and the balance amount of Rs. Nil (March 31, 2016: Rs. 17.23 lakhs, April 01, 2015: Rs.194.29 lakhs) is repayable after 1 year from the balance sheet date.

d Loan amounting to Rs. 46.42 lakhs availed from Kotak Mahindra Bank is repayable in 47 months commencing from April 2012 along with an Interest rate of 12% per annum. The loan is secured by way of Hypothecation of 6 vehicles. The loan amount outstanding as at year end is Rs.Nil (March 31, 2016: Nil, April 01, 2015: Rs.12.86 lakhs). Out of this, Rs.Nil (March 31, 2016: Nil, April 01, 2015: Rs.12.86 lakhs) is repayable within 1 year and the balance amount of Rs. Nil (March 31, 2016: Nil, April 01, 2015: Nil) is repayable after 1 year from the balance sheet date.

**Term Loan from Others**

a Loan amounting to Rs. 1,500 lakhs availed during the year from HDFC Limited is repayable in 36 months commencing from January 25, 2016 along with a floating interest rate of 11% per annum. The loan is secured by way of assignment of receivables amounting to Rs. 2,794.79 lakhs with 100% recourse to the Company. The loan amount outstanding as at year end is Rs.Nil (March 31, 2016: Rs.1,394.86 lakhs, April 01, 2015: Nil). Out of this, Rs.Nil (March 31, 2016: Rs. 482.30 lakhs, April 01, 2015: Nil) is repayable within 1 year and the balance amount of Rs.Nil (March 31, 2016: Rs. 912.56 lakhs, April 01, 2015: Nil) is repayable after 1 year from the balance sheet date.

b Loan amounting to Rs. 700 lakhs availed from HDFC Limited is repayable in 36 months commencing from May 31, 2013 along with an Interest rate of Corporate prime lending rate + 4.25% per annum. The loan is secured by way of assignment of receivables amounting to Rs. 1,306 lakhs with 100% recourse to the Company. The loan amount outstanding as at year end is Nil (March 31, 2016: Rs.25.08 lakhs, April 01, 2015: Rs. 246.15 lakhs). Out of this, Rs.Nil (March 31, 2016: Rs. 25.08 lakhs, April 01, 2015: Rs. 221.07 lakhs) is repayable within 1 year and the balance amount of Rs. Nil (March 31, 2016: Nil, April 01, 2015: Rs. 25.08 lakhs) is repayable after 1 year from the balance sheet date.

c Loan amounting to Rs. 500 lakhs availed from L&T Finance Limited is repayable in 47 months commencing from December 16, 2013 along with an Interest rate of 13% per annum. The loan is secured by way of assignment of receivables amounting to Rs. 750.38 lakhs with 100% recourse to the Company and registered mortgage on land measuring 12 acres together with unfinished buildings situated at Yelagiri. The loan amount outstanding as at year end is Rs.Nil (March 31, 2016: Rs.190.49 lakhs, April 01, 2015: Rs.311.09 lakhs). Out of this, Rs. Nil (March 31, 2016: Rs.127.64 lakhs, April 01, 2015: Rs.183.44 lakhs) is repayable within 1 year and the balance amount of Rs. Nil (March 31, 2016: Rs. 62.85 lakhs, April 01, 2015: Rs.127.65 lakhs) is repayable after 1 year from the balance sheet date.

The carrying amounts of financial and non-financial assets pledged as security for non-current borrowings are disclosed in Note 54.

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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)*

| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| 22 | **Other financial liabilities** | | | |
| 22(a) | **Non-current** | | | |
| | Creditors for capital expenditure | 70.19 | 279.75 | 127.34 |
| | **Total** | **70.19** | **279.75** | **127.34** |
| 22(b) | **Current** | | | |
| | Current Maturities of long-term borrowings | 1,549.67 | 1,779.91 | 615.10 |
| | Interest accrued but not due on borrowings | 54.66 | 40.50 | 70.17 |
| | Creditors for capital expenditure | 971.21 | 1,002.91 | 391.26 |
| | Employee benefits payable | 1,142.64 | 992.59 | 873.78 |
| | Security Deposits | 16.06 | 10.14 | 8.45 |
| | Customer refund due | - | 9.15 | - |
| | Payable to Holding Company consequent to the Scheme referred in Note 51 | - | 742.67 | 1,001.19 |
| | Other Liabilities | 70.32 | 32.16 | - |
| | **Total** | **3,804.56** | **4,610.03** | **2,959.95** |

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## 23 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 | 80.23 | 127.23 | 207.46 | 50.74 | 91.14 | 141.88 | 17.48 | 103.56 | 121.04 |
| Gratuity | 50.00 | 174.86 | 224.86 | 30.00 | 112.72 | 142.72 | 23.19 | 84.70 | 107.89 |
| **Total** | **130.23** | **302.09** | **432.32** | **80.74** | **203.86** | **284.60** | **40.67** | **188.26** | **228.93** |

### (i) Leave obligations

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Current leave obligations expected to be settled within the next 12 months | 80.23 | 50.74 | 17.48 |

### (ii) Post employment obligations

**a) 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. 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.

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|---|---|---|
| **April 1, 2015** | 204.38 | 96.49 | **107.89** |
| Current service cost | 51.37 | | **51.37** |
| Past service cost | - | - | - |
| Interest expense/(income) | 18.29 | 8.06 | **10.23** |
| Acquisition/Business Combination/Divestiture - Transferred to Thomas Cook | (1.41) | - | **(1.41)** |
| **Total amount recognised in profit or loss** | **68.25** | **8.06** | **60.19** |
| *Remeasurements* | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | 13.92 | **(13.92)** |
| (Gain)/loss from change in demographic assumptions | 14.87 | - | **14.87** |
| (Gain)/loss from change in financial assumptions | (6.05) | - | **(6.05)** |
| Experience (gains)/losses | 19.29 | - | **19.29** |
| **Total amount recognised in other comprehensive income** | **28.11** | **13.92** | **14.19** |
| Employer contributions | (15.57) | 23.98 | **(39.55)** |
| Benefit payments | (14.19) | (14.19) | - |
| **March 31, 2016** | **270.98** | **128.26** | **142.72** |

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|---|---|---|
| **April 1, 2016** | 270.98 | 128.26 | **142.72** |
| Current service cost | 59.92 | - | **59.92** |
| Interest expense/(income) | 21.62 | 10.15 | **11.47** |
| **Total amount recognised in profit or loss** | **81.54** | **10.15** | **71.39** |
| *Remeasurements* | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | (1.38) | **1.38** |
| (Gain)/loss from change in demographic assumptions | (26.10) | - | **(26.10)** |
| (Gain)/loss from change in financial assumptions | 66.13 | - | **66.13** |
| Experience (gains)/losses | (12.32) | - | **(12.32)** |
| **Total amount recognised in other comprehensive income** | **27.71** | **(1.38)** | **29.09** |
| Employer contributions | (9.81) | 12.76 | **(22.57)** |
| Benefit payments | (5.58) | (9.81) | **4.23** |
| **March 31, 2017** | **364.84** | **139.98** | **224.86** |

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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 |
|---|---|---|---|
| Present value of funded obligations | 364.84 | 270.98 | 204.38 |
| Fair value of plan assets | 139.98 | 128.26 | 96.49 |
| **Deficit of funded plan** | **224.86** | **142.72** | **107.89** |
| Current Benefit Obligation | 50.00 | 30.00 | 23.19 |
| Non-Current Benefit Obligation | 174.86 | 112.72 | 84.70 |
| **Deficit of gratuity plan** | **224.86** | **142.72** | **107.89** |

**(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 year towards defined contribution plan is Rs. 365.68 lakhs (Previous year Rs. 294.90 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% | 8.00% |
| Expected rate of return on plan assets | 6.88% | 7.77% | 8.50% |
| Salary growth rate | 7.00% | 5.00% | 5.00% |
| Attrition rate | 27.00% | 20.00% | 12.00% |

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 | (40.65) | (32.85) |
| - 100 basis points | 43.28 | 34.05 |
| | | |
| Salary Escalation Rate: | | |
| + 100 basis points | 29.28 | 24.78 |
| - 100 basis points | (28.93) | (25.09) |

**b) Leave Encashment**

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Discount Rate: | | |
| + 100 basis points | (23.30) | (15.93) |
| - 100 basis points | 24.86 | 17.00 |
| | | |
| Salary Escalation Rate: | | |
| + 100 basis points | 16.38 | 11.20 |
| - 100 basis points | (15.49) | (10.59) |

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 assumptions 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 as 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.

**(vi) Risk exposure**

The Company's Gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the company is not exposed to the risk of asset volatility as at the balance sheet date.

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## 24 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 |
|---|---|---|---|
| Property, plant and equipment | 4,558.68 | 4,302.90 | 3,943.28 |
| On account of fair valuation of investments | 188.49 | 58.56 | 34.68 |
| Others | - | 14.42 | - |
| Total deferred tax liabilities | **4,747.17** | **4,375.88** | **3,977.96** |
| Unabsorbed depreciation allowance and business loss carried forward | 10,816.58 | 7,826.64 | 6,820.95 |
| Provision for employee benefits | 239.20 | 155.34 | 130.48 |
| Provision for doubtful debts | 1,787.07 | 3,238.34 | 570.27 |
| Others | 23.70 | 23.44 | 37.81 |
| | **12,866.55** | **11,243.76** | **7,559.51** |
| Set-off of deferred tax assets pursuant to set-off provisions | 4,747.17 | 4,375.88 | 3,977.96 |
| Net deferred tax (liability)/asset as per the balance sheet | - | - | - |
| **Net unrecognised deferred tax assets** | **8,119.38** | **6,867.88** | **3,581.55** |

**Movement in deferred tax liabilities**

| | Depreciation | On account of fair valuation of investments | Others | Total |
|---|---|---|---|---|
| At April 1, 2015 | 3,943.28 | 34.68 | - | 3,977.96 |
| (Charged)/credited: | | | | - |
| - to profit or loss | 359.62 | 23.88 | 14.42 | 397.92 |
| - to other comprehensive income | - | - | | - |
| **At March 31, 2016** | **4,302.90** | **58.56** | **14.42** | **4,375.88** |
| (Charged)/credited: | | | | |
| - to profit or loss | 255.78 | 129.93 | (14.42) | 371.29 |
| - to other comprehensive income | - | - | | - |
| **At March 31, 2017** | **4,558.68** | **188.49** | - | **4,747.17** |

**Movement in deferred tax assets**

| | Unabsorbed depreciation allowance and business loss carried forward | Provision for employee benefits | Provision for doubtful debts | Others | Total |
|---|---|---|---|---|---|
| At April 1, 2015 | 6,820.95 | 130.48 | 570.27 | 37.81 | 7,559.51 |
| Movement in deferred tax asset | 1,005.69 | 24.86 | 2,668.07 | (14.37) | 3,684.25 |
| | | | | | - |
| **At March 31, 2016** | **7,826.64** | **155.34** | **3,238.34** | **23.44** | **11,243.76** |
| Movement in deferred tax asset | 2,989.94 | 83.86 | (1,451.27) | 0.26 | 1,622.79 |
| **At March 31, 2017** | **10,816.58** | **239.20** | **1,787.07** | **23.70** | **12,866.55** |

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| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **25** | **Other non-current liabilities** | | | |
| | Deferred Income | 31,284.49 | 27,513.28 | 30,670.89 |
| | **Total** | **31,284.49** | **27,513.28** | **30,670.89** |
| **26** | **Short-term borrowings** | | | |
| | **Secured** | | | |
| | Bank overdraft (Refer note 26.1) | 1,703.86 | 350.96 | - |
| | **Total** | **1,703.86** | **350.96** | **-** |

**26.1** Short term borrowing is secured by first and exclusive charge on immovable property being land situated at Kodaikanal and further secured by first and exclusive hypothecation charge on all existing and future inventory and receivables relating to Resorts.

| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **27** | **Trade payables** | | | |
| | Total outstanding dues of micro and small enterprises (refer Note 50) | 1.55 | 9.68 | - |
| | Total outstanding dues of creditors other than micro and small enterprises | 2,145.06 | 2,009.04 | 1,707.93 |
| | Trade payables to related parties (Note 45(f)) | 132.63 | 374.98 | 8.54 |
| | **Total** | **2,279.24** | **2,393.70** | **1,716.47** |
| **28** | **Provisions** | | | |
| | - Provision for Fringe Benefit Tax | 72.94 | 72.94 | 72.94 |
| | - Provision for Stamp duty (Refer note 28.1) | 2,139.19 | 2,139.19 | - |
| | **Total** | **2,212.13** | **2,212.13** | **72.94** |

**28.1** Pursuant to the Composite scheme of arrangement and amalgamation referred in Note 51, the immovable properties of the demerged undertaking (Timeshare & Resorts business) is being transferred to the Company. On the basis of legal opinion, the Company has made a provision amounting to Rs. 2139.19 lakhs for the stamp duty liability that may arise.

| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **29** | **Other current liabilities** | | | |
| | Statutory Liabilities | 364.57 | 225.84 | 212.97 |
| | Deferred Income | 975.69 | 308.62 | 1,037.38 |
| | Advance received from customers | 1,348.93 | 1,354.45 | 193.12 |
| | Others | 15.04 | 75.55 | 7.95 |
| | **Total** | **2,704.23** | **1,964.46** | **1,451.42** |

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*(All amounts in Rs. lakhs, unless otherwise stated)*

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **30 Revenue from operations** | | |
| **Sale of products (Resort operations)** | | |
| Food and beverages | 4,225.74 | 2,900.78 |
| **Sale of services** | | |
| Income from sale of vacation ownership: | | |
| - Admission fees (including income on cancellation of contracts) | 6,623.42 | 8,927.47 |
| - Entitlement fees | 948.81 | 691.42 |
| - Annual subscription fees/ Annual amenity charges | 3,217.04 | 2,803.22 |
| Income from resorts: | | |
| - Room rentals | 4,779.44 | 3,170.09 |
| - Others | 884.01 | 510.77 |
| Commission Income | 0.46 | 21.71 |
| **Other operating revenues** | | |
| Service charges | 436.38 | 182.41 |
| **Total** | **21,115.30** | **19,207.87** |

The Company uses the historical trends/ yield percentages to determine the provision for cancellation of contracts (i.e., the expected number of contracts which will be eventually cancelled) and accounts this as a reduction in revenue since it is attributable to uncertainty in collection/returning the holidays. Based on this estimate, the company has made a provision of Rs. 1,252.68 lakhs for the sales relating to the year and Rs. 950 lakhs in respect of sales made in the previous year. If the percentage of yield customers increases / decreases by 2% the revenue will increase/ decrease by an amount of Rs. 82.77 lakhs and if the collection from the non yield customers increases or decreases by 2% the revenue will increase/ decrease by an amount of Rs. 67.99 lakhs with a corresponding impact on the profit / loss of the year. Also, refer note 37(b).

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **31 Other income** | | |
| Interest Income on: | | |
| - Trade receivables (instalment plan) | 1,013.38 | 1,738.54 |
| - Loans and advances to related parties | 235.42 | 150.22 |
| - Bank deposits | 16.62 | 5.20 |
| - Others | 56.13 | 84.74 |
| Profit on sale of assets (net) | 662.79 | - |
| Dividend Income | - | 493.47 |
| Gain on sale of current investments (net) | 333.70 | 110.70 |
| Net gain on financial assets mandatorily measured at fair value through profit or loss | 400.52 | - |
| Exchange gain (net) | - | 23.85 |
| Rental Income | 24.00 | 23.91 |
| Other non-operating income: | | |
| - Scrap Sales | 14.03 | 25.02 |
| - Provision/Liabilities no longer required written back | 145.32 | 171.00 |
| - Miscellaneous Income | 37.43 | 159.52 |
| **Total** | **2,939.34** | **2,986.17** |

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*(All amounts in Rs. lakhs, unless otherwise stated)*

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **32 Cost of Materials Consumed** | | |
| Cost of Food, Beverages and Operating supplies consumed | 1,310.34 | 892.24 |
| **Total** | **1,310.34** | **892.24** |
| **33 Employee benefit expense** | | |
| Salaries, wages and bonus | 9,892.11 | 8,280.88 |
| Contribution to provident and other funds | 365.68 | 294.90 |
| Employee Share- based payment expense | 261.10 | 305.39 |
| Gratuity | 71.39 | 60.19 |
| Staff welfare expenses | 1,019.75 | 804.23 |
| Leave Compensation | 91.24 | 49.46 |
| **Total** | **11,701.27** | **9,795.05** |
| **34 Finance Cost** | | |
| Interest and Finance Charges on Financial Liabilities not at Fair Value through Profit and Loss | 804.68 | 356.71 |
| **Total** | **804.68** | **356.71** |
| **35 Depreciation and amortisation expense** | | |
| Depreciation of property, plant and equipment | 1,801.07 | 1,417.45 |
| Amortisation of intangible assets | 138.63 | 134.83 |
| **Total** | **1,939.70** | **1,552.28** |
| **36 Other expenses** | | |
| Consumption of Stores and spares | 293.68 | 258.13 |
| Power and fuel | 1,278.68 | 953.22 |
| Rent | 3,078.41 | 2,367.34 |
| Repairs and Maintenance: | | |
| -Building | 146.23 | 96.54 |
| -Plant and Machinery | 309.07 | 190.30 |
| -Others | 284.00 | 286.33 |
| Insurance | 34.69 | 29.51 |
| Rates and taxes | 236.99 | 2,355.41 |
| Guest supplies | 278.56 | 182.49 |
| Laundry expenses | 179.54 | 133.87 |
| Communication | 313.27 | 340.75 |
| Recruitment and training | 175.83 | 153.55 |
| Travel and tours | 320.13 | 276.56 |
| Legal and professional | 729.49 | 1,184.54 |
| Directors' sitting fees | 13.82 | 12.98 |
| Payment to Statutory Auditors: | | |
| As Auditor: | | |
| - Statutory audit | 23.00 | 27.00 |
| - Limited review | 12.00 | 8.00 |
| For other audit services | | |
| - Other services | 2.50 | 3.00 |
| Reimbursement of expenses | 2.35 | 1.38 |
| Travel and conveyance | 788.13 | 817.98 |
| Security charges | 265.76 | 229.54 |
| Water charges | 174.93 | 70.39 |
| Sales commission | 198.41 | 48.12 |
| Sales promotion | 2,250.24 | 2,260.24 |
| Exchange loss | 10.48 | - |
| Bank charges | 237.27 | 184.33 |
| Bad debts | - | 9.89 |
| Provision for doubtful advances | 31.99 | - |
| Provision for doubtful debts | 20.07 | 81.80 |
| Loss on sale of assets (net) | - | 26.11 |
| Printing and Stationery | 89.75 | 66.97 |
| Miscellaneous expenses | 313.55 | 220.53 |
| **Total** | **12,092.82** | **12,876.80** |

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| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **37 Exceptional item** | | |
| Capital work in progress written off (Refer Note (a) below) | - | 2,165.97 |
| Provision for doubtful debts (Refer Note (b) below) | - | 7,219.00 |
| **Total** | - | **9,384.97** |

a) Capital work in progress balance of erstwhile Sterling Holiday Resorts India Limited (SHRIL) included an amount of Rs. 2,165.97 lakhs incurred in earlier years in respect of various projects which were suspended earlier. These projects were expected to be resumed and completed on a phased manner in the future. However the management based on its expansion/renovation plan re-assessed these projects as at March 31, 2016. Considering the design requirements and specification of resorts to be developed to meet the current industry standards, the expenditure incurred in the earlier years would no longer support the new requirements and hence these have been written off.

b) A provision of Rs. 4,009.82 lakhs recognised by the management considering the trend of collections from vacation ownership contracts and anticipated cancellations, pertaining to overdue receivables after considering the future receivables and corresponding deferred income available from the members admitted in the previous years. The management believes based on its past experience and evaluation of these overdue balances, that these contracts will eventually be cancelled in a phased manner. Consequently, the future receivables (including those which is due after 12 months) from such customers and corresponding deferred income has been presented within trade receivables in Note 8.
A provision of Rs.3,209.18 lakhs made by the management based on the evaluation of the amount expected to be collected from the members admitted in the year 2015-16 based on the past experience.

**38 Income tax expense**

| Particulars | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Profit from continuing operations before income tax expense | (3,794.17) | (12,664.01) |
| Tax expense / (income) computed at Indian Tax rate of 32.445% | (1,231.02) | (4,108.84) |
| Net Tax effects of amount which are deductible/disallowed in calculating taxable income - other than temporary differences | (20.48) | 822.53 |
| | (1,251.50) | (3,286.31) |
| Unrecognised tax income on account of deferred tax assets for the year | 1,251.50 | 3,286.31 |
| Tax income | - | - |
| **Tax Losses** | | |
| Unused tax losses for which no deferred tax assets have been recognised | 25,025.07 | 21,167.75 |
| Potential tax benefit at 32.445% | 8,119.38 | 6,867.88 |

**Tax losses on account of unrecognised deferred tax assets**

| Date of Expiry to Carry Forward | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| 31-Mar-25 | 6,859.63 | - |
| 31-Mar-24 | 916.97 | 916.97 |
| 31-Mar-22 | 709.56 | 709.56 |
| 31-Mar-21 | 1,534.61 | 1,534.61 |
| 31-Mar-20 | 2,092.07 | 4,092.67 |
| 31-Mar-19 | - | 1,038.68 |
| 31-Mar-18 | - | 2,318.83 |
| Indefinite period | 12,912.23 | 10,556.43 |
| **Total** | **25,025.07** | **21,167.75** |

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## 39 Fair value measurements

### Financial instruments by category

| | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| **Financial assets** | | | | | | | | | |
| Investments | | | | | | | | | |
| - Equity instruments | 0.91 | 1,420.74 | - | 0.47 | - | 1,399.50 | 0.75 | - | - |
| - Mutual funds | 5,410.83 | - | - | - | - | - | 16,169.47 | - | - |
| Trade receivables | - | - | 10,826.42 | - | - | 8,693.50 | - | - | 16,992.92 |
| Interest on trade receivables | - | - | - | - | - | - | - | - | 794.01 |
| Unbilled revenue | - | - | 61.87 | - | - | 56.49 | - | - | 20.72 |
| Loans | - | - | 1,595.18 | - | - | 1,556.59 | - | - | 981.20 |
| Interest accrued on loans and advances to related parties | - | - | 174.14 | - | - | 68.69 | - | - | 101.57 |
| Cash and cash equivalents | - | - | 210.68 | - | - | 198.67 | - | - | 566.50 |
| Bank balances other than above | - | - | 48.32 | - | - | 30.00 | - | - | 37.35 |
| Security deposits | - | - | 901.40 | - | - | 814.54 | - | - | 690.35 |
| Fixed deposits | - | - | - | - | - | 66.98 | - | - | 7.85 |
| Interest accrued on fixed deposits | - | - | 18.58 | - | - | 14.42 | - | - | 11.50 |
| Other receivables | - | - | 527.10 | - | - | 527.10 | - | - | 527.10 |
| Advance towards Investment - Nature Trails Resorts Private Limited | - | - | - | - | - | 1,415.61 | - | - | - |
| **Total financial assets** | **5,411.74** | **1,420.74** | **14,363.69** | **0.47** | **-** | **14,842.09** | **16,170.22** | **-** | **20,731.07** |
| ***Financial liabilities*** | | | | | | | | | |
| Borrowings | - | - | 7,969.40 | - | - | 7,217.15 | - | - | 1,032.29 |
| Trade payables | - | - | 2,279.24 | - | - | 2,393.70 | - | - | 1,716.47 |
| Capital creditors | - | - | 1,041.40 | - | - | 1,282.66 | - | - | 518.60 |
| Customer refund due | - | - | - | - | - | 9.15 | - | - | - |
| Security deposits | - | - | 16.06 | - | - | 10.14 | - | - | 8.45 |
| Employee related liabilities | - | - | 1,142.64 | - | - | 992.59 | - | - | 873.78 |
| Payable to Holding Company | - | - | - | - | - | 742.67 | - | - | 1,001.19 |
| Other liabilities | - | - | 70.32 | - | - | 32.16 | - | - | - |
| **Total financial liabilities** | **-** | **-** | **12,519.06** | **-** | **-** | **12,680.22** | **-** | **-** | **5,150.78** |

The summary of financial instruments above does not include investments held by the company in its subsidiaries/associates (amounting to Rs. 2,256.25 Lakhs as on March 31, 2017, Rs. 810.54 lakhs as at March 31, 2016 and Rs. 190.16 Lakhs as at April 01, 2015) which has been measured by applying the principles of Ind AS 27 - Separate Financial Statements. This summary includes all financial instruments valued based on the principles of Ind AS 109- Financial Instruments.

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*(All amounts in Rs. lakhs, unless otherwise stated)*

### (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 company 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 March 31, 2017 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| *Financial Investments at FVTPL:* | | | | | |
| Equity Instruments | 7(a) | 0.91 | - | - | 0.91 |
| Mutual funds | 7(b) | 5,410.83 | - | - | 5,410.83 |
| *Financial Investments at FVOCI:* | | | | | |
| Equity Instruments | 7(a) | - | 1,420.74 | - | 1,420.74 |
| **Total financial assets** | | **5,411.74** | **1,420.74** | **-** | **6,832.48** |

**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 assets** | | | | | |
| Loans to subsidiaries | 9 | - | - | 1,595.18 | 1,595.18 |
| Interest accrued on loans and advances to related parties | 9 | - | - | 174.14 | 174.14 |
| Security deposits | 10 | - | - | 901.40 | 901.40 |
| **Total financial assets** | | **-** | **-** | **2,670.72** | **2,670.72** |
| **Financial Liabilities** | | | | | |
| Borrowings | 21 | - | - | 7,969.40 | 7,969.40 |
| **Total financial liabilities** | | **-** | **-** | **7,969.40** | **7,969.40** |

**Financial assets and liabilities measured at fair value - recurring fair value measurements**

| At March 31, 2016 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial Investments at FVTPL: | | | | | |
| Equity Instruments | 7(a) | 0.47 | - | - | 0.47 |
| **Total financial assets** | | **0.47** | **-** | **-** | **0.47** |

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*(All amounts in Rs. lakhs, unless otherwise stated)*

**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 assets** | | | | | |
| Loans to subsidiaries | 9 | - | - | 1,556.59 | 1,556.59 |
| Interest accrued on loans and advances to related parties | 9 | | | 68.69 | 68.69 |
| Security deposits | 10 | - | - | 814.54 | 814.54 |
| **Total financial assets** | | - | - | **2,439.82** | **2,439.82** |
| **Financial Liabilities** | | | | | |
| Borrowings | 21 | - | - | 7,217.15 | 7,217.15 |
| **Total financial liabilities** | | - | - | **7,217.15** | **7,217.15** |

**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:* | | | | | |
| Equity Instruments | 7(a) | 0.75 | - | - | 0.75 |
| Mutual funds | 7(b) | 16,169.47 | - | - | 16,169.47 |
| *Financial Investments at FVOCI:* | | - | - | - | - |
| **Total financial assets** | | **16,170.22** | - | - | **16,170.22** |

**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** | | | | | |
| Loans to subsidiaries | 9 | - | - | 981.20 | 981.20 |
| Interest accrued on loans and advances to related parties | 9 | - | - | 101.57 | 101.57 |
| Security deposits | 10 | - | - | 690.35 | 690.35 |
| **Total financial assets** | | - | - | **1,773.12** | **1,773.12** |
| **Financial Liabilities** | | | | | |
| Borrowings | 21 | - | - | 1,032.29 | 1,032.29 |
| **Total financial liabilities** | | - | - | **1,032.29** | **1,032.29** |

*(All amounts in Rs. lakhs, unless otherwise stated)*

**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.

There are no transfers between levels 1 and 2 during the year.
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) Valuation technique used to determine fair value:**
Specific valuation technique used to value financial instruments include the use of market prices based on recently concluded transaction by the company for the instruments. The resulting fair value estimate is included in level 2

**(iii) Fair value of financial assets and liabilities measured at amortised cost**

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | | |
| ***Loans*** | | | | | | |
| Loans to subsidiaries | 1,595.18 | 1,595.18 | 1,556.59 | 1,556.59 | 981.20 | 981.20 |
| Interest accrued on loans and advances to related parties | 174.14 | 174.14 | 68.69 | 68.69 | 101.57 | 101.57 |
| Security deposits | 901.40 | 901.40 | 814.54 | 814.54 | 690.35 | 690.35 |
| **Total financial assets** | **2,670.72** | **2,670.72** | **2,439.82** | **2,439.82** | **1,773.12** | **1,773.12** |
| **Financial Liabilities** | | | | | | |
| Borrowings | 7,969.40 | 7,969.40 | 7,217.15 | 7,217.15 | 1,032.29 | 1,032.29 |
| **Total financial liabilities** | **7,969.40** | **7,969.40** | **7,217.15** | **7,217.15** | **1,032.29** | **1,032.29** |

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 security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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## 40 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 portfolio, credit limits |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Analysis of market rates on a real time basis, pre-closure of loans |

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 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 towards 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

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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 including the following indicators:

- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower and customer, including changes in the payment status of borrowers in the company, expected acceptances of the instruments and changes in the operating results of the borrower.

A default on a financial asset is when the counterparty fails to make contractual payments on the due date. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. The Management makes necessary course corrections and evaluation of credit loss based on the assessment of a default on a continuing basis.

**(ii) Provision for expected credit losses**
The company provides for expected credit loss based on the following:

| Internal credit rating | Category | Description of category | Basis for recognition of expected credit loss provision | | |
|---|---|---|---|---|---|
| | | | Investments | Loans and deposits | Trade receivables |
| C1 | High quality assets, negligible credit risk | Assets where the counterparty 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 | Lifetime expected credit loss |
| C2 | Doubtful assets, credit impaired | Assets are provided for when there is no reasonable expectation of recovery. The Company categorises a loan or receivable for provisioning when the debtor fails to make the contractual payments for over 12 months. When the loans or receivables have been provided for, the Company continues to engage in enforcement activity to attempt to recover the receivable/cancel contracts as appropriate. When recoveries are made these are recognised in profit or loss. | Asset is provided for fully | | |

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**For the Year ended March 31, 2015 to March 31, 2017:**

***(a) Expected credit loss for loans, security deposits and investments***

The estimated gross carrying amount at default is Nil (March 31, 2016: Nil, April 01, 2015: Nil) for Investments and loans and deposits. Consequently there are no expected credit loss recognised for these financial assets.

***(b) Expected credit loss for trade receivables under simplified approach (including provision for cancellation of contracts)***

Customer credit risk is managed by the company based on the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal credit rating system. Outstanding customer receivables are regularly monitored and assessed for its recoverability. The company classifies the receivables as high quality assets or doubtful assets based on the past performance of the portfolio. As on March 31, 2017 the Company determined that the expected cancellation rate on initial recognition is 15.64% based on which the company has recognised an amount of INR 1252.68 lakhs (March 2016: INR 3209.20 lakhs) as provision for cancellation of contracts on initial recognition during the year. Additionally the Company performs subsequent assessment for cancellation of contracts and such adjustments are considered in revenue. Also refer Note 30.

**(iii) Reconciliation of loss allowance provision – Trade receivables**

| | |
|---|---|
| Loss allowance on April 1, 2015 | - |
| Changes in loss allowance | 81.80 |
| **Loss allowance on March 31, 2016** | **81.80** |
| Changes in loss allowance | 20.07 |
| **Loss allowance on March 31, 2017** | **101.87** |

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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. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows and also reviews timing of liquidation of marketable securities.

***(i) Financing arrangements***

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** | | | |
| - Expiring within one year (bank overdraft and other facilities) | 21.14 | 624.04 | 975.00 |
| - Expiring beyond one year (bank loans) | - | 2,000 | - |

| | | | |
|---|---|---|---|
| **Marketable securities (including investments held for sale)** | 5,410.83 | 9,850.52 | 16,169.47 |

**Marketable securities:** The marketable securities can be disposed by the Company at any point of time based on the objects and working capital requirements of the Company.

The bank overdraft facilities may be drawn at any time. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in Indian Rupees.

***(ii) Maturities of financial liabilities***

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:
There are no derivative financial instruments.
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 | 3 months to 6 months | 6 months to 1 year | Between 1 and 2 years | Above 2 years | Total |
|---|---|---|---|---|---|---|
| **March 31, 2017** | | | | | | |
| **Non-derivatives** | | | | | | |
| Borrowings | 630.98 | 537.38 | 1,023.09 | 1,751.97 | 4,055.89 | 7,999.31 |
| Trade payables | 2,279.24 | - | - | - | - | 2,279.24 |
| Other financial liabilities | 2,200.23 | - | - | 70.19 | | 2,270.42 |
| **Total non-derivative liabilities** | **5,110.45** | **537.38** | **1,023.09** | **1,822.16** | **4,055.89** | **12,548.97** |

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**March 31, 2016**
**Non-derivatives**

| | Less than 3 months | 3 months to 6 months | 6 months to 1 year | Between 1 and 2 years | Above 2 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | 843.36 | 2,002.06 | 1,269.82 | 1,567.21 | 2,916.49 | 8,598.94 |
| Trade payables | 2,393.70 | - | - | - | - | 2,393.70 |
| Other financial liabilities | 2,789.62 | - | - | 279.75 | - | 3,069.37 |
| **Total non-derivative liabilities** | **6,026.68** | **2,002.06** | **1,269.82** | **1,846.96** | **2,916.49** | **14,062.01** |

**April 1, 2015**
**Non-derivatives**

| | Less than 3 months | 3 months to 6 months | 6 months to 1 year | Between 1 and 2 years | Above 2 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | 231.14 | 158.86 | 305.46 | 348.36 | 75.97 | 1,119.79 |
| Trade payables | 1,716.47 | - | - | - | - | 1,716.47 |
| Other financial liabilities | 2,274.68 | - | - | 127.34 | - | 2,402.02 |
| **Total non-derivative liabilities** | **4,222.29** | **158.86** | **305.46** | **475.70** | **75.97** | **5,238.28** |

## C) Market risk- Interest rate risk

The Company's main interest rate risk arises from long term borrowings with variable interest rates, which exposes the Company to cash flow interest rate risk. The Company analyses the market rates on a real time basis and pre- closes/exchanges the variable interest rate instruments for fixed interest instruments in times of high interest rates and vice-versa to mitigate the risk. The exposure of the Company's borrowings to interest rates are as below:

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Variable rate borrowings | 2,943.69 | 4,030.59 | 638.18 |
| Fixed rate borrowings | 5,025.72 | 3,186.55 | 394.11 |
| | 7,969.41 | 7,217.14 | 1,032.29 |

| | March 31, 2017 | | | March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Weighted average interest rate | Balance loan amount | % of total loans | Weighted average interest rate | Balance loan amount | % of total loans |
| Borrowings from banks and others | 10.87% | 2,943.69 | 36.94% | 12.41% | 4,030.59 | 55.85% |

**Sensitivity analysis**
Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of change in the interest rates. If the weighted average rate of the variable interest rate borrowings increase/decrease by 1% the interest expense will increase/decrease by INR16.81 lakhs (March 31, 2016: INR 11.71 lakhs)

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*(All amounts in Rs. lakhs, unless otherwise stated)*

## 41 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)

The company's strategy is to maintain a net debt to equity ratio within 0.5.The ratio is as follows:

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Net debt | 7,710.41 | 6,988.47 | 428.44 |
| Total equity | 19,587.75 | 23,128.66 | 35,520.83 |
| **Net debt to equity ratio** | **0.39** | **0.30** | **0.01** |

## 42 Exemption from preparing Consolidated Financial Statements

These Financial statements are the Standalone Financial statements of the Company. The Company has used the exemption under Paragraph 4(a) of Ind AS 110 and has elected not to prepare the Consolidated financial statements. The consolidated financial statements are prepared by the holding company, Thomas Cook India Limited, Mumbai. Refer below for the details of subsidiaries/associates of the Company:

| Name of the Investee | % of shares held | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Sterling Holiday Resorts (Ooty) Limited | 98% | 98% |
| Sterling Holiday resorts (Kodai) Limited | 98% | 98% |
| Nature Trails Resorts Private Limited (with effect from March 16, 2016) | 100% | 100% |
| Travel Corporation (India) Limited (Associate till May 6, 2016) | 3% | 27% |

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## 43 Segment information

### (a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker.
The Managing Director (MD) of the company has been identified as the chief operating decision maker of Sterling Holiday Resorts Limited who assesses the financial performance and position of the Company, and makes strategic decisions.

1. Vacation Ownership: This segment deals with timeshare business on account of vacation ownership and resort business
2. Others: This segment deals with the insurance business

### (b) Segment Profit or Loss

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Vacation Ownership | (5,443.62) | (12,845.68) |
| Others | 0.40 | (84.45) |
| **Total segment profit/(loss)** | **(5,443.22)** | **(12,930.13)** |

Segment profit/(loss) reconciles to loss before income tax as follows:

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| **Total segment profit/(loss)** | (5,443.22) | (12,930.13) |
| **Other income** | | |
| Interest income | 252.04 | 155.42 |
| Profit on sale of assets | 662.79 | - |
| Gain on sale of investments | 734.22 | 110.70 |
| **Loss before income tax** | **(3,794.17)** | **(12,664.01)** |

### (c) Segment revenue

Segment revenue includes INR 1,013.38 lakhs (March 31, 2016: INR 1,738.54) being interest income from trade receivables.

| | March 31, 2017 | | | March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Total segment revenue | Inter-segment revenue | Revenue from external customers | Total segment revenue | Inter-segment revenue | Revenue from external customers |
| Vacation Ownership | 22,128.22 | - | 22,128.22 | 20,924.70 | - | 20,924.70 |
| Others | 0.46 | - | 0.46 | 21.71 | - | 21.71 |
| **Total segment revenue** | **22,128.68** | - | **22,128.68** | **20,946.41** | - | **20,946.41** |

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**(d) Segment assets**

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Vacation Ownership | 57,054.18 | 53,322.21 | 54,586.51 |
| Others | 40.73 | 64.21 | 49.31 |
| **Total** | **57,094.91** | **53,386.42** | **54,635.82** |
| **Unallocated:** | | | |
| Investments | 9,088.73 | 12,061.03 | 16,360.38 |
| Cash and cash equivalents | 210.68 | 198.67 | 566.50 |
| Other bank balances | 48.32 | 30.00 | 37.35 |
| Loans and advances to related parties | 1,595.18 | 1,556.59 | 981.20 |
| Interest accrued on loans to related parties | 174.14 | 68.69 | 101.57 |
| Current tax assets (net) * | 528.02 | 481.95 | 412.97 |
| **Total assets as per the balance sheet** | **68,739.98** | **67,783.35** | **73,095.79** |

* Other than financial assets and deferred taxes.

Investments held by the company are not considered to be segment assets, but are managed by the treasury function. Assets relating to income tax are not considered to be segment assets as this is managed by the legal team of the group.

**(e) Segment liabilities**

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Vacation Ownership | 41,087.47 | 37,300.72 | 36,333.30 |
| Others | 22.42 | 63.88 | 136.43 |
| **Total segment liabilities** | **41,109.89** | **37,364.60** | **36,469.73** |
| **Unallocated** | | | |
| Borrowings and interest accrued on borrowings | 7,969.40 | 7,217.15 | 1,032.29 |
| Provisions | 72.94 | 72.94 | 72.94 |
| **Total liabilities as per the balance sheet** | **49,152.23** | **44,654.70** | **37,574.96** |

44 The Company continues to invest in refurbishment/redevelopment of the existing resorts and also plans for developing Greenfield resorts. The Company expects to sustain the growth in the turnover and improve profitability in the ensuing years and generate cash by selling non-core assets. The current assets exceed the current liabilities as at March 31, 2017. Additionally the company has certain non-core investments amounting to Rs. 6,831.57 lakhs which can be sold if required. Accordingly, these financial statements are prepared on a going concern basis.

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*(All amounts in Rs. lakhs, unless otherwise stated)*

## 45 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 | Ultimate Holding Company | Canada | - | - | - |
| Thomas Cook (India) Limited | Holding Company | India | 100% | 100% | 100% |

### (b) Subsidiaries

| Name of entity | Place of business | Ownership interest held by the group | | | Principal Activities |
|---|---|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 | April 1, 2015 | |
| Sterling Holidays (Ooty) Limited | India | 98% | 98% | 98% | Timeshare & Resorts business |
| Sterling Holiday Resorts (Kodaikanal) Limited | India | 98% | 98% | 98% | Timeshare & Resorts business |
| Nature Trails Resorts (Private) Limited (w.e.f., March 15, 2016) | India | 100% | 100% | 100% | Adventure Holiday Activities business |

### (c) Associates

| Name of entity | Place of business | Carrying value of investment | |
|---|---|---|---|
| | | March 31, 2016 | April 1, 2015 |
| Travel Corporation (India) Limited (until May 6, 2016) | India | 11,250.02 | - |

### (d) Fellow Subsidiaries with whom transactions have been entered

| Name of entity |
|---|
| Quess Corporation Limited |
| Travel Corporation (India) Limited (from May 7, 2016) |
| Thomas Cook (Mauritius) Holidays Limited |
| Distant Frontiers Tours Private Limited |
| SOTC Travel Services Private Limited (formerly known as Kuoni Travel (India) Private Limited) |

### (e) Key management personnel compensation

Mr. Ramesh Ramanathan (Managing Director)

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Short-term employee benefits | 143.70 | 131.66 |
| Post-employment benefits | 10.00 | 10.00 |
| Employee share-based payment | 20.41 | - |
| **Total compensation** | **174.11** | **141.66** |

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### (f) Transactions with related parties

The following transactions occurred with related parties:

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| **Sale of Services** | | |
| Thomas Cook (India) Limited | 79.35 | 142.73 |
| SOTC Travel Services Private Limited | 126.51 | 22.56 |
| **Interest income** | | |
| Sterling Holidays (Ooty) Limited | 70.16 | 68.56 |
| Sterling Holiday Resorts (Kodaikanal) Limited | 78.44 | 78.55 |
| Nature Trails Resorts Private Limited | 86.81 | 3.11 |
| **Miscellaneous income** | | |
| Sterling Holidays (Ooty) Limited | 12.81 | 6.20 |
| Sterling Holiday Resorts (Kodaikanal) Limited | 22.58 | 12.39 |
| **Investment during the year** | | |
| Nature Trails Resorts Private Limited | 1,445.71 | 620.38 |
| Travel Corporation (India) Limited | - | 11,250.02 |
| **Advance towards share capital** | | |
| Nature Trails Resorts Private Limited | - | 1,415.61 |
| **Sale of investment during the year** | | |
| SOTC Travel Services Private Limited | 8,499.99 | - |
| Distant Frontiers Tours Private Limited | 1,500.01 | |
| **Dividend Received** | | |
| Travel Corporation (India) Limited | - | 256.08 |
| **Rent paid** | | |
| Thomas Cook (India) Limited | 2.62 | 24.66 |
| **Rent received** | | |
| Thomas Cook (India) Limited | 24.00 | 23.91 |
| **Management Fees received** | | |
| Sterling Holidays (Ooty) Limited | 225.54 | - |
| Sterling Holiday Resorts (Kodaikanal) Limited | 168.77 | - |
| **Maintenance expenditure Paid** | | |
| Sterling Holidays (Ooty) Limited | 12.81 | 6.20 |
| Sterling Holiday Resorts (Kodaikanal) Limited | 22.58 | 12.39 |
| **Reimbursement of ESOP granted to employees** | | |
| Thomas Cook (India) Limited | - | 19.36 |
| **Travel booking** | | |
| Thomas Cook (India) Limited | 30.80 | - |
| **Recruitment expenses paid** | | |
| Quess Corp Limited | 0.90 | - |
| **Consultancy expenses paid** | | |
| Thomas Cook (India) Limited | 84.42 | 301.88 |
| Thomas Cook (Mauritius) Holidays Ltd. | 52.09 | 133.98 |

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| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| **Loans and Advances granted** | | |
| Sterling Holidays (Ooty) Limited | 1,252.81 | 691.28 |
| Sterling Holiday Resorts (Kodaikanal) Limited | 1,151.30 | 845.45 |
| Nature Trails Resorts Private Limited | 315.40 | - |
| **Loans and Advances repaid** | | |
| Sterling Holidays (Ooty) Limited | 1,322.41 | 648.48 |
| Sterling Holiday Resorts (Kodaikanal) Limited | 1,056.70 | 858.96 |
| Nature Trails Resorts Private Limited | 301.70 | - |
| Quess Corporation Limited | - | 0.02 |

**(g) Outstanding balances as at the 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 payables** | | | |
| Thomas Cook (India) Limited | 132.63 | 362.49 | 8.52 |
| Thomas Cook (Mauritius) Holidays Ltd. | - | 12.49 | - |
| Quess Corporation Limited | - | - | 0.02 |
| **Advances from customers** | | | |
| Thomas Cook (India) Limited | - | 9.39 | - |
| SOTC Travel Services Private Limited | 5.48 | | |
| **Payable pursuant to scheme of amalgamation** | | | |
| Thomas Cook (India) Limited | - | 742.67 | - |
| **Total payables to related parties** | **138.11** | **1,127.04** | **8.54** |
| **Other current assets - Interest accrued** | | | |
| Sterling Holidays (Ooty) Limited | 46.81 | 25.30 | 46.31 |
| Sterling Holiday Resorts (Kodaikanal) Limited | 52.91 | 32.94 | 55.26 |
| Nature Trails Resorts (Private) Limited | 74.42 | 10.45 | - |

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| **Trade Receivable** | | | |
| SOTC Travel Services Private Limited | 89.07 | 8.48 | - |
| Thomas Cook (India) Limited | 18.53 | - | - |
| **Total receivables from related parties** | **281.74** | **77.17** | **101.57** |

**(h) Loans to related parties**

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| *Loans to subsidiaries* | | | |
| Sterling Holidays (Ooty) Limited | 430.26 | 499.86 | 457.06 |
| *Loans to subsidiaries* | | | |
| Sterling Holiday Resorts (Kodaikanal) Limited | 604.80 | 510.20 | 523.71 |
| *Loans to subsidiaries* | | | |
| Nature Trails Resorts Private Limited | 560.12 | 546.53 | - |
| *Loans to fellow subsidiaries* | | | |
| Quess Corporation Limited | - | - | 0.43 |

**(i) Terms and conditions**

a The loans and advances to Sterling Holidays (Ooty) Limited and Sterling Holiday Resorts (Kodaikanal) Limited have been granted to meet the working capital requirements of the subsidiaries and carries an interest rate of 10% per annum and do not have a fixed repayment schedule.

b The loans and advances to Nature Trails Resorts Private Limited has been granted for the purpose of repaying existing loans and carries an interest rate of 13% per annum and do not have a fixed repayment schedule.

c The investment of the Company in equity shares of Sterling Holidays (Ooty) Limited and Sterling Holiday Resorts (Kodaikanal) Limited aggregates to Rs. 73.48 lakhs and Rs. 116.68 lakhs respectively. Additionally, the loans and advances recoverable from subsidiary companies (including interest accrued) aggregates to Rs. 1,134.78 lakhs. The accumulated losses as on March 31, 2017 of the subsidiary companies are Rs. 624.80 lakhs (Previous year 640.62 Lakhs) and Rs. 837.21 lakhs (Previous year Rs. 730.25 Lakhs). During the year, the Company has granted loans and advances aggregating to Rs. 2404.11 lakhs (Previous year Rs. 1,536.73 Lakhs) and the subsidiary companies have repaid amounts aggregating Rs. 2,379.11 lakhs (Previous year 1,507.44 Lakhs). The future financial projections of the subsidiary companies reflect positive cash flows from operations due to higher occupancy/tariffs from refurbished properties. Accordingly, the Management is of the view that these loans and advances are considered good and recoverable.

## 46 Contingent liabilities and contingent assets

| | | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|---|
| | **(a) Contingent liabilities** | | | |
| (i) | **Claims against the Company not acknowledged as debt:** | | | |
| | **(a) In respect of Income tax matters:**<br>Advance Subscription towards Customer Facilities (ASCF)/Entitlement fee being 55%/40% of sale value is treated as Deferred Income and recognised as income over the period of entitlement. In respect of Assessment Years 1997-98 to 2001-02, the Income Tax Appellate Tribunal, Chennai (ITAT) has passed orders against the said accounting treatment followed by the Company and to treat them as income in the respective year of receipt. The Company has appealed against these Orders before Hon'ble High Court of Madras and the case is pending. The ITAT, Chennai has recently decided in favour of Company's accounting treatment of ASCF for Assessment years 2002-03, 2006-07, 2007-08 and 2008-09 against which department has gone on appeal. | | | |
| | In respect of Assessment Years 2010-11 to 2013-14 against orders received from Assessing Officer (AO), with reference to treatment of ASCF/Entitlement fee and in respect of Assessment Years 2006-07 to 2013-14 for other disallowances, the Company has filed appeals before Commissioner of Income Tax Appeals, Chennai. The Commissioner of Income Tax Appeals has recently decided in favour of Company's accounting treatment of ASCF for Assessment year 2009-10 against which the department has gone on appeal. There is no tax liability on account of such orders owing to carry forward losses and unabsorbed depreciation available under Income Tax Act. | | | |
| | In respect of AY 1999-2000, The Assessing officer (AO) has added notional interest with the returned income of Manchanda Resorts Private Limited (Since merged with the company w.e.f., April 1, 2012). The Commissioner of Income Tax Appeals has confirmed the addition of the AO. The company has filed appeals with Income Tax Tribunal for this matter and the case is pending as of date. There is no tax liability on account of such order owing to carry forward losses and unabsorbed depreciation available under Income Tax Act. | | | |
| | **(b) In respect of Service tax matters:**<br>Demand towards service tax matters in respect of which stay order obtained<br>(excludes show cause notices aggregating Rs. 8,286.08 lakhs which have been responded by the company/ stay order obtained and against which no demands have been raised as of date) | 557.04 | 557.04 | 557.04 |
| | **(c) Others:** | | | |
| | Luxury tax related demands under appeal | 1,016.70 | 1,472.98 | 750.31 |
| | VAT related matters | 41.17 | - | - |
| | Customer, vendor, employee and property related disputes under appeal | 1,027.44 | 1,218.17 | 922.33 |
| | The Company has filed an appeal against the above matters which is pending disposal. Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decision pending with relevant authorities. | | | |

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## 47 Commitments

### (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Property, plant and equipment | 3,067.18 | 2,463.49 | 5,293.90 |

### (b) Non-cancellable operating leases

The company leases Properties under non-cancellable operating leases expiring within 1 to 12 years with the option to extend the same with mutual consent. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | | |
| Within one year | 2,131.76 | 2,107.80 | 1,645.45 |
| Later than one year but not later than five years | 7,862.18 | 8,883.86 | 9,698.95 |
| Later than five years | 2,287.85 | 3,397.93 | 4,690.64 |
| | 12,281.79 | 14,389.59 | 16,035.04 |

*Rental expense relating to operating leases*

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Minimum lease payments<br>Total rental expense relating to operating leases | 3,078.41 | 2,367.34 |

## 48 Property related matters

a During the financial year 2011-12, pursuant to One Time Settlement (OTS) scheme, the Company had fully settled the dues of a Financial Institution (FI) and also obtained a 'No Due' certificate. However, the FI has not released the title deeds of the properties given as security for the reason that a Third Party has filed a writ petition against the FI challenging the cancellation of sale of the said property to them. The Company is also a party to the said writ petition. The said writ petition was disposed off by Hon'ble High Court of Madras, against the Company. The Company has preferred Special Leave Petition (SLP) before the Hon'ble Supreme Court of India and the Court has ordered 'Status quo' in all respects concerning the said properties. The net book value of land and building as at March 31, 2017 in respect of the said property aggregates to Rs. 4,587.92 lakhs (March 31, 2016: Rs. 4,573.23 Lakhs, April 01, 2015: Rs. 4,313.85 lakhs). In view of management and based on the independent legal opinion obtained , the Company has a fair chance to succeed in appeal pending before Hon'ble Supreme Court of India.

b The Company had in the past transferred a property at Goa and part of the sale consideration amounting to Rs. 527.10 lakhs (March 31, 2016: Rs. 527.10 lakhs, April 01, 2015: Rs. 527.10 lakhs) (included under "Other Financial Assets") is retained by the buyer pending compliance of certain conditions. The Company is confident of recovering this amount as it has taken effective steps for discharge of its obligations. The Company is also legally advised that it has the right of vendor's lien against the immovable property sold to the extent of amount due. The Company has filed a suit against the buyer for recovery of the amount. In view of the aforesaid, the above amount is considered good and recoverable by Management.

c The Company had in the past transferred a property of 7.3 acres out of 10.3 acres land parcel at Chail for consideration and with a condition that the buyer would construct 10 cottages in the 3 acres land retained by the Company and handover the same. However, the buyer had taken the possession of the entire parcel of land and had not fulfilled the condition. The book value of the land is Rs. 87.36 lakhs. The title deeds for 3 acres of land is not available with the Company. There is an arbitration award in favour of the Company which the Company is enforcing in the court of law. The Company is of the view that it has a fair chance to succeed in its plea.

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d **Other Property related matters**

| Property | Written down value | Remarks |
|---|---|---|
| Kodai Valley view | 108.94 | Title documents submitted with court as part of the plaint filed in response to litigation for title. |
| Hubli | 6.61 | Sale deed not registered in the name of the Company. Company has paid the entire consideration and taken over possession of the property. Seller company has been liquidated. Company needs to file necessary suit to register the title. |
| Peermedu | 1,685.00 | The Company is in possession of a leasehold land in Peermedu under finance lease. The lease deed relating to this land is yet to be registered by the Company |

**49** The Company holds 98% equity shares in Sterling Holidays (Ooty) Limited and Sterling Holiday Resorts (Kodaikanal) Limited and each subsidiary company is responsible for maintaining a property pursuant to the property timeshare agreement with the property time share members. However, certain property time share weeks of these two properties are unsold and retained by the Company. Pursuant to the necessary approvals obtained by the Company and subsidiary companies as required under the Companies Act, 2013, the subsidiary companies can rent out weeks sold to property timeshare members and unsold weeks retained by the Company which are vacant and earn revenue from it. The property time share members and the Company shall have no claim on the revenue generated from it. Further, pursuant to the exchange clause under property timeshare agreement, property time share members of the said property are also eligible to utilize facilities at Company's other resorts.

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50 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2016-17, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act

| | | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| i | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 1.55 | 9.68 |
| ii | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | - |
| iii | Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year | - | - |
| iv | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| v | Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act,beyond the appointed day during the year | - | - |
| vi | Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| vii | Further interest remaining due and payable for earlier years | - | - |

51 The composite Scheme of Arrangement and Amalgamation ("the Scheme") between Thomas Cook Insurance Services (India) Limited (now known as Sterling Holiday Resorts Limited) ("the Company"), Thomas Cook (India) Limited ("TCIL") and erstwhile SHRIL and their respective shareholders and creditors has been sanctioned by the High Court of Judicature at Mumbai and the High Court of Judicature at Madras on July 2, 2015 and April 13, 2015, respectively, and made effective on August 18, 2015. In terms of the said Scheme, the Timeshare and Resort business of erstwhile SHRIL ("Demerged Undertaking") has been demerged and transferred to and vested with the Company as a going concern and the residual SHRIL has been amalgamated with TCIL. The appointed date of the Scheme is April 1, 2014.

In accordance with the said Scheme :

a the assets and liabilities of the Demerged Undertaking as on April 1, 2014 have been taken over by the Company and have been recorded at their respective book values, ignoring revaluations.

b the Equity Shares (including equity shares acquired after appointed date) held by the Company in erstwhile SHRIL have been cancelled.

c the difference of Rs. 22,984.06 lakhs between the book values of net assets of the Demerged Undertaking recorded in the books of the Company as above and the value of investments in erstwhile SHRIL in the books of the Company, has been adjusted against Securities Premium Account.

d an amount of Rs. 274 lakhs relating to current tax provision was reversed and an amount of Rs. 4.2 lakhs relating to deferred tax asset was reversed into retained earnings consequent to the scheme

e in consideration for transfer of Demerged Undertaking into the Company, 116 equity shares of TCIL of Re. 1 each has been issued to the shareholders of erstwhile SHRIL for every 100 shares of Rs. 10 each held in erstwhile SHRIL.

The transitional provisions relating to Ind AS 101 has been applied after incorporating the scheme of merger as the appointed date is effective from April 1, 2014. Accordingly, the equity considered as on April 1, 2015 is after giving effect to the above merger.

*(All amounts in Rs. lakhs, unless otherwise stated)*

**52 Share based payments**

**(a) Employee option plan**

The options outstanding as at April 01, 2015 represent the unvested options granted by the erstwhile Sterling Holiday Resorts (India) Limited (SHRIL) which was merged with the Company as per the scheme mentioned in Note 51 and was subsequently replaced by the options of Thomas Cook India Limited, the holding company, at fair value. These replaced options have been presented as forfeited and the options of Thomas Cook India Limited issued in lieu of these replaced options have been presented as new grants in this disclosure. Further all other options mentioned in this disclosure represent the number of options granted by Thomas Cook India Limited, the holding company to the employees of the company. This disclosure is based on the information relating to the scheme shared by the holding company.

The Employee Share Option Scheme (ESOS 2012) was designed to provide incentives to the employees to deliver long term returns. Under the plan ESOS 2012 (Grant I), 40%, 30% and 30% of the options granted vest in a period of 12 months, 24 months and 36 months respectively from the grant date. Under the plan ESOS 2012 (Grant II), the options granted vest equally in a period of 12 months, 24 months, 36 months and 48 months from the grant date. Once vested the options under both the schemes remain exercisable for a period of one year. When exercisable each option is convertable into one equity share.These ESOS's were granted by erstwhile SHRIL.

Under Employee Share Option Scheme 2015 (ESOP 2015) granted by Thomas Cook India Limited, the holding Company, 33%, 33% and 34% of the options granted vest in a period of 12 months, 24 months and 36 months respectively from the grant date. Once vested the options remain exercisable for a period of 10 years from the date of grant.

**i) Summary of options granted under plan :**

| | March 31, 2017 | | March 31, 2016 | |
|---|---|---|---|---|
| **ESOS 2012 (Grant I)** | **Avg exercise price per share option** | **Number of options** | **Avg exercise price per share option** | **Number of options** |
| Opening balance | | 34,598 | | 56,940 |
| Granted during the year | | - | 80.00 | 34,598 |
| Exercised during the year | 80.00 | 18,619 | | - |
| Forfeited during the year | | 15,979 | | 56,940 |
| | | - | | **34,598** |

| | March 31, 2017 | | March 31, 2016 | |
|---|---|---|---|---|
| **ESOS 2012 (Grant II)** | **Avg exercise price per share option** | **Number of options** | **Avg exercise price per share option** | **Number of options** |
| Opening balance | | 289,800 | | 406,500 |
| Granted during the year | | | 108.46 | 315,000 |
| Exercised during the year | 108.46 | 60,260 | | - |
| Forfeited during the year | | 79,050 | | 431,700 |
| | | **150,490** | | **289,800** |

| | March 31, 2017 | | March 31, 2016 | |
|---|---|---|---|---|
| **ESOP 2015** | **Avg exercise price per share option** | **Number of options** | **Avg exercise price per share option** | **Number of options** |
| Opening balance | | 721,400 | | - |
| Granted during the year | | - | 165.92 | 823,400 |
| Exercised during the year | 165.92 | 87,158 | | - |
| Forfeited during the year | | 103,534 | | 102,000 |
| | | **530,708** | | **721,400** |

**ii) Share options outstanding at the end of year have following expiry date and exercise prices**

| | Grant date | Expiry date | Exercise price | Share options | | |
|---|---|---|---|---|---|---|
| | | | | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| ESOS 2012 (Grant I) | 24/01/2013 | 23/01/2017 | 80.00 | - | 34,598 | 56,940 |
| ESOS 2012 (Grant II) | 30/07/2014 | 29/07/2016 | 108.46 | - | 78,750 | 101,625 |
| | | 29/07/2017 | 108.46 | 64,090 | 70,350 | 101,625 |
| | | 29/07/2018 | 108.46 | 43,200 | 70,350 | 101,625 |
| | | 29/07/2019 | 108.46 | 43,200 | 70,350 | 101,625 |
| ESOP 2015 | 25/08/2015 | 24/08/2025 | 165.92 | 530,708 | 721,400 | - |

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**iii) Fair value of options granted**

There were no options granted during the year ended March 31, 2017 and hence the disclosure relating to fair value and the related assumptions are for the grant (ESOP 2015) issued by the holding company during the year ended March 31, 2016. The fair value of options at the grant date for the options granted during the previous year was INR 102.81. The fair value at the grant date is determined using the Black Scholes model which takes into account the exercise price, the term of option, the share price at the grant date and the expected price volatality of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for the options granted include the following:
a) options are granted for no consideration. The vesting date for 33% options granted is August 25, 2016, 33% of options granted is August 25, 2017 and the remaining 34% of options granted is August 25, 2018.
b) exercise price of the option is INR 165.92
c) grant date is August 25, 2015
d) expiry date is August 24, 2025
e) share price at grant date is INR 184.35
f) expected price volatality of the Company's shares is 40.61%, 41.85% and 45.3% for the three tranches respectively
g) expected dividend yield is 0.27%
h) risk free interest rate is 7.88%, 7.9% and 7.91% for the three tranches respectively

The expected price volatality of the option is based on historical volatality (based on the remaining life of the options) by considering each vest as a separate grant.

**(b) Expense arising from share based payment transaction**

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Employee option plan | 261.10 | 305.39 |
| **Total expense** | **261.10** | **305.39** |

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## 53 Earnings per share

### (a) Basic & Diluted earnings per share

| | March 31, 2017 Rupees (in Lakhs) | March 31, 2016 Rupees (in Lakhs) |
|---|---|---|
| Profit attributable to the equity holders of the company used in calculating basic earnings per share: | (3,794.17) | (12,664.01) |
| Weighted average number of equity shares outstanding | 29,050,000 | 29,050,000 |
| Basic/Diluted Earnings Per Share | (13.06) | (43.59) |

## 54 Assets Pledged as security

| | 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 | 1,607.79 | 6,609.38 | 1,474.98 |
| **Non-current** | | | |
| Freehold land | 282.28 | 282.28 | - |
| Freehold buildings | 4,698.02 | 4,108.60 | - |
| Moveable assets | 4,172.11 | 3,571.20 | - |

## 55 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** | **84.42** | **4.12** | **88.54** |
| (+) Permitted Receipts | - | 400.38 | 400.38 |
| (-) Permitted Payments | - | 93.03 | 93.03 |
| (-) Amount Deposited in Banks | **84.42** | 293.29 | 377.71 |
| **Closing Cash in Hand as on December 30, 2016** | - | **18.18** | **18.18** |

* Specified Bank Notes (SBNs) mean the 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 the 8th November, 2016.

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## 56 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 01,2015 (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.

**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**
1.1 **A.1.1 Business combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

2 **A.1.2 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 and intangible assets at their previous GAAP carrying value.

3 **A.1.3 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in certain equity investments.

4 **A.1.4 Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/arrangements.

5 **A.1.5 Investment in subsidiaries, joint ventures and associates**

If a first-time adopter measures investments in subsidiary, joint venture or associate at cost in accordance with Ind AS 27, Ind AS 101 allows the entity to measure such investments at one of the following amounts in its separate opening Ind AS Balance Sheet:
(i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
(ii)previous GAAP carrying amount at that date.
The above options can be selected each investment wise. Accordingly the company has elected to measure all investments in subsidiaries and associates at their previous GAAP carrying value.

**A.2 Ind AS mandatory exceptions**

1 **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 an error. Ind AS estimates as at April 01,2015 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:
-Investment in equity instruments carried at FVTPL or FVOCI;
-Impairment of financial assets based on expected credit loss model.

2 **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

3 **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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**Sterling Holiday Resorts Limited (Formerly known as Thomas Cook Insurance Services (India) 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)*

| | | 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 | 11(b) | 23,467.86 | 110.08 | 23,577.94 |
| | Capital work in progress | | 9,439.01 | - | 9,439.01 |
| | Other intangible assets | | 378.02 | - | 378.02 |
| | Intangible assets under development | | 80.26 | - | 80.26 |
| | Financial assets | | | | |
| | i. Investments | 1(a) & 1(b) | 10.12 | 180.79 | 190.91 |
| | ii. Trade receivables | | 4,386.81 | - | 4,386.81 |
| | iii. Loans | 1(b) | 1,041.82 | (180.37) | 861.45 |
| | iv. Other financial assets | 5 | 1,658.40 | (433.10) | 1,225.30 |
| | Income tax assets (net) | | 412.97 | - | 412.97 |
| | Other non-current assets | 5 | 938.23 | 316.57 | 1,254.80 |
| | **Total non-current assets** | | **41,813.50** | **(6.03)** | **41,807.47** |
| | **Current assets** | | | | |
| | Inventories | | 222.41 | - | 222.41 |
| | Financial assets | | | | |
| | i. Investments | 1(a) & 16(a) | 16,647.15 | (477.68) | 16,169.47 |
| | ii. Trade receivables | 9 | 11,893.37 | 712.74 | 12,606.11 |
| | iii. Cash and cash equivalents | | 566.50 | - | 566.50 |
| | iv. Bank balances other than (ii) above | | 37.35 | - | 37.35 |
| | v. Loans | | 221.32 | - | 221.32 |
| | vi. Other financial assets | 9 | 758.59 | 67.64 | 826.23 |
| | Other current assets | 5 | 580.96 | 57.97 | 638.93 |
| | Assets classified as held for sale | | - | - | - |
| | **Total current assets** | | **30,927.65** | **360.67** | **31,288.32** |
| | **Total Assets** | | **72,741.15** | **354.64** | **73,095.79** |
| | **Equity and liabilities** | | | | |
| | **Equity** | | | | |
| | Equity share capital | | 2,905.00 | - | 2,905.00 |
| | Other equity | | - | | - |
| | Reserves and surplus | 7 | 33,188.35 | (645.21) | 32,543.14 |
| | Other reserves | 4 | - | 72.69 | 72.69 |
| | **Total equity** | | **36,093.35** | **(572.52)** | **35,520.83** |
| | **Liabilties** | | | | |
| | **Non-current liabilities** | | | | |
| | Financial liabilities | | | | |
| | i. Borrowings | 9 | - | 347.02 | 347.02 |
| | ii. Other financial liabilities | | 127.34 | - | 127.34 |
| | Employee benefit obligations | | 188.26 | - | 188.26 |
| | Other non-current liabilities | | 30,670.89 | - | 30,670.89 |
| | **Total non-current liabilities** | | **30,986.49** | **347.02** | **31,333.51** |
| | **Current liabilities** | | | | |
| | Financial liabilities | | | | |
| | Borrowings | | | | |
| | i. Borrowings | | - | - | - |
| | ii. Trade payables | 10 | 1,729.32 | (12.85) | 1,716.47 |
| | iii. Other financial liabilities | 9 | 2,488.66 | 471.29 | 2,959.95 |
| | Provisions | | 72.94 | - | 72.94 |
| | Employee benefit obligations | | 40.67 | - | 40.67 |
| | Other current liabilities | 9 & 10 | 1,329.72 | 121.70 | 1,451.42 |
| | **Total current liabilities** | | **5,661.31** | **580.14** | **6,241.45** |
| | **Total liabilities** | | **36,647.80** | **927.16** | **37,574.96** |
| | **Total equity and liabilities** | | **72,741.15** | **354.64** | **73,095.79** |

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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 | 11(b) & 6(b) | 34,790.77 | 12.65 | 34,803.42 |
| | Capital work in progress | 11 | 6,687.67 | (2,139.19) | 4,548.48 |
| | Other intangible assets | | 358.09 | - | 358.09 |
| | Intangible assets under development | | 74.31 | | 74.31 |
| | Financial assets | | - | - | - |
| | i. Investments | 1(a) & 1(b) | 2,029.94 | 180.57 | 2,210.51 |
| | ii. Trade receivables | | 3,742.30 | - | 3,742.30 |
| | iii. Loans | 1(b) | 1,039.11 | (180.37) | 858.74 |
| | iv. Other financial assets | 5 | 3,255.88 | (431.65) | 2,824.23 |
| | Income tax assets (net) | | 481.95 | - | 481.95 |
| | Other non-current assets | 5 | 372.30 | 296.01 | 668.31 |
| | **Total non-current assets** | | **52,832.32** | **(2,261.98)** | **50,570.34** |
| | **Current assets** | | | | |
| | Inventories | | 118.75 | - | 118.75 |
| | Financial assets | | - | - | - |
| | i. Investments | 6 | 9,850.52 | (9,850.52) | - |
| | ii. Trade receivables | | 4,951.20 | - | 4,951.20 |
| | iii. Cash and cash equivalents | | 198.67 | - | 198.67 |
| | iv. Bank balances other than (ii) above | | 30.00 | - | 30.00 |
| | v. Loans | 1(b) | 738.41 | 28.13 | 766.54 |
| | vi. Other financial assets | | 70.91 | - | 70.91 |
| | Other current assets | 5 | 1,055.69 | 62.38 | 1,118.07 |
| | Assets classified as held for sale | 6(a) & 6(b) | 10.92 | 9,947.95 | 9,958.87 |
| | **Total current assets** | | **17,025.07** | **187.94** | **17,213.01** |
| | **Total Assets** | | **69,857.39** | **(2,074.04)** | **67,783.35** |
| | **Equity and liabilities** | | | | |
| | **Equity** | | | | |
| | Equity share capital | | 2,905.00 | - | 2,905.00 |
| | Other equity | | - | | - |
| | Reserves and surplus | 7 | 22,412.23 | (2,547.29) | 19,864.94 |
| | Other reserves | 4 | - | 358.72 | 358.72 |
| | **Total equity** | | **25,317.23** | **(2,188.57)** | **23,128.66** |
| | **Liabilties** | | | | |
| | **Non-current liabilities** | | | | |
| | Financial liabilities | | | | |
| | i. Borrowings | 2 | 5,090.22 | (44.44) | 5,045.78 |
| | ii. Other financial liabilities | | 279.75 | - | 279.75 |
| | Employee benefit obligations | | 203.86 | - | 203.86 |
| | Deferred tax liabilities (net) | | - | - | - |
| | Other non-current liabilities | 10 & 12 | 27,258.20 | 255.08 | 27,513.28 |
| | **Total non-current liabilities** | | **32,832.03** | **210.64** | **33,042.67** |
| | **Current liabilities** | | | | |
| | Financial liabilities | | | | |
| | i. Borrowings | | 350.96 | - | 350.96 |
| | ii. Trade payables | 4 & 16(b) | 2,418.45 | (24.75) | 2,393.70 |
| | iii. Other financial liabilities | | 4,610.03 | - | 4,610.03 |
| | Provisions | | 2,212.13 | - | 2,212.13 |
| | Employee benefit obligations | | 80.74 | - | 80.74 |
| | Other current liabilities | 10 | 2,035.82 | (71.36) | 1,964.46 |
| | **Total current liabilities** | | **11,708.13** | **(96.11)** | **11,612.02** |
| | **Total liabilities** | | **44,540.16** | **114.53** | **44,654.69** |
| | **Total equity and liabilities** | | **69,857.39** | **(2,074.04)** | **67,783.35** |

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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 | 10,12,13 | 19,594.06 | (386.19) | 19,207.87 |
| Other income | 9, 5, 1(a), 12, 1(b) & 14 | 2,748.77 | 237.40 | 2,986.17 |
| **Total income** | | **22,342.83** | **(148.79)** | **22,194.04** |
| **Expenses** | | | | |
| Cost of materials consumed | | 892.24 | - | 892.24 |
| Employee benefit expenses | 3 & 4 | 9,548.21 | 246.84 | 9,795.05 |
| Depreciation and amortisation expense | | 1,552.28 | - | 1,552.28 |
| Other expenses | 5, 10, 11, 13, 14 & 16(b) | 10,848.14 | 2,028.66 | 12,876.80 |
| Finance costs | 2 & 9 | 308.55 | 48.16 | 356.71 |
| **Total expenses** | | **23,149.42** | **2,323.66** | **25,473.08** |
| **Profit before exceptional items and tax** | | **(806.59)** | **(2,472.45)** | **(3,279.04)** |
| Exceptional items | | 9,384.97 | - | 9,384.97 |
| **Profit / Loss after Exceptional item before tax** | | **(10,191.56)** | **(2,472.45)** | **(12,664.01)** |
| Prior period item | 16(a) | 584.57 | (584.57) | - |
| **Profit Before tax** | | **(10,776.13)** | **(1,887.88)** | **(12,664.01)** |
| Income tax expense | | | | |
| Current tax | | - | - | - |
| Deferred tax | | - | - | - |
| **Profit for the period** | | **(10,776.13)** | **(1,887.88)** | **(12,664.01)** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified to profit or loss* | | | | |
| Remeasurement of post employment benefit obligations | 3 | - | (14.19) | (14.19) |
| 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** | | - | **(14.19)** | **(14.19)** |
| **Total comprehensive income for the period** | | **(10,776.13)** | **(1,902.07)** | **(12,678.20)** |

**B4 Impact of Ind AS adoption on 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 | | (3,512.94) | 1,883.87 | (1,629.07) |
| Net cash flow from investing activities | | (3,654.53) | (912.38) | (4,566.91) |
| Net cash flow from financing activities | | 6,799.64 | (1,322.45) | 5,477.19 |
| **Net increase/(decrease) in cash and cash equivalents** | 15 | (367.83) | (350.96) | (718.79) |
| Cash and cash equivalents as at April 01, 2015 | | 566.50 | - | 566.50 |
| **Cash and cash equivalents as at March 31, 2016** | 15 | 198.67 | (350.96) | (152.29) |

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**B5 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 | | 25,317.23 | 36,093.35 |
| **Adjustments** | | | |
| Prior period item relating to merger | 16(a) | - | (584.57) |
| Unwinding of Interest on security deposit | 5 | 150.12 | 98.23 |
| Accounting for Fair value of mutual funds and shares | 1 (a) | 0.20 | 107.31 |
| Adjustment relating to restatement of trade receivables and borrowings (securitisation) | 9 | - | (129.18) |
| Amortisation of Prepaid rent for security deposits | 5 | (223.38) | (156.79) |
| Net impact of deferment of revenue related to offers | 10 | (97.76) | (17.60) |
| Financing component included in revenue derecognised | 12 | (110.06) | - |
| Interest income recognised for holiday plus | 12 | 24.10 | - |
| Reversal of provision recorded for ESOP payable to holding company | 4 | 25.00 | - |
| Differential interest on borrowing charged based on effective interest rate | 2 | (5.56) | - |
| Loan processing fees charged to profit and loss reversed | 2 | 50.00 | - |
| Stamp duty relating to merger | 11 | (2,139.19) | - |
| Differential interest on borrowings issued to Related party | 1(b) | 28.13 | |
| Recognition of land not earlier recognised in books | 11(b) | 110.08 | 110.08 |
| Annual lease rent on leasehold land | 16(b) | (0.25) | |
| **Total adjustments** | | **(2,188.57)** | **(572.52)** |
| **Total equity as per Ind AS** | | **23,128.66** | **35,520.83** |

**B6 Reconciliation of total comprehensive income for the year ended March 31, 2016**

| | Notes | March 31, 2016 |
|---|---|---|
| Profit after tax as per previous GAAP | | (10,776.13) |
| **Adjustments** | | |
| Adjustment relating to restatement of trade receivables and borrowings (securitisation) | 9 | 129.18 |
| Accounting for Fair value of mutual funds and shares | 1 (a) | (107.10) |
| Financing component included in revenue derecognised | 12 | (110.06) |
| Interest income recognised for holiday plus | 12 | 24.10 |
| ESOP expenses recognised at fair value | 4 | (261.03) |
| Amortisation of Prepaid rent for security deposits | 5 | (66.59) |
| Unwinding of Interest on security deposit | 5 | 51.89 |
| Differential interest on borrowing charged based on effective interest rate | 2 | (5.56) |
| Net impact of deferment of revenue related to offers | 10 | (80.16) |
| Stamp duty relating to merger | 11 | (2,139.19) |
| Loan processing fees charged to profit and loss reversed | 2 | 50.00 |
| Annual lease rent on leasehold land | 16(b) | (0.25) |
| Prior period expense adjusted in opening reserves | 16(a) | 584.57 |
| Interest income on restatement of loan to subsidiary valued at fair value | 1(b) | 28.13 |
| Actuarial Gain or Loss charged to OCI | 3 | 14.19 |
| **Total adjustments** | | **(1,887.88)** |
| **Profit after tax as per Ind AS** | | **(12,664.01)** |
| **Other comprehensive income** | 3 | (14.19) |
| **Total comprehensive income as per Ind AS** | | **(12,678.20)** |

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**C: Notes to first-time adoption:**

1 **Note 1 (a) : Fair valuation of investments**
Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2016. This decreased the retained earnings by Rs. 107.10 lakhs (Loss) as at March 31,2016 (April 01, 2015 - Rs. 107.31 lakhs Profit).

Consequent to the above, the total equity as at March 31,2016 increased by Rs. 0.20 lakhs as at March 31, 2016 (April 01, 2015 - Rs. 107.31 lakhs) and the profit for the year ended March 31, 2016 has decreased by Rs. 107.11 lakhs.

**Note 1 (b) : Fair valuation of loans to subsidiaries**
The loans given to subsidiaries (Sterling Holiday (Ooty) Limited and Stering Holiday Resorts (Kodaikanal) 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 respective subsidiaries' cashflows. The difference between the carrying value and the fair value has been considered as capital contribution by the parent in the subsidiaries considering the substance of the transaction. Consequently an amount of Rs. 180.37 lakhs has been considered as investment in the books of the company as on April 01, 2015 and accordingly an amount of Rs. 28.13 lakhs has been recognised as interest income for the year ended March 31, 2016.

2 **Note 2: Borrowings**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at March 31, 2016 have been reduced by Rs. 50 lakhs (April 01, 2015 – Rs. Nil) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended March 31, 2016 reduced by Rs. 5.56 lakhs as a result of the additional interest expense.

3 **Note 3: 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. 14.19 lakhs. There is no impact on the total equity as at March 31, 2016.

4 **Note 4: Employee stock option expense**
Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in share option outstanding account increased by Rs. 358.72 lakhs as at March 31,2016 (April 01, 2015- Rs. 72.69 lakhs). The profit for the year ended March 31, 2016 decreased by Rs. 261.03 lakhs. Reversal of provision passed in books for the payment to be made to the holding company during the year amounting to Rs. 25 lakhs relating to the ESOPs is accordingly adjusted against the reserve.

5 **Note 5: Security deposits**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs. 431.65 lakhs as at March 31,2016 (April 01, 2015 – Rs. 433.10 lakhs). The prepaid rent increased by Rs. 358.39 lakhs as at March 31,2016 (April 01,2015 - Rs. 374.54 lakhs). Total equity decreased by Rs. 58.56 lakhs as on April 01,2015. The profit for the year and total equity as at March 31, 2016 decreased by Rs. 14.7 lakhs and Rs. 73.26 lakhs respectively due to amortisation of the prepaid rent of Rs. 223.38 lakhs (April 01,2015: 156.79 lakhs) which is partially off-set by the notional interest income of Rs. 150.12 lakhs (April 01,2015: 98.23 lakhs) recognised on security deposits.

6 **Note 6: Assets classified as held for sale**

**a)** The Company decided to sell a major portion of investments held in Travel Corporation of India to SOTC Travel Services (438,144 shares) and Distant Frontier Tours Pvt Limited (77,320 shares) for a total consideration of 10,000 lakhs. The sale was effected in May 2016. The assets are carried at lower of cost or the fair value of the assets at the time of reclassification. Since the asset is carried at cost which is lower than the fair value, there was no resultant gain or loss recognised in the statement of profit or loss. The underlying asset amounting to Rs. 9,850.52 lakhs has been classified as assets held for sale as at March 31, 2016.

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b) The Company had decided to sell surplus land of the Company measuring 3,645 sq mts together with building at Goa (Vagator Property) in April 2015. The sale was effected on July 27, 2016. The assets are carried at lower of cost or the fair value of the assets at the time of reclassification. Since the asset is carried at cost which is lower than the fair value, there is no resultant gain or loss recognised in the statement of profit or loss. The carrying value of assets amounting to Rs. 97.43 lakhs which was not classified as assets held for sale along with the value of land amounting to Rs. 10.92 lakhs which was classified as assets held for sale under the previous GAAP has now been correctly disclosed as assets held for sale.

7 **Note 7: Retained earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

8 **Note 8: Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

9 **Note 9: Securitisation of Trade Receivables**

The company had entered into a factoring arrangement and had transferred the receivables to the factor (bank/ financial institution) in exchange for cash; however the transfer of the receivables is with full recourse since the credit risk and delay risk are assumed by the company. Consequently the accounts receivable and borrowings are not derecognised by the company in its financial statements. Accordingly, accounts receivable amounting to Rs. Nil (March 31, 2016: Nil, April 01, 2015: Rs. 712.74 lakhs), interest on trade receivables amounting to Rs. Nil (March 31, 2016: Nil, April 01, 2015:67.64 lakhs) and borrowings amounting to Rs. Nil (March 31, 2016: Nil, April 01, 2015: Rs. 949.26 lakhs) net of interest accrued on borrowings amounting to Rs. Nil (March 31, 2016: Nil, April 01, 2015: Rs. 130.95 lakhs and advance from customers amounting to Nil (March 31, 2016: Nil, April 01, 2015: Rs. 91.25 lakhs) has been recognised in the financial statements with an adjustment to opening retained earnings. The company had appropriately recognised the factored receivables under IGAAP as at March 31, 2016 and this has been correctly adjusted to the transition date balance.

10 **Note 10: Deferment of Revenue**

One of the offers provided by the company (bonus nights) entitles the members additional nights of stay at the resorts which can be utilised within a limited period. Under previous GAAP, the cost of rendering such services were recognised as expenses in the year in which the offers were extended. Subsequent to application of Ind AS, the revenue attributable to the bonus nights is determined and deferred till the year when the offers are utilised /expire. Consequently, an amount of Rs. 169.12 lakhs (April 01, 2015: 30.45 lakhs) has been deferred and the provision carried in books against the services to be rendered to the customers amounting to Rs. 71.36 lakhs (April 01, 2015: Rs.12.85 lakhs) has been derecognised with a charge to Profit and loss account/opening retained earnings.

11 **Note 11: Adjustment to carrying value of Property, Plant and Equipment**

(a) The company had, based on legal advice made a provision of Rs. Nil (March 2016: Rs. 2,139.19 lakhs , April 2015: Rs. Nil), as provision for stamp duty for the registration of the property titles in the name of the company consequent to the conclusion of the composite scheme of arrangement and amalgamation with erstwhile Sterling Holiday Resorts (India) Limited and its subsidiaries. This amount was recognised as capital work in progress under the previous GAAP, however since this represents acquisition related costs / transaction costs under Ind AS 103, the same has been recognised as an expense and charged off as Rates and taxes in the year ended March 31, 2016.

(b) Freehold land amounting to Rs. 110.08 lakhs which was earlier not recorded in the books of account of the company has been now recognised as land by giving effect to opening retained earnings as on April 01, 2015.

12 **Note 12: Recognition of interest income**

The Company provides a type of membership (Holiday plus) in which instalments falls due post completion of one year from the date of sale (admission of members) and interest is charged to the customer from that date. This transaction includes a financing element which would be comparable to the discount which is normally offered to customers paying upfront. This amount has been segregated and has been recognised as interest income during the interest free period provided to the customer. Consequently, an amount of Rs. 110.06 lakhs has been debited to revenue and recognised as deferred interest and an amount of Rs. 24.10 lakhs has been recognised as interest income during the period.

13 **Note 13: Provision for offer costs**

All new members are offered membership to an exchange program run by an external party which entitles the member to avail facilities in other resorts in exchange for members' unutilised days/weeks as per their contracts. The cost incurred by the Company and paid to the vendor for this arrangement is adjusted against the revenue at the time of incurring the expenditure. During the year an amount of Rs. 137.46 lakhs was incurred and adjusted against revenue.

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**Note 14: Accouting for barter transaction**

14 The Company holds 98% equity shares in Sterling Holidays (Ooty) Limited and Sterling Holiday Resorts (Kodaikanal) Limited and each subsidiary company is responsible for maintaining a property pursuant to the property timeshare agreement with the property time share members. However, certain property time share weeks of these two properties are unsold and retained by the Company. Pursuant to the necessary approvals obtained by the Company and subsidiary companies as required under the Companies Act, 2013, the subsidiary companies can rent out weeks sold to property timeshare members and unsold weeks retained by the Company which are vacant and earn revenue from it. The property time share members and the Company shall have no claim on the revenue generated from it. Further, pursuant to the exchange clause under property timeshare agreement, property time share members of the said property are also eligible to utilize facilities at Company's other resorts. The above arrangement has been considered as a barter transaction under Ind AS 18 and accordingly the fair value of services received from the respective entities amounting to Rs. 18.60 lakhs for the year ended March 31, 2016 (April 01, 2015: Nil) has been recognised as lease rent income and expenses in the financials.

15 **Note 15: Bank overdrafts**

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movement in bank overdrafts were shown in financing activities. Consequently cash and cash equivalents have reduced by Rs. 350.96 as at March 31,2016 (April 01, 2015: Nil) and cash flows from financing activities for the year ended March 31, 2016 have also reduced by Rs. 350.96 to the effect of movement in bank overdrafts.

16 **Note 16: Others**

(a) An amount Rs. 584.57 lakhs representing expenses incurred in relation to the Composite Scheme of Arrangement and Amalgamation as well as legal expenses incurred towards inspection and verification of title of properties owned by erstwhile Sterling Holiday Resorts India Limited was erroneously considered as investment in the books of the company. This amount has been adjusted to the opening retained earnings as on April 01, 2015.

(b) The lease deed of the leasehold land held at Peermedu provides for an annual rent of Rs. 0.25 lakhs. The annual rental that pertains to the year 2015-16 which was not provided during the preceeding year has been provided for.

For and on behalf of the Board of Directors

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

Chairman

Ramesh Ramanathan
Managing Director

B Udhay Shankar
Chief Financial Officer

M Balasubramaniyan
Company Secretary

Place: Chennai
Date: May 03, 2017

STERLING HOLIDAY RESORTS LIMITED CHENNAI

## Independent Auditor's Report

To The Members of **SOTC Travel Private Limited** (formerly Sita Travels Private Limited)

1. **Report on the Ind AS financial statements**

   We have audited the accompanying Ind AS financial statements of **SOTC Travel Private Limited (formerly Sita Travels 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 SOTC Travel Private Limited (formerly Sita Travels 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 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 Private Limited**
(Earlier Known as Sita Travels 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 | 964,281 | 7,005 | 1,347 |
| - Other bank balances | 3B | 45,000 | 80,000 | 90,000 |
| - Other financial assets | 4 | 2,568 | 5,232 | 6,725 |
| **Total current assets** | | 1,011,849 | 92,237 | 98,072 |
| **TOTAL ASSETS** | | **1,011,849** | **92,237** | **98,072** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 5A | 100,000 | 100,000 | 100,000 |
| Other equity | 5B | (66,151) | (14,633) | (8,670 |
| **Total equity** | | **33,849** | **85,367** | **91,330** |
| **Current liabilities** | | | | |
| Other financial liabilities | | | | |
| - Other payables | 6 | 978,000 | 6,870 | 6,742 |
| Income tax liabilities (net) | - | - | - | - |
| **Total Current liabilities** | | **978,000** | **6,870** | **6,742** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,011,849** | **92,237** | **98,072** |
| | | | - | - |

**As per our attached report of even date** **1-17**

**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 Private Limited**
(Earlier Known as Sita Travels 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 | 5,226 | 7,195 |
| **Total Income** | | **5,226** | **7,195** |
| **Expenses** | | | |
| Other Expenses | 8 | 56,744 | 13,158 |
| **Total Expenses** | | **56,744** | **13,158** |
| **Profit / (loss) before tax** | | **(51,518)** | **(5,963)** |
| **Less: Tax expense** | | | |
| Current Tax | | - | - |
| Deferred Tax | | - | - |
| **Profit / (Loss) after tax** | | **(51,518)** | **(5,963)** |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income** | | **(51,518)** | **(5,963)** |
| **Earnings per equity share** | | | |
| Basic and diluted | | (5.15) | (0.60) |

**As per our attached report of even date** 1-17

**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 Private Limited
(Earlier Known as Sita Travels 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 | (5,963) | (5,963) |
| Other comprehensive income for the year | - | - |
| **Total comprehensive income for the year** | **(5,963)** | **(5,963)** |
| **Balance at 31 March, 2016** | **(14,633)** | **(14,633)** |
| Profit for the year | (51,518) | (51,518) |
| Other comprehensive income for the year | - | - |
| **Total comprehensive income for the year** | **(51,518)** | **(51,518)** |
| **Balance at 31 March, 2017** | **(66,151)** | **(66,151)** |

**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 Private Limited**

(Earlier Known as Sita Travels 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 | (51,518) | (5,963) |
| **Profit before tax** | (51,518) | (5,963) |
| **Adjustments for** | | |
| Interest income | (5,226) | (7,195) |
| **Operating profit before working capital changes** | (56,744) | (13,158) |
| Increase/ (Decrease) in trade and other payables | 971,131 | 128 |
| | 914,386 | (13,030) |
| Direct Taxes paid (net) | - | - |
| **Net cash used in operating activities** | 914,386 | (13,030) |
| **Cash flow from investing activities** | | |
| Interest received | 7,890 | 8,688 |
| Investment in bank deposits for more than 3 months | 35,000 | 10,000 |
| **Net cash flows from investing activities** | 42,890 | 18,688 |
| **Cash flow from financing activities** | - | - |
| **Net cash flows from financing activities** | - | - |
| **Net increase / (decrease) in cash and cash equivalents** | 957,276 | 5,658 |
| Cash and cash equivalents at the beginning of the year | 7,005 | 1,347 |
| Effect of exchanges rate changes on cash and cash equivalents | - | - |
| **Cash and cash equivalents at the end of the year** | 964,281 | 7,005 |

**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**

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 Private Limited**
(Earlier Known as Sita Travels 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 | 964,281 | 7,005 | 1,347 |
| | | **964,281** | **7,005** | **1,347** |
| 3B | **Other bank balances** | | | |
| | Deposits with original maturity upto twelve months | 45,000 | 80,000 | 90,000 |
| | | **45,000** | **80,000** | **90,000** |
| 4 | **Other financial assets** | | | |
| | Interest receivable | 2,568 | 5,231 | 6,725 |
| | | **2,568** | **5,231** | **6,725** |

SOTC Travel Private Limited
(Earlier Known as Sita Travels 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<br>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 |
| Thomas Cook Limited (with effect from 2nd June 2016 ) | 10,000 | 100,000 | - | - | - | - |
| SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited') (up to1st June 2016) | - | - | 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 |
| Thomas Cook Limited (with effect from 2nd June 2016 ) | 10,000 | 100,000 | - | - | - | - |
| SOTC Travel Services Private Limited (Formerly known as 'Kuoni Travel (India) Private Limited') (up to1st June 2016) | - | - | 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 | (14,633) | (8,670) |
| Profit/(Loss) attributable to owners of the Company | (51,518) | (5,963) |
| Other comprehensive income arising from | - | - |
| | **(66,151)** | **(14,633)** |

| | 31-Mar-17 | 31-Mar-16 | 1 April 2015 |
|---|---|---|---|
| 6 **Other financial liabilities** | | | |
| Advance received | 971,100 | - | - |
| Other payables | 6,900 | 6,870 | 6,742 |
| | **978,000** | **6,870** | **6,742** |

**SOTC Travel Private Limited**
(Earlier Known as Sita Travels Private Limited)

**Notes forming part of the financial statements**

| | 31-Mar-17 | 31-Mar-16 |
|---|---|---|
| 7 **Other Income** | | |
| Interest Income | 5,226 | 7,195 |
| | **5,226** | **7,195** |
| 8 **Other Expenses** | | |
| Rates and Taxes | 115 | 2,200 |
| Payment to Auditors- Audit fees | 6,900 | 6,870 |
| Foregin exchangd Gain and loss | 9,352 | - |
| Legal and Professional Charges | 40,377 | 4,088 |
| | **56,744** | **13,158** |

**SOTC Travel Private Limited**
(Earlier Known as Sita Travels Private Limited)

**Notes forming part of the financial statements**

9 The Board of Directors as per resolution dated 2nd June 2016 and subsequently approved by the members in the extraordinary general meeting held on 18th July 2016 have approved the change in the name of the Company. Accordingly, the name of the company has been changed to SOTC Travel Private Limited as per revised Certificate of Incorporation dated 28th July 2016 issued by the Registrar of Companies, Maharashtra.

10 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

11 There are no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2017

12 **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.

13 **Related party disclosures**

Holding Company- w.e.f. 2nd June 2016 Thomas Cook Limited , SOTC Travel Services Private Limited (formerly Kuoni Travel (India) Private Limited ceased w.e.f 1st June 2016)

Fellow subsidiaries (ceased w.e.f 1st June 2016)

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, Sita Holidays (India) 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.

## Independent Auditors' Report

# To the Members of Travel Corporation (India) Limited

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Travel Corporation (India) Limited ('the Company'), which comprise the Balance sheet as at 31 March 2017, the Statement of profit and loss (including other comprehensive income), the Statement of cash 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 '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 sub-section 5 of Section 134 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 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.

**Auditors' Responsibility *(Continued)***

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.

### 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.

### Other Matters

The financial statements of the Company for the year ended 31 March 2016, were audited by Lovelock and Lewes, Chartered Accountants, who expressed an unmodified opinion on those statements on 12 May 2016.

### 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 exercise of powers conferred by sub-section (11) of Section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section (3) of Section 143 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 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 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;

**Report on Other Legal and Regulatory Requirements** ***(Continued)***

(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 sub-section 2 of Section 164 of the Act; and

(f) 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";

(g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

1. the Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 39 to the Standalone Ind AS financial statements;
2. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
3. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
4. the Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Company and as produced to us by the management. Refer Note 35 to the standalone Ind AS financial statements.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Bhavesh Dhupelia**
*Partner*
Membership No: 040270

Mumbai
11 May 2017

# Travel Corporation (India) Limited

## Annexure A to the Independent Auditors' Report - 31 March 2017

With reference to the Annexure referred to in the 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 the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, the Company has performed physical verification of certain fixed assets during the year. No material discrepancies were noticed on such verification.

(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 immovable properties are held in the name of the Company.

(ii) The Company is a service company primarily rendering services of travel and related service. Accordingly, the Company does not hold physical inventory. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the registered maintained under Secured 189 of the Act. Accordingly, paragraph 3 (iii), (iii) (a) and (b) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans, made any investments or provided any guarantee or security covered under the provisions of the Sections 185 and 186 of the Act. 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 deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) As informed to us by the management, the Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the goods sold and services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Service tax, Professional tax, Value added tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities in all cases during the year. As explained to us, the Company did not have any dues on account of duty of Excise, duty of Customs, Sales tax and Cess.

## Annexure A to the Independent Auditors' 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, 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.

(b) According to the information and explanations given to us, there are no dues of Income tax, Service tax and Value added tax which have not been deposited with appropriate authorities on account of any disputes except for the following:

| Name of the Statute | Nature of dues | Amount Demanded | Amount Deposited Under Disputes | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income-tax Act, 1961 | Income-tax on certain disallowances | 146,174,773 | - | AY 1995-96 to AY 2012-13 | Income tax Appellate Tribunal |
| The Finance Act, 1994 | Service tax | 527,339 | - | 2003-2007 | Assistant Commissioner-Service Tax |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of any loans or borrowings to any institution or bank or dues to debenture holders as at the balance sheet date.

(ix) The term loans were applied for the purpose they were raised for the year. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us the Company has not paid/ provided for managerial remuneration. Accordingly provision of paragraph 3 (xi) of the Order are not applicable.

(xii) 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 have been disclosed in the Standalone Ind AS financial statements as required by the applicable Accounting Standards.

## Annexure A to the Independent Auditors' Report - 31 March 2017*(Continued)*

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Bhavesh Dhupelia**
*Partner*
Membership No: 040270

Mumbai
11 May 2017

# Travel Corporation (India) Limited

## Annexure B to the Independent Auditors' Report - 31 March 2017

### 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 Travel Corporation (India) Limited ('the Company') as of 31 March 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.

**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 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 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.

## Annexure B to the Independent Auditors' 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 Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Bhavesh Dhupelia**
*Partner*
Membership No: 040270

Mumbai
11 May 2017

# Travel Corporation (India) Limited

## Standalone balance sheet
*as at 31 March 2017*

(Currency : Indian rupees)

| | | *Note* | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|---|
| **I.** | **ASSETS** | | | | |
| **(1)** | **Non-current assets** | | | | |
| | (a) Property, plant and equipment | *2* | **256,898,621** | 551,545,446 | 237,113,881 |
| | (b) Capital work-in-progress | *2* | **2,645,000** | - | - |
| | (c) Investment property | *3* | **277,197,389** | - | - |
| | (d) Other intangible assets | *4* | **2,262,817** | 6,723,090 | 11,426,437 |
| | (e) Financial assets | | | | |
| | (i) Invesments in subsidiaries and associates | *5* | **1,891,899,074** | 1,891,899,074 | 500,000 |
| | (ii) Others non-current financials assets | *6* | **4,114,161** | 6,076,027 | 2,499,857 |
| | (f) Deferred tax assets (net) | *7* | **-** | 4,776,406 | - |
| | (g) Other tax assets | *8* | **283,052,710** | 261,948,687 | 230,055,191 |
| | (h) Other non-current assets | *9* | **5,733,354** | 1,988,794 | 27,009,698 |
| | **Total non current assets** | | **2,723,803,126** | 2,724,957,524 | 508,605,064 |
| **(2)** | **Current assets** | | | | |
| | (a) Financial assets | | | | |
| | (i) Investments | *10* | **-** | - | 498,629,082 |
| | (ii) Trade receivables | *11* | **296,648,517** | 214,833,626 | 191,890,373 |
| | (iii) Cash and cash equivalents | *12* | **204,817,970** | 29,548,431 | 27,076,475 |
| | (iv) Other current financial assets | *13* | **1,289,063** | 10,777,064 | 39,858,333 |
| | (b) Other current assets | *14* | **214,952,636** | 65,132,842 | 118,135,353 |
| | **Total current assets** | | **717,708,186** | 320,291,963 | 875,589,616 |
| | **TOTAL ASSETS** | | **3,441,511,312** | 3,045,249,487 | 1,384,194,680 |
| **II.** | **EQUITY AND LIABILITIES** | | | | |
| **(1)** | **Equity** | | | | |
| | (a) Equity share capital | *15* | **21,653,950** | 21,653,950 | 15,766,980 |
| | (b) Other equity | | | | |
| | (i) Reserves and surplus | *16* | **469,844,721** | 448,342,386 | 505,158,371 |
| | (ii) Other reserves | *16* | **1,219,900,142** | 1,219,900,142 | 100,787,145 |
| | (iii) Other comprehensive income | | **7,713,620** | (592,430) | |
| | **Total equity** | | **1,719,112,433** | 1,689,304,048 | 621,712,496 |
| **(2)** | **Non current liabilities** | | | | |
| | (a) Financial liabilities | | | | |
| | (i) Borrowings | *17* | **330,000,000** | 450,000,000 | - |
| | (b) Provisions | *18* | **-** | 6,594,072 | 5,455,729 |
| | (c) Deferred tax liabilities (net) | *7* | **8,779,770** | - | 18,222,541 |
| | **Total non current liabilities** | | **338,779,770** | 456,594,072 | 23,678,270 |
| **(3)** | **Current liabilities** | | | | |
| | (a) Financial liabilities | | | | |
| | (i) Short term borrowings | *19* | **-** | 30,938,905 | 15,095,856 |
| | (ii) Trade payables | *20* | **967,823,346** | 469,695,804 | 355,225,795 |
| | (iii) Other financial liabilities | *21* | **133,546,214** | 134,060,906 | 99,333,116 |
| | (b) Other current liabilities | *22* | **40,701,708** | 36,919,486 | 65,449,398 |
| | (c) Short-term provisions | *23* | **241,547,841** | 227,736,266 | 203,699,749 |
| | **Total current liabilities** | | **1,383,619,109** | 899,351,367 | 738,803,914 |
| | **Total liabilities** | | **1,722,398,879** | 1,355,945,439 | 762,482,184 |
| | **TOTAL EQUITY AND LIABILITIES** | | **3,441,511,312** | 3,045,249,487 | 1,384,194,680 |

**Significant accounting policies**
The notes from 1 to 45 form an integral part of the financial statements

As per our report of even date attached.

| | | |
|---|---|---|
| For **B S R & Co. LLP** | | **For and on behalf of the Board of Directors of** |
| *Chartered Accountants* | | **Travel Corporation (India) Limited** |
| Firm's Registration No: 101248W/W-100022 | | [CIN: U63040MH1961PLC012067] |
| | | |
| **Bhavesh Dhupelia** | **Dipak Deva** | **Madhavan Menon** |
| *Partner* | *Managing Director* | *Director* |
| Membership No: 042070 | [DIN: 02030005] | [DIN No: 00008542] |
| | | |
| New Delhi | New Delhi | |
| 11 May 2017 | 11 May 2017 | |

# Travel Corporation (India) Limited

## Statement of profit and loss

*for the year ended 31 March 2017*

(Currency : Indian rupees)

| | *Note* | **For the year ended 31 March 2017** | For the year ended 31 March 2016 |
|---|---|---|---|
| **(1) Revenue** | | | |
| (a) Revenue from operations | *24* | **1,922,189,335** | 1,579,195,229 |
| (b) Other income | *25* | **166,032,635** | 198,824,499 |
| **Total income** | | **2,088,221,970** | 1,778,019,728 |
| **(2) Expenses** | | | |
| (a) Cost of tours | *26* | **1,761,524,391** | 1,318,411,161 |
| (c) Employee benefits expense | *27* | **85,705,513** | 180,125,920 |
| (d) Finance costs | *28* | **69,771,217** | 34,645,349 |
| (e) Depreciation and amortization expenses | *2* | **27,318,233** | 31,882,341 |
| (f) Other expenses | *29* | **100,887,690** | 157,576,266.87 |
| **Total expenses** | | **2,045,207,044** | 1,722,641,038 |
| **(3) Profit before tax** | | **43,014,926** | 55,378,690 |
| **(4) Tax expense:** | | | |
| (a) Current tax | | **15,339,177** | 26,982,819 |
| Less : Mat credit entitlement | | **4,971,074** | - |
| Net current tax | *7* | **10,368,103** | 26,982,819 |
| (b) Deferred tax | *7* | **9,453,468** | (20,810,491) |
| **(5) Profit after tax** | | **23,193,355** | 49,206,362 |
| **(6) Other comprehensive income (OCI)** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| (i) Remeasurements of defined benefit liability (asset) | | **12,408,758** | (885,056) |
| (ii) Income tax expense on remeasurements of defined benefit liability | | **4,102,708** | (292,626) |
| **Other comprehensive income (net of tax) (i-ii)** | | **8,306,050** | (592,430) |
| **(7) Total comprehensive income for the period** | | **31,499,405** | 48,613,932 |
| **(8) Earnings per equity share** | | | |
| (i) Basic | *30* | **10.71** | 25.38 |
| (ii) Diluted | *30* | **10.71** | 25.38 |

**Significant accounting policies**

The notes from 1 to 45 form an integral part of the financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of**
**Travel Corporation (India) Limited**
[CIN: U63040MH1961PLC012067]

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070

**Dipak Deva**
*Managing Director*
[DIN: 02030005]

**Madhavan Menon**
*Director*
[DIN No: 00008542]

New Delhi
11 May 2017

New Delhi
11 May 2017

Travel Corporation India Limited

## Statement of cash flows

*for the year ended 31 March 2017*

(Currency : Indian rupees)

| | **For the year ended 31 March 2017** | For the year ended 31 March 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before tax from continuing operations | **43,014,926** | 55,378,690 |
| **Profit before tax** | **43,014,926** | 55,378,690 |
| ***Adjustments for*** | | |
| Depreciation of property, plant and equipment | **18,150,285** | 27,178,993 |
| Amortisation of intangible assets | **4,460,273** | 4,703,347 |
| Gain on sale of property, plant and equipment | **(24,599,920)** | (5,277,051) |
| Net foreign exchange differences | **7,727,370** | - |
| Equity-settled share-based payment | **(1,691,020)** | (7,988,977) |
| Finance income (including fair value change in financial instruments) | **(20,854)** | - |
| Dividend income from mutual funds | **-** | (29,738,602) |
| Dividend on equity shares - subsidiary | **-** | (155,934,000) |
| Finance costs (including fair value change in financial instruments) | **66,459,814** | 34,645,349 |
| Provision for doubtful debts and advances | **11,164,131** | 71,600,231 |
| Facility support income | **(34,854,968)** | - |
| Interest income | **-** | (24,984) |
| Gain on sale of investment | **(253,042)** | - |
| | **89,556,996** | (5,457,004) |
| ***Working capital adjustments*** | | |
| (Increase) in trade and other receivables | **(87,271,741)** | (121,260,515) |
| (Increase) / decrease in other assets | **(150,580,420)** | 10,639,502 |
| Increase in trade and other payables | **499,207,961** | 158,142,808 |
| Increase in provisions and employee benefits | **6,700,822** | 2,264,430 |
| Increase / (decrease) in other liabilities | **2,254,621** | (4,671,306) |
| | **359,868,238** | 39,657,915 |
| Income tax paid | **(16,132,949)** | (36,850,939) |
| **Net cash from operating activities** | **343,735,289** | 2,806,976 |
| **Cash flows from investing activities** | | |
| Acquisition of property, plant and equipment | **(11,759,312)** | (321,361,684) |
| Acquisition of financial instruments | **(745,753,042)** | (5,240,734,000) |
| Acquisition of long term investments | **-** | (1,891,399,074) |
| Proceeds from sale of property, plant and equipment | **28,305,706** | 6,087,413 |
| Proceeds from sale of financial instruments | **746,006,084** | 5,739,363,082 |
| Interest received | **20,854** | 11,723,812 |
| Dividend on mutual funds | **-** | 29,738,602 |
| Dividend income from subsidiary | **-** | 155,934,000 |
| Facility support income | **34,854,968** | - |
| **Net cash from investing activities** | **51,675,258** | (1,510,647,849) |

Travel Corporation India Limited

**Statement of cash flows *(Continued)***
*for the year ended 31 March 2017*

(Currency : Indian rupees)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital | - | 1,124,999,967 |
| Proceeds from loans and borrowings | - | 600,000,000 |
| Proceeds from loan from related party | - | 265,000,000 |
| Repayment of borrowings | **(120,000,000)** | (30,000,000) |
| Repayment of loan from related party | - | (265,000,000) |
| Tax on dividend paid for the year | - | (12,913,160) |
| Dividend paid | - | (157,262,603) |
| Finance charges paid | **(67,518,136)** | (29,672,644) |
| **Net cash from financing activities** | **(187,518,136)** | 1,495,151,560 |
| | | |
| **Net increase in cash and cash equivalents** | **207,892,411** | (12,689,313) |
| Cash and cash equivalents at the beginning of the year | **(1,732,981)** | 10,956,332 |
| | | |
| Effect of exchanges rate changes on cash and cash equivalents | **(6,049,135)** | - |
| **Cash and cash equivalents at the end of the year** | **200,110,295** | (1,732,981) |

**Note:**
1) Components of cash and cash equivalents

| | | |
|---|---|---|
| Cash on hand | 8,636,000 | 904,307 |
| Cheque in hand | 35,609 | 7,978,836 |
| Balance with banks | | |
| -- Current Account | 176,146,361 | 20,415,288 |
| -- Deposit Account (with original maturity of 3 months or less) | 20,000,000 | 250,000 |
| Less: Book & Bank overdraft | - | 31,281,412 |
| | **204,817,970** | (1,732,981) |

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".

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of Travel Corporation (India) Limited**
[CIN: U63040MH1961PLC012067]

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070

New Delhi
11 May 2017

**Dipak Deva**
*Managing Director*
[DIN: 02030005]

New Delhi
11 May 2017

**Madhavan Menon**
*Director*
[DIN No: 00008542]

## 1 Company overview

Travel Corporation (India) Limited is engaged in Travel and Tourism business and working as Travel agent and Tour operator. The Company mainly operates in Inbound Tours. The Company is held by Thomas Cook (India) Limited (72.81%), SOTC Travel Services Private Limited (Formerly known as Kuoni Travel (India) Private Limited) (20.23%), Sterling Holiday Resorts Limited (erstwhile Thomas Cook Insurance Services (India) Ltd) (3.38%) and Distant Frontiers Tours Private Limited (3.57%).

## 1B Significant accounting policies

### *1B.1 Basis of preparation of financial statements*

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), notified under Section 133 of the Act and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. 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 (Refer Note 32).*

Accounting policies have been consistently applied except where a newly issues accounting standards is initially adopted or a revision to an existing accounting standards requires change in the accounting policy hitherto in use.

The financial statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities (including mutual fund investments) that are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;
- Share-based payments;

### *1B.2 Use of estimates*

The preparation of financial statements in accordance with generally accepted accounting principles ('GAAP') in India requires that management makes judgment, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of facts and circumstances as at the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

## 1B Significant accounting policies *(Continued)*

### *1B.2 Use of estimates (Continued)*

Estimates and assumptions are required in particular for:

- Determination of whether Company is a principal or agent
- Financial instruments
- Recognition and measurement of defined benefit obligations
- Recognition of deferred tax assets
- Recognition and measurement of provisions and contingencies

### *1B.3 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 realised 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 realised within 12 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 12 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 12 months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 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 realisation in cash or cash equivalents. Based on the above definition and the nature of services provided, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

## 1B Significant accounting policies *(Continued)*

### *1B.4 Property Plant and Equipments*

Measurement at recognition:

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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. All other repairs and maintenance is charged to the Statement of Profit and Loss during the period in which they are incurred.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation:

Depreciation is provided on a straight-line method over the estimated useful lives of the assets.The Company believe that the exsisting useful life represents the best useful estimated lives of the assets and hence they have carried out an internal assessment and obtained technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation on additions / (disposals) is provided on pro rata basis from / (upto) the date on which asset is ready for use (disposal of).

| Assets | Estimated useful life (in years) |
|---|---|
| Office Building | 60 |
| Furniture & Fixtures | 10 |
| Office equipments (including air conditioners) | 5 |
| Commercial vehicles | 5 |
| Vehicles | 8 |
| Computers | 3 |

Leasehold Improvements are amortised over the period of the lease or useful life of the asset whichever is lower.

Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate. The residual values are not more than 5% of the original cost of the asset. 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.

## 1B Significant accounting policies *(Continued)*

### *1B.4 Property Plant and Equipments (Continued)*

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

### *1B.5 Intangible assets*

Measurement at recognition:

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed fifteen years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Amortisation:

Amortisation methods and periods:

| Asset | Useful Life |
|---|---|
| Software | 4 years |

Upon first-time adoption of Ind AS, the Company has elected to apply deemed cost exemption for all of its intangible assets as at the date of transition to Ind AS i.e. 1st April, 2015. Accordingly, the Company has continued with the carrying value under Previous GAAP for all of its intangible assets recognised in the financial statements as at the date of transition to Ind AS.

## Significant accounting policies *(Continued)*

***1B.5 Intangible assets (Continued)***

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

***1B.6 Investment Property***

Measurement at recognition:

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in supply of services or for administrative purpose. An investment property is measured initially at its cost. The cost of an investment property comprises its purchase price and any directly attributable expenditure. After initial recognition, the Company carries the investment property at the cost less accumulated depreciation and accumulated impairment, if any.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment property recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation:

Based on technical evaluation and consequent advice, the management believes a period of 60 years representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties over the period of 60 years on a straight-line basis. The useful life estimate of 60 years is as per the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II of the Companies Act, 2013.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

Fair Value:

Fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 3.

## Significant accounting policies *(Continued)*

### *1B.7 Impairment*

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

## 1B Significant accounting policies *(Continued)*

### *1B.8 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.

**i. Financial assets**

Classification

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement, a financial asset is classified as measured at

- Amortised Cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

a. Debt investment

A 'debt investment' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

## 1B Significant accounting policies *(Continued)*

### *1B.8 Financial instruments (Continued)*

**i. Financial assets *(Continued)***

Debt investment included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

b. Equity investment

The Company subsequently measures all equity investments in companies other than equity investments in subsidiaries, joint ventures and associates at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) 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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it 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.
- Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## 1B Significant accounting policies *(Continued)*

### *1B.8 Financial instruments (Continued)*

**i. Financial assets *(Continued)***

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt investments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance

b) Lease receivables

c) Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables which do not contain a significant financing component.
- All lease receivables resulting from transactions.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a 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 recognising impairment loss allowance based on 12-month ECL.

**ii. Financial liabilities**

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## 1B Significant accounting policies *(Continued)*

### *1B.8 Financial instruments (Continued)*

**ii. Financial liabilities** *(Continued)*

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

## 1B Significant accounting policies *(Continued)*

### *1B.8 Financial instruments (Continued)*

**ii. Financial liabilities *(Continued)***

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where 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.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to interest rate and foreign exchange risks. For contracts where hedge accounting is not followed, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through profit or loss account. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### *1B.9 Revenue recognition*

Sales from inbound services are recognised on the date of arrival of the tour in India. Commission income (net) and other travel services such as visa charges, optional tours etc are recognised at the time of providing the service.

Annual shopping commission revenue is recognised over the period of the contract. Revenue recognised in excess of billing is recorded as unbilled revenue. Billing in excess of revenue recognised is recorded as income received in advance / advance billing, until revenue recognition criteria are met.

Commission on tickets from airlines and service charges from customers are recognized on issue of tickets. Incentives from airlines are accounted on the basis of tickets issued to sectors availed.

Interest income is recognised on time proportionate basis.

Facility support income is recognized on accrual basis over the period of the agreement.

Dividend income is recognised when the right to receive dividend is established

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investment disposed off.

## 1B Significant accounting policies *(Continued)*

### *1B.10 Cost recognition*

Costs and expenses are recognised when incurred and have been classified according to their primary nature. The costs of the company are broadly categorised in employee benefit expenses, depreciation and amortisation 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.

### *1B.11 Cash and Cash Equivalents*

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less 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.

Bank overdrafts are repayable on demand and form an integral part of an entity's cash management, and are included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### *1B.12 Employee benefits*

#### *(a) 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 recognized for the amount expected to be paid, e.g. salaries, short term bonus, 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 amount can be estimated reliably.

#### *(b) Post-employment benefits*

*Defined contribution plan*

The Company's provident fund contribution paid / payable under the recognised provident fund scheme and the employees' state insurance contribution is recognised as an expense in the Statement of profit and loss during the period in which the employee renders the related service.

## 1B Significant accounting policies *(Continued)*

### *1B.12 Employee benefits (Continued)*

*(b) Post-employment benefits (Continued)*

*Defined benefit plan*

**Gratuity**

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. These benefits are discounted to determine its present value, and the fair value of any plan assets is deducted therefrom.

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation by an independent actuary at each balance sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any) are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset) taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss.

**Provident Fund**

The Company makes specified monthly contribution towards the employees' provident fund to the provident fund trust administered by the Company. The minimum interest payable by the provident fund trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on respective investments of the trust and the notified interest rate.

*(c) Long-term employee benefits*

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 recognised as a liability at the present value of the defined benefit obligations at the balance sheet date based on actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date. Remeasurements gains or losses are recognized in profit or loss in the period in which they arise.

## 1B Significant accounting policies *(Continued)*

### *1B.12 Employee benefits (Continued)*

*d) Share based payments*

The grant-date fair value of share-based payment awards – i.e. stock options – granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the period in which the employees become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

### *1B.13 Foreign currency transactions*

Foreign currency transactions are recorded into Indian rupees using the exchange rates prevailing on the date of the respective transactions. Exchange difference arising on foreign currency transactions, between the actual rate of settlement and the rate on the date of the transactions, is charged or credited to the Statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates prevailing on the balance sheet date and the overall net exchange gain or loss on such conversion, if any, is credited / charged to the Statement of profit and loss. Non monetary assets are recorded at the rates prevailing on the date of the transactions. Non-monetary foreign currency items are carried at historical cost. A foreign currency monetary item is classified as long-term if it has original maturity of one year or more.

### *1B.14 Taxation*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 1B Significant accounting policies *(Continued)*

### *1B.14 Taxation (Continued)*

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Company's is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company's expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax asset / liabilities in respect of temporary differences which originate and reverse during the tax holiday period are not recognised. Deferred tax assets / liabilities in respect of temporary differences that originate during the tax holiday period but reverse after the tax holiday period are recognised.

## 1B Significant accounting policies *(Continued)*

### *1B.15 Earnings per share ('EPS')*

Basic EPS is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive. The dilutive potential equity shares are deemed to be converted as of the beginning of the period, unless they have been issued at a later date.

### *1B.16 Borrowing Cost*

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

### *1B.17 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.

### *1B.18 Provisions and Contingent liabilities*

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed, unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 1B Significant accounting policies *(Continued)*

### *1B. 19 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 the amendment to Ind AS 7 'Statement of cash flows'. This amendment is in accordance with the recent amendment made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is 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 charges arising from cash flows and non-cash charges, 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 requirements.

The company is evaluating the requirements of the amendment and the effect on the financial statement is being evaluated.

# Travel Corporation (India) Limited

## Statement of Changes in Equity (SOCIE)

(Currency : Indian rupees)

### (a) Equity share capital

| | **31 March 2017** | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **Amount** | No. of Shares | Amount | No. of Shares | Amount |
| At the commencement of the year | **2,165,395** | **21,653,950** | 1,576,698 | 15,766,980 | 1,576,698 | 15,766,980 |
| Changes in equity share capital during the year | **-** | **-** | 588,697 | 5,886,970 | - | - |
| At the end of the year | **2,165,395** | **21,653,950** | 2,165,395 | 21,653,950 | 1,576,698 | 15,766,980 |

### (b) Other equity

| | Other equity Reserves and surplus | | | Items of Other comprehensive income | |
|---|---|---|---|---|---|
| **Particulars** | **Surplus** | **Employee share option outstanding[Note 42]** | **Other reserves [refer Note 16]** | **Remeasurements of the net defined benefit Plans** | **Total attributable to equity shareholders** |
| **Balance at 1 April 2015** | 493,162,465 | 11,995,906 | 100,787,145 | - | 605,945,516 |
| Profit for the year | 49,206,362 | - | - | - | 49,206,362 |
| Other comprehensive income for the year | - | - | - | (592,430) | (592,430) |
| **Total comprehensive income for the year** | 49,206,362 | - | | (592,430) | 48,613,932 |
| Issue of Share capital [Note 16] | - | - | 1,119,112,997 | - | 1,119,112,997 |
| Share-based payments [Note 44] | - | (7,988,977) | - | - | (7,988,977) |
| Dividend | (94,194,683) | - | - | - | (94,194,683) |
| Adjustment pursuant to Schedule II of Companies Act, 2013 | (3,838,687) | - | - | - | (3,838,687) |
| **Balance at 31 March 2016** | 444,335,457 | 4,006,929 | 1,219,900,142 | (592,430) | 1,667,650,098 |
| **Restated balance at the beginning of the reporting period** | **444,335,457** | **4,006,929** | **1,219,900,142** | **(592,430)** | **1,667,650,098** |
| Profit for the year | **23,193,355** | **-** | **-** | **-** | **23,193,355** |
| Other comprehensive income for the year | **-** | **-** | **-** | **8,306,050** | **8,306,050** |
| **Total comprehensive income for the year** | **467,528,812** | **4,006,929** | **1,219,900,142** | **7,713,620** | **1,699,149,503** |
| Share-based payments [Note 44] | **-** | **(1,691,020)** | **-** | **-** | **(1,691,020)** |
| **Balance at 31 March 2017** | **467,528,812** | **2,315,909** | **1,219,900,142** | **7,713,620** | **1,697,458,483** |

Travel Corporation (India) Limited

## Statement of Changes in Equity (SOCIE) *(Continued)*

**Nature and purpose of reserves**

**i. Share options outstanding account**

The Company has established an equity-settled share-based payment plans for certain categories of employees of the Company. The shares of the holding Company are issued under the ESOP Scheme to the employees of the company.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of**
**Travel Corporation (India) Limited**
[CIN: U63040MH1961PLC012067]

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070

New Delhi
11 May 2017

**Dipak Deva**
*Managing Director*
[DIN: 02030005]

New Delhi
11 May 2017

**Madhavan Menon**
*Director*
[DIN No: 00008542]

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

## 2 Property, plant and equipment

| | Owned assets | | | | | Total |
|---|---|---|---|---|---|---|
| | Computer hardware | Office building | Furniture and fixtures | Vehicles | Office equipment | |
| **Deemed cost as at 1 April 2015 (Gross carrying value)** | 4,695,177 | 186,892,300 | 23,657,568 | 1,807,106 | 20,061,734 | 237,113,885 |
| Additions | 2,127,302 | 284,681,792 | 50,131,362 | - | 11,214,978 | 348,155,434 |
| Disposals | - | 673,936 | 184,642 | - | - | 858,578 |
| | | | | | | - |
| **Gross carrying value as of 31 March 2016** | 6,822,479 | 470,900,156 | 73,604,288 | 1,807,106 | 31,276,712 | 584,410,741 |
| | | | | | | - |
| **Accumulated depreciation as of 1 April 2015** | | | | | | - |
| Depreciation charge during the year | 2,157,284 | 4,222,599 | 5,795,770 | 368,126 | 14,635,215 | 27,178,994 |
| Disposals | - | 10,351 | 37,865 | - | - | 48,216 |
| Adjustment in retained earning | 250,647 | - | 117,993 | - | 5,365,878 | 5,734,518.28 |
| | | | | | | - |
| **Closing accumulated depreciation as of 31 March 2016** | 2,407,931 | 4,212,248 | 5,875,898 | 368,126 | 20,001,093 | 32,865,296 |
| | | | | | | - |
| **Carriying value as of 31 March 2016** | 4,414,548 | 466,687,908 | 67,728,390 | 1,438,980 | 11,275,619 | 551,545,445 |
| **Gross carriying value as of 1 April 2016** | **6,822,479** | **470,900,156** | **73,604,288** | **1,807,106** | **31,276,712** | **584,410,741** |
| Additions | **70,317** | **-** | **1,233,269** | **7,792,377** | **18,348** | **9,114,311** |
| Offset on reclassification of building as investment property | **-** | **282,925,898** | **-** | **-** | **-** | **282,925,898** |
| Disposals | **-** | **3,221,559** | **1,055,625** | **-** | **110** | **4,277,294** |
| **Gross carrying value as of 31 March 2017** | **6,892,796** | **184,752,699** | **73,781,932** | **9,599,483** | **31,294,950** | **306,321,860** |
| **Accumulated depreciation as of 1 April 2016** | | | | | | |
| Accumulated depreciation opening | **2,407,931** | **4,212,248** | **5,875,898** | **368,126** | **20,001,093** | **32,865,296** |
| Depreciation charge during the year | **1,684,777** | **3,342,687** | **10,251,354** | **434,936** | **2,436,531** | **18,150,285** |
| Disposals | **-** | **202,693** | **368,705** | **-** | **110** | **571,508** |
| Offset on reclassification of building as investment property | **-** | **1,020,834** | **-** | **-** | **-** | **1,020,834** |
| **Closing accumulated depreciation as of 31 March 2017** | **4,092,708** | **6,331,409** | **15,758,546** | **803,062** | **22,437,514** | **49,423,239** |
| **Carrying value as of 31 March 2017** | **2,800,087** | **178,421,290** | **58,023,386** | **8,796,422** | **8,857,436** | **256,898,621** |

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP

**Deemed cost as on 1 April 2015**

| **P A R T I C U L A R S** | Owned Assets | | | | | Total |
|---|---|---|---|---|---|---|
| | Computer hardware | Office Building | Furniture and Fixtures | Vehicles | Office Equipment | |
| Gross block as on 1 April 2015 | 28,645,738 | 228,696,269 | 39,283,846 | 5,927,248 | 29,964,202 | 332,517,303 |
| Accumulated depreciation till 1 April 2015 | 23,950,561 | 41,803,969 | 15,626,278 | 4,120,142 | 9,902,468 | 95,403,418 |
| Net block treated as deemed cost upon transition | 4,695,177 | 186,892,300 | 23,657,568 | 1,807,106 | 20,061,734 | 237,113,885 |

As on 31 March 2017, the Company had contractual commitments of Rs. NIL (31 March 2016 : NIL, 1 April, 2015 : NIL) for purchase of property, plant and equipment

## 2 Capital work-in-progress

| | |
|---|---|
| **As at 1 April 2016** | **-** |
| Additions during the year | **2,645,000** |
| Assets capitalised during the year | **-** |
| **As at 31 March 2017** | **2,645,000** |

Travel Corporation (India) Limited

## Notes to the financial statements *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

### 4 Intangibles

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance (After Ind AS adjustments) as at 1 April 2016 | Additions | Disposals | Balance as at 31 March 2017 | Balance (After Ind AS adjustments) as at 1 April 2016 | Charge for the year | Eliminated on disposal of assets | Balance as at 31 March 2017 | Balance as at 31 March 2017 | Balance as at 31 March 2016 |
| **Computer Software** | **11,426,437** | **-** | **-** | **11,426,437** | **4,703,347** | **4,460,273** | **-** | **9,163,620** | **2,262,817** | **6,723,090** |
| **Total** | **11,426,437** | **-** | **-** | **11,426,437** | **4,703,347** | **4,460,273** | **-** | **9,163,620** | **2,262,817** | **6,723,090** |

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance (After Ind AS adjustments) as at 1 April 2015 | Additions | Disposals | Balance as at 31 March 2016 | Balance (After Ind AS adjustments) as at 1 April 2015 | Charge for the year | Eliminated on disposal of assets | Balance as at 31 March 2016 | Balance as at 31 March 2016 | Balance as at 1 April 2015 |
| Computer Software | 11,426,437 | - | - | 11,426,437 | | 4,703,347 | - | 4,703,347 | 6,723,090 | 11,426,437 |
| **Total** | 11,426,437 | - | - | 11,426,437 | - | 4,703,347 | - | 4,703,347 | 6,723,090 | 11,426,437 |

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated amortisation on April 1, 2015 under the previous GAAP

**Deemed cost as on 1 April 2015**

| PARTICULARS | Computer Software | Total |
|---|---|---|
| Gross block as on 1 April 2015 | 44,626,894 | 44,626,894 |
| Accumulated depreciation till 1 April 2015 | 33,200,457 | 33,200,457 |
| Net block treated as deemed cost upon transition | 11,426,437 | 11,426,437 |

**Notes to the financial statements *(Continued)***
*as at 31 March 2017*

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **5 Investments in subsidiaries and associates** | | | |
| **I. Investments in equity instruments** | | | |
| **Unquoted investments *** | | | |
| Investment in subsidiaries: | | | |
| 50,000 Equity shares of Rs.10 each fully paid-up of TC Visa Services (India) Limited | **500,000** | 500,000 | 500,000 |
| 59,523,801 Ordinary shares of HKD 1 each fully paid-up of Travel Circle International Services Limited (Formerly known as Kuoni Travel (China) Limited) | **501,398,729** | 501,398,729 | - |
| 1 Ordinary shares of SGD 1 each fully paid-up of Horizon Travel Holdings (Singapore) Private Limited | **46** | 46 | - |
| Investment in an associate: | | | |
| 4,219,107 Equity shares of Rs. 10 each fully paid-up of SOTC Travel Services Private Limited (formerly Kuoni Travel (India ) Private Limited) | **1,390,000,299** | 1,390,000,299 | - |
| **Total** | **1,891,899,074** | 1,891,899,074 | 500,000 |
| Aggregate book value of unquoted non-current investments | **1,891,899,074** | **1,891,899,074** | **500,000** |

*** Carried at cost**

## 6 Other non-current financial assets

*(Unsecured, considered good unless otherwise stated)*

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Security deposits* | **4,114,161** | 6,076,027 | 2,499,857 |
| | **4,114,161** | 6,076,027 | 2,499,857 |

*Financial asset carried at amortised cost

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

### 7 Income taxes

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **A. The major component of Income tax expenses are as under:** | | |
| **(i) Income tax recognised in Statement of profit and loss** | | |
| **Current tax** | | |
| In respect of current year | **10,368,103** | 26,982,819 |
| **Deferred tax** | | |
| In respect of current year | **9,453,468** | (20,810,491) |
| **Income Tax expense recognised in Statement of profit and loss** | **19,821,571** | 6,172,328 |
| **(ii) Amounts recognised in other comprehensive income** | | |
| Deferred tax expense on remeasurements of defined benefit plans | **4,102,708** | (292,626) |
| **Income tax expense recognised in OCI** | **4,102,708** | (292,626) |
| **B. Reconciliation of tax expense and the accounting profit for the year is as under :** | | |
| **Profit before tax** | **43,014,926** | 55,378,690 |
| Tax using the Company's domestic tax rate (Current year 33.063% and Previous Year 34.61%) | **14,222,025** | 19,165,457 |
| Tax effect of: | | |
| Non-deductible tax expenses | **23,246,807** | 38,975,120 |
| Income exempt from income taxes | **-** | 53,965,639 |
| Others | **(27,100,729)** | (85,123,397) |
| **Total** | **10,368,103** | 26,982,819 |
| Adjustments in respect of deferred tax | **9,453,468** | (20,810,491) |
| **Tax expense as per statement of profit and loss** | **19,821,571** | 6,172,328 |

(Currency : Indian rupees)

## 7 Income taxes *(Continued)*

**C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:**

**31 March 2017**

| | Balance 1 April 2016 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | | |
| Property, plant and equipment | (57,705,811) | (10,283,072) | - | (67,988,883) | - | (67,988,883) |
| Employee benefits | 3,038,479 | 465,852 | (4,102,708) | (598,377) | - | (598,377) |
| Equity-settled share-based payments | 1,270,658 | (510,209) | - | 760,449 | 760,449 | - |
| Provisions | 58,173,081 | 330,157 | - | 58,503,238 | 58,503,238 | - |
| Disallowances unfer IT Act | - | 543,803 | - | 543,803 | 705,875 | - |
| **Tax assets (Liabilities)** | **4,776,407** | **(9,453,469)** | **(4,102,708)** | **(8,779,770)** | **59,969,562** | **(68,587,260)** |

**31 March 2016**

| | Net balance April 1, 2016 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | | |
| Property, plant and equipment | (57,547,406) | (158,405) | - | (57,705,811) | - | (57,705,811) |
| Employee benefits | 2,847,024 | (101,171) | 292,626 | 3,038,479 | 3,038,479 | - |
| Equity-settled share-based payments | 3,804,083 | (2,533,425) | - | 1,270,658 | 1,270,658 | - |
| Provision for doubtful debts and advances | 32,673,758 | 25,499,323 | - | 58,173,081 | 58,173,081 | - |
| **Tax assets (Liabilities)** | **(18,222,541)** | **22,706,322** | **292,626** | **4,776,407** | **62,482,218** | **(57,705,811)** |

**Tax losses carried forward**

| | 31 March 2017 | Expiry date |
|---|---|---|
| Expire | 52,535,009 | 31-Mar-24 |
| Never Expire | - | |

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| **8** | **Other tax assets** | | | |
| | Advance tax | **270,116,276** | 253,983,327 | 217,132,386 |
| | MAT Credit | **12,936,434** | 7,965,360 | 12,922,805 |
| | | **283,052,710** | 261,948,687 | 230,055,191 |
| **9** | **Other non-current assets** | | | |
| | Capital advances | - | - | 26,793,750 |
| | Prepaid expenses | **575,746** | 1,988,794 | 215,948 |
| | Advance paid to gratuity fund | **5,157,608** | - | - |
| | | **5,733,354** | 1,988,794 | 27,009,698 |
| **10** | **Current investments** | | | |
| | ***Investments in mutual funds (unquoted)*** *(carried at fair value through profit or loss)* | | | |
| | Nil (1 April 2015 - 69,604) Units of Rs 1,003 each of SBI Premier Liquid Fund - Direct Plan - Daily Dividend | - | - | 69,830,052 |
| | Nil (1 April 2015 - 692,880) Units of Rs 100 each ICICI Prudential Liquid - Direct Plan - Daily Dividend | - | - | 69,327,353 |
| | Nil (1 April 2015 - 2,053,493) Units of Rs 100 each Birla Sun Life Cash Plus - Direct Plan - Daily Dividend Reinvestment | - | - | 205,749,767 |
| | Nil (1 April 2015 - 736,086) Units of Rs 10 each of HDFC Cash Management Fund - Savings Plan - Direct Plan - Daily Dividend Reinvestment | - | - | 7,506,748 |
| | Nil (1 April 2015 - 125,757) Units of Rs 1,001 each of Baroda Pioneer Liquid Fund - Plan B - Daily Dividend Reinvestment | - | - | 125,898,129 |
| | Nil (1 April 2015 - 18,504) Units of Rs 1,098 each of LIC Nomura MF Liquid Fund - Direct Plan - Daily Dividend | - | - | 20,317,033 |
| | | - | - | 498,629,082 |
| | **Notes:** | | | |
| | Aggregate book value of unquoted current investments | - | - | 498,629,082 |
| | Market value of unquoted current investment | - | - | 498,629,082 |
| **11** | **Trade receivables** *Unsecured* | | | |
| | - Considered good | **296,648,517** | 214,833,626 | 191,890,373 |
| | - Considered doubtful | **91,197,356** | 88,499,158 | 91,970,718 |
| | | **387,845,873** | 303,332,784 | 283,861,091 |
| | Less Impairment loss | **(91,197,356)** | (88,499,158) | (91,970,718) |
| | | **296,648,517** | 214,833,626 | 191,890,373 |
| | **Trade receivables includes :** | | | |
| | Dues from related party | **289,581** | - | - |
| **12** | **Cash and cash equivalents** | | | |
| | Balance with banks : | | | |
| | In current account | **176,146,361** | 20,415,288 | 16,369,462 |
| | Deposit Accounts with less than or equal to 3 months maturity - Others | **20,000,000** | 250,000 | - |
| | Cheques, drafts on hand | **35,609** | 7,978,836 | 9,689,290 |
| | Cash on hand | **8,636,000** | 904,307 | 1,017,723 |
| | | **204,817,970** | 29,548,431 | 27,076,475 |

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

### 13 Other current financial assets
*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Interest receivable from related party | - | - | 11,698,828 |
| Accrued revenue | **798,754** | 10,286,755 | 27,569,196 |
| Security deposits | **490,309** | 490,309 | 590,309 |
| | **1,289,063** | 10,777,064 | 39,858,333 |

### 14 Other current assets

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Advances to related parties | - | 1,690,944 | 233,426 |
| Export benefits receivable | **52,930,665** | - | - |
| Prepaid expenses | **790,806** | 1,385,044 | 2,664,898 |
| Balances with Government Authorities (Cenvat / Service tax credit receivable) | **1,429,777** | 948,036 | 194,650 |
| Assets held for sale (at lower of cost and net realisable value) | - | 304,750 | - |
| Advance to vendors | | | |
| --- Considered good | **159,114,301** | 59,798,011 | 114,194,492 |
| -- Considered doubtful | **85,747,381** | 77,281,448 | 2,741,081 |
| | **244,861,682** | 137,079,459 | 116,935,573 |
| Less Impairment loss | **(85,747,381)** | (77,281,448) | (2,741,081) |
| | **159,114,301** | 59,798,011 | 114,194,492 |
| Staff advances | | | |
| --Considered good | **687,086** | 1,006,057 | 847,887 |
| - Considered doubtful | - | 1,947,182 | 1,415,760 |
| | **687,086** | 2,953,239 | 2,263,647 |
| Less Impairment loss | - | (1,947,182) | (1,415,760) |
| | **687,086** | 1,006,057 | 847,887 |
| | **214,952,636** | 65,132,842 | 118,135,353 |

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **15 Share Capital** | | | |
| **a Authorised :** | | | |
| 3,000,000 (31 March 2016 3,000,000) Equity Shares of Rs. 10 each | **30,000,000** | 30,000,000 | 20,000,000 |
| **b Issued and Subscribed and Paid up:** | | | |
| 2,165,395 (31 March 2016: 2,165,395) equity shares of Rs 10 each, fully paid-up | **21,653,950** | 21,653,950 | 15,766,980 |
| | **21,653,950** | 21,653,950 | 15,766,980 |

**c Reconciliation of number of shares outstanding at the beginning and end of the year :**

**Equity share :**

| | **31 March 2017** | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **Amount in INR** | No. of Shares | Amount in INR | No. of Shares | Amount in INR |
| At the commencement of the year | **2,165,395** | **21,653,950** | 1,576,698 | 15,766,980 | 1,576,698 | 15,766,980 |
| Add: Shares issued to Sterling Holiday Resorts Limited (erstwhile Thomas Cook Insurance Services (India) Ltd) | **-** | **-** | 588,697 | 5,886,970 | - | - |
| Outstanding at the end of the year | **2,165,395** | **21,653,950** | 2,165,395 | 21,653,950 | 1,576,698 | 15,766,980 |

**d Rights attached to Equity shares**

The Company has a single class of equity shares having 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 after distribution of all preferential amounts, if any. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

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 all preferential amounts in proportion to the number of equity shares held.

(Currency : Indian rupees)

## 15 Share Capital *(Continued)*

### e *Shares held by holding company / ultimate holding company / subsidiaries of holding company*

| Equity share | **31 March 2017** | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **Amount in INR** | No. of Shares | Amount in INR | No. of Shares | Amount in INR |
| **Equity shares of Rs 10 each fully paid-up held by:** | | | | | | |
| Thomas Cook (India) Limited ('Holding Company') | **1,576,698** | **15,766,980** | 1,576,698 | 15,766,980 | 1,576,698 | 15,766,980 |
| Sterling Holiday Resorts Limited (erstwhile Thomas Cook Insurance Services (India) Ltd) | **73,234** | **732,340** | 588,698 | 5,886,980 | - | - |
| SOTC Travel Services Private Limited (Formerly known as Kuoni Travel (India) Private Limited) | **438,144** | **4,381,440** | - | - | - | - |
| Distant Frontiers Tours Private Limited | **77,320** | **773,200** | - | - | - | - |
| | **2,165,396** | **21,653,960** | 2,165,396 | 21,653,960 | 1,576,698 | 15,766,980 |

### f Shareholders holding more than 5% shares in the company is set out below:

| Equity share | **31 March 2017** | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **No of shares %** | No. of Shares | No of shares % | No. of Shares | No of shares % |
| ***Equity shares of Rs 10 each, fully paid-up, held by:*** | | | | | | |
| Thomas Cook (India) Limited ('Holding Company') | **1,576,698** | **72.81%** | 1,576,698 | 72.81% | 1,576,698 | 100.00% |
| Sterling Holiday Resorts Limited (erstwhileThomas Cook Insurance Services (India) Ltd) | **73,234** | **3.38%** | 588,698 | 27.19% | - | 0.00% |
| SOTC Travel Services Private Limited (Formerly known as Kuoni Travel (India) Private Limited) | **438,144** | **20.23%** | - | 0.00% | - | 0.00% |

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| **16** | **Other equity** | | | |
| | **Securities premium** | | | |
| | At the commencement of the year | **1,119,112,997** | - | - |
| | Add: On issue of shares | **-** | 1,119,112,997 | - |
| | At the end of the year | **1,119,112,997** | 1,119,112,997 | - |
| | **General reserve** | | | |
| | At the commencement and end of the year | **100,627,008** | 100,627,008 | 100,627,008 |
| | **Capital reserve** | | | |
| | At the commencement and end of the year | **160,137** | 160,137 | 160,137 |
| | | | | - |
| | | **1,219,900,142** | 1,219,900,142 | 100,787,145 |

<u>**Nature and purpose of reserves**</u>

i. **Securities premium**
The reserve comprises of premium on issue of shares.

ii. **General reserve**
General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.

iii. **Capital reserve**
The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| **17** | **Borrowings** | | | |
| | **Secured** | | | |
| | Term loan from financial institution | **330,000,000** | 450,000,000 | - |
| | | **330,000,000** | 450,000,000 | - |

**Nature of security:**
Backed by a Corporate Guaranatee from Thomas Cook (India) Limited and a Negative Lien over commercial property located at Marathon, Lower Parel owned by the Company.

**Terms of repayment:**
Repayble in 20 equal quarterly installments beginning from the quarter subsequent to taking the loan (October 2015) along with monthly interest which is base rate + 1%.

| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| **18** | **Long-term provisions** | | | |
| | **Provision for employee benefits** | | | |
| | Gratuity [refer Note 37] | **-** | 6,594,072 | 5,455,729 |
| | | **-** | 6,594,072 | 5,455,729 |
| **19** | **Short term borrowings** | | | |
| | **Unsecured** | | | |
| | Bank overdraft | **-** | 30,938,905 | 15,095,856 |
| | | **-** | 30,938,905 | 15,095,856 |
| **20** | **Trade and other payables** | | | |
| | Due to micro, small and medium enterprises | **-** | - | - |
| | Due to others | **967,823,346** | 469,695,804 | 355,225,795 |
| | | **967,823,346** | 469,695,804 | 355,225,795 |

(Currency : Indian rupees)

## 21 Current - other financial liabilities

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Current maturities of long-term debt | **120,000,000** | 120,000,000 | - |
| Interest accrued but not due on borrowings | **3,914,384** | 4,972,705 | - |
| Book overdraft | **-** | 342,507 | 1,024,287 |
| Interim dividend payable | **-** | - | 63,067,920 |
| Dividend distribution tax payable | **-** | - | 12,913,160 |
| Accrued salary and benefits | **9,277,009** | 8,745,694 | 22,327,749 |
| Directors commission payable | **354,821** | - | - |
| | **133,546,214** | 134,060,906 | 99,333,116 |

## 22 Other current liabilities

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Customers' advances | **35,806,510** | 27,136,092 | 53,853,124 |
| Statutory dues | **4,895,198** | 9,783,394 | 11,596,274 |
| | **40,701,708** | 36,919,486 | 65,449,398 |

## 23 Short term provisions

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Provision for employee benefits - current** | | | |
| Compensated absences [refer Note 37] | **483,541** | 2,011,143 | - |
| **Other provision :** | | | |
| Provision for income tax | **241,064,300** | 225,725,123 | 203,699,749 |
| | **241,547,841** | 227,736,266 | 203,699,749 |

## Notes to the financial statements *(Continued)*

*for the year ended 31 March 2017*

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| **24 Revenue from operations** | | |
| **(A) Sales and services** | | |
| Income from tours | **1,900,491,810** | 1,523,244,736 |
| | **1,900,491,810** | 1,523,244,736 |
| **(B) Other operating revenue** | | |
| Commission income | **10,072,354** | 16,191,460 |
| Marketing fees and other incentive income | **258,061** | - |
| Unclaimed credit balances no longer required, written back | **5,427,850** | - |
| Excess provision written back | **4,481,773** | 24,825,660 |
| Other miscellaneous operating income | **1,457,488** | 14,933,372 |
| | **21,697,526** | 55,950,492 |
| | **1,922,189,335** | 1,579,195,229 |
| **25 Other income** | | |
| Interest on deposits and investments | **20,854** | 24,984 |
| Dividend Income from Mutual Funds | **-** | 29,738,602 |
| Dividend on equity shares - subsidiary | **-** | 155,934,000 |
| Profit on sale of fixed assets (net) | **24,599,920** | 5,277,051 |
| Export Incentives | **106,303,851** | - |
| Facility Support Income | **34,854,968** | - |
| Profit on sale of mutual fund units | **253,042** | - |
| Exchange gain (net) | **-** | 5,166,657 |
| Miscellaneous income | **-** | 2,683,206 |
| | **166,032,635** | 198,824,499 |
| **26 Cost of tours** | **1,761,524,391** | 1,318,411,161 |
| | **1,761,524,391** | 1,318,411,161 |

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| **27 Employee benefit expense** | | |
| Salaries and other allowances | **80,759,103** | 173,019,234 |
| Contribution to provident fund and other funds | **3,048,920** | 7,485,000 |
| Compensated absences | **(1,527,602)** | - |
| Gratuity | **2,591,401** | 2,304,454 |
| Share-based payment to employees | **(1,691,020)** | (7,988,977) |
| Staff welfare | **2,524,711** | 5,306,209 |
| | **85,705,513** | 180,125,920 |
| **28 Finance costs** | | |
| Interest expenses | **66,459,814** | 28,156,429 |
| Other finance charges | **3,311,403** | 6,488,920 |
| | **69,771,217** | 34,645,349 |
| **29 Other expenses** | | |
| Legal and professional charges | **29,317,133** | 27,452,320 |
| Electricity charges | **7,956,475** | 7,913,818 |
| Repairs and maintenance – others | **7,156,451** | 7,434,773 |
| Advertisement and publicity | **5,040,064** | 8,403,228 |
| Rates and taxes | **2,696,807** | 1,755,608 |
| Travelling expenses | **2,483,544** | 17,686,118 |
| Operational lease rentals | **2,459,019** | 5,389,650 |
| Security services | **1,846,660** | 936,214 |
| Corporate social responsibility expenses | **1,670,000** | - |
| Communication | **1,308,598** | 1,792,468 |
| Auditors' remuneration | **1,950,000** | 3,942,800 |
| Exchange gain (net) | **11,446,683** | - |
| Printing and stationery | **708,647** | 593,406 |
| Sales promotion | **512,755** | - |
| Insurance | **508,974** | 186,052 |
| Director commission | **354,821** | - |
| Provision for doubtful debts | **19,809,481** | 71,600,231 |
| Miscellaneous expenses | **3,661,577** | 2,489,581 |
| | **100,887,690** | 157,576,267 |
| As auditor | | |
| - Statutory audit | **1,100,000** | 2,600,000 |
| - Tax Audit | **600,000** | 600,000 |
| - Others | **250,000** | 700,000 |
| Out of pocket expenses | **-** | 42,800 |
| | **1,950,000** | 3,942,800 |

## Notes to the financial statements *(Continued)*
*for the year ended 31 March 2017*

(Currency : Indian rupees)

### 30 Earnings per share (EPS)

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| A. Net profit for the year | **23,193,355** | 49,206,362 |
| B. Weighted average number of equity shares outstanding during the year | **2,165,395** | 1,938,602 |
| Basic and diluted earnings per share | | |
| C. Basic and diluted earnings per share (A/B) | **10.71** | 25.38 |

## Notes to the financial statements *(Continued)*
*for the year ended 31 March 2017*

(Currency : Indian rupees)

### 31 Financial instruments – Fair values and risk management

#### A. Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

| 31 March 2017 | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial instruments measured at fair value through profit or loss (FVTPL) | Financial instruments measured at fair value through comprehensive income (FVTOCI) | Financial instruments measured at amortized cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets not measured at Fair value** | | | | | | | | |
| Trade receivables | - | - | 296,648,517 | 296,648,517 | - | - | - | - |
| Cash and cash equivalents | - | - | 204,817,970 | 204,817,970 | - | - | - | - |
| Other financial assets | | | | | | | | - |
| - Non-current | - | - | 4,114,161 | 4,114,161 | - | 4,114,161 | - | 4,114,161 |
| - Current | - | - | 1,289,063 | 1,289,063 | - | - | - | - |
| | - | - | 506,869,711 | 506,869,711 | - | 4,114,161 | - | 4,114,161 |
| **Financial Liabilities not measured at Fair value** | | | | | | | | |
| Trade payables | - | - | 967,823,346 | 967,823,346 | - | - | - | - |
| Borrowings | - | - | 330,000,000 | 330,000,000 | - | 330,000,000 | - | 330,000,000 |
| Other financial liabililties | | | | | | | | |
| - Current | - | - | 133,546,214 | 133,546,214 | - | - | - | - |
| **Total financial liabilities** | - | - | 1,431,369,560 | 1,431,369,560 | - | 330,000,000 | - | 330,000,000 |

(Currency : Indian rupees)

## 31 Financial instruments – Fair values and risk management *(Continued)*

### A. Accounting classification and fair values *(Continued)*

| **31 March 2016** | **Carrying amount** | | | | **Fair value** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Financial instruments measured at fair value through profit or loss (FVTPL)** | **Financial instruments measured at fair value through comprehensive income (FVTOCI)** | **Financial instruments measured at amortized cost** | **Total** | **Level 1 - Quoted price in active markets** | **Level 2 - Significant observable inputs** | **Level 3 - Significant unobservable inputs** | **Total** |
| **Financial assets not measured at Fair value** | | | | | | | | |
| Trade receivables | - | - | 214,833,626 | 214,833,626 | - | - | - | - |
| Cash and cash equivalents | - | - | 29,548,431 | 29,548,431 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 6,076,027 | 6,076,027 | - | 6,076,027 | - | 6,076,027 |
| - Current | - | - | 10,777,064 | 10,777,064 | - | - | - | - |
| | - | - | 261,235,148 | 261,235,148 | | 6,076,027 | | 6,076,027 |
| **Financial Liabilities not measured at Fair value** | | | | | | | | |
| Trade payables | - | - | 469,695,804 | 469,695,804 | - | - | - | - |
| Borrowings | - | - | 450,000,000 | 450,000,000 | - | 450,000,000 | - | 450,000,000 |
| Other financial liabililties | | | | - | | - | | - |
| - Current | - | - | 134,060,906 | 134,060,906 | - | - | - | - |
| **Total financial liabilities** | - | - | 1,053,756,710 | 1,053,756,710 | | 450,000,000 | | 450,000,000 |

(Currency : Indian rupees)

## 31 Financial instruments – Fair values and risk management *(Continued)*

### A. Accounting classification and fair values *(Continued)*

| 1 April 2015 | Financial instruments measured at fair value through profit or loss (FVTPL) | Financial instruments measured at fair value through comprehensive income (FVTOCI) | Financial instruments measured at amortized cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
|---|---|---|---|---|---|---|---|---|
| **Financial assets measured at Fair value** | | | | | | | | |
| Investments | 498,629,082 | - | - | 498,629,082 | - | 498,629,082 | - | 498,629,082 |
| | 498,629,082 | - | - | 498,629,082 | - | 498,629,082 | - | 498,629,082 |
| **Financial assets not measured at Fair value** | | | | | | | | |
| Trade receivables | - | - | 191,890,373 | 191,890,373 | - | - | - | - |
| Cash and cash equivalents | - | - | 27,076,475 | 27,076,475 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 2,499,857 | 2,499,857 | | 2,499,857 | - | 2,499,857 |
| - Current | - | - | 39,858,333 | 39,858,333 | - | - | - | - |
| | | | 261,325,037 | 261,325,037 | | 2,499,857 | - | 2,499,857 |
| **Financial Liabilities not measured at Fair value** | | | | | | | | |
| Trade payables | - | - | 355,225,795 | 355,225,795 | | - | | - |
| Other financial liabililties | | | | | | | | |
| - Current | - | - | 99,333,116 | 99,333,116 | | - | | - |
| **Total financial liabilities** | - | - | 454,558,911 | 454,558,911 | | - | | - |

Note: The fair value for financial instruments such as trade receivables, cash and cash equivalents, trade payables and other non current payable and receivables are repayable on demand have not been disclosed because the carrying values approximate the fair value

## 31 Financial instruments – Fair values and risk management *(Continued)*

**Accounting classification and fair values *(Continued)***

### B. Measurement of fair values

Valuation techniques and significant unobservable inputs
The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Forward contracts for foreign exchange contracts | Not Applicable | Not Applicable | Not Applicable |

**Transfers between Levels**

There were no transfers in either direction in any of the reporting periods.

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
▪ Credit risk ;
▪ Liquidity risk ; and
▪ Market risk

**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 board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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 audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(Currency : Indian rupees)

## 31 Financial instruments – Fair values and risk management *(Continued)*

### C. Financial risk management *(Continued)*

#### 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.

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. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Risk Management Committee.

The average credit period on sales of services is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

| Movement in impairement on trade receivables | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Balance at the beginning of the year | **88,499,158** | 91,970,718 | 24,355,216 |
| Impairement | **2,698,198** | (3,471,560) | 67,615,502 |
| Balance at the end of the year | **91,197,356** | 88,499,158 | 91,970,718 |

**Cash and cash equivalents**

The Company held cash and cash equivalents of INR 204,817,970 at 31 March 2017 (31 March 2016: INR 29,548,687). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

(Currency : Indian rupees)

## 31 Financial instruments – Fair values and risk management *(Continued)*

### C. Financial risk management *(Continued)*

#### 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.

The company's principal source of liquidity are cash and cash equivalents; bank overdraft and the cash flow that is generated from operations. The company has an outstanding bank borrowings on Rs.450,000,000. As of March 2017 the company had working capital of Rs - 665,910,877/- including cash and cash equivalents of Rs 204,817,970/- and current investments of Rs NIL. As of March 2016 company had working capital of Rs - 579,059,358/- including cash and cash equivalent of Rs 29,548,431/- and current investement of Rs NIL. Company has negative working capital due to funds utilized for acquisition. The company has approved unutilized line of credit of INR 300,000,000 as on balance sheet date and this line of credit can be drawn down to meet short term financing needs. The Company does not perceive any liquidity risk.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| | | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|---|
| **31 March 2017** | **Carrying amount** | **Total** | **Less than 6 months** | **6-12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | | |
| Rupee term loans from banks | **450,000,000** | **450,000,000** | **60,000,000** | **60,000,000** | **120,000,000** | **210,000,000** | **-** |
| Trade and other payables | **967,823,346** | **967,823,310** | **967,823,310** | **-** | **-** | **-** | **-** |
| Other financial liabilities | **13,546,214** | **13,546,214** | **13,546,214** | **-** | **-** | **-** | **-** |

| | | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|---|
| **31 March 2016** | **Carrying amount** | **Total** | **Less than 6 months** | **6-12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | | |
| Rupee term loans from banks | 570,000,000 | 570,000,000 | 60,000,000 | 60,000,000 | 120,000,000 | 330,000,000 | - |
| Working capital loans from banks | 30,938,905 | 30,938,905 | 30,938,905 | - | - | - | - |
| Trade and other payables | 469,695,804 | 470,038,277 | 470,038,277 | - | - | - | - |
| Other financial liabilities | 14,060,906 | 14,060,906 | 14,060,906 | - | - | - | - |

| | | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|---|
| **1 April 2015** | **Carrying amount** | **Total** | **Less than 6 months** | **6-12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | | |
| Working capital loans from banks | 15,095,856 | 15,095,856 | 15,095,856 | - | - | - | - |
| Trade and other payables | 355,225,795 | 356,250,082 | 356,250,082 | - | - | - | - |
| Other financial liabilities | 99,336,116 | 99,336,116 | 99,336,116 | - | - | - | - |

(Currency : Indian rupees)

## 31 Financial instruments – Fair values and risk management *(Continued)*

### C. Financial risk management *(Continued)*

### iv. 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. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**Currency risk**

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee.

**Exposure to currency risk (Exposure in dfferent currencies converted to functional currency)**

The currency profile of financial assets and financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015 are as below:

| | 31 March 2017<br>USD | 31 March 2017<br>EUR | 31 March 2017<br>JPY | 31 March 2017<br>GBP |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | **131,244,505** | **9,028,709** | **65,836,042** | **13,930,709** |
| Trade and other receivables | **184,465,062** | **-** | **78,558,576** | **7,897,245** |
| | **315,709,568** | **9,028,709** | **144,394,617** | **21,827,954** |
| **Financial liabilities** | | | | |
| Trade and other payables | **70,622,211** | **1,581,121** | **-** | **6,019,289** |
| | **70,622,211** | **1,581,121** | **-** | **6,019,289** |
| **Net exposure in respective currencies** | **245,087,357** | **7,447,588** | **144,394,617** | **15,808,665** |

| | 31 March 2016<br>USD | 31 March 2016<br>EUR | 31 March 2016<br>JPY | 31 March 2016<br>GBP |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 17,437,041 | 52,260 | 233,087,299 | - |
| Trade and other receivables | 114,822,402 | - | - | - |
| | 132,259,444 | 52,260 | 233,087,299 | - |
| **Financial liabilities** | | | | |
| Trade and other payables | - | 2,094,708 | 16,538,745 | 122,779 |
| | - | 2,094,708 | 16,538,745 | 122,779 |
| **Net exposure in respective currencies** | 132,259,444 | (2,042,449) | 216,548,554 | (122,779) |

| | 1 April 2015<br>USD | 1 April 2015<br>EUR | 1 April 2015<br>JPY | 1 April 2015<br>GBP |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 3,194,605 | 367,604 | 844,320,750 | - |
| Trade and other receivables | 84,048,922 | - | 322,921,360 | 17,983,390 |
| | 87,243,527 | 367,604 | 1,167,242,110 | 17,983,390 |
| **Financial liabilities** | | | | |
| Trade and other payables | - | 3,996,678 | - | - |
| | - | 3,996,678 | - | - |
| **Net exposure in respective currencies** | 87,243,527 | (3,629,074) | 1,167,242,110 | 17,983,390 |

(Currency : Indian rupees)

## 31 Financial instruments – Fair values and risk management *(Continued)*

### C. Financial risk management *(Continued)*

### iv. Market risk *(Continued)*

**Exposure to currency risk (Exposure in dfferent currencies converted to functional currency) *(Continued)***

The following significant exchange rates have been applied during the year.

| | Average rate | | Year-end spot rate | | |
|---|---|---|---|---|---|
| | **31 March 2017** | 31 March 2016 | **31 March 2017** | 31 March 2016 | April 1, 2015 |
| USD | **67.02** | 65.64 | **64.92** | 66.32 | 62.35 |
| EUR | **73.30** | 72.40 | **69.33** | 75.02 | 67.30 |
| JPY | **61.90** | 54.73 | **57.92** | 58.99 | 52.13 |
| GBP | **87.23** | 98.57 | **81.07** | 95.03 | 92.75 |

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against various currencies as mentioned above at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in the respective currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast transactions to be held in the foreign currencies.

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| **Effect in INR** | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| **31 March 2017** | | | | |
| **1% movement** | | | | |
| USD | **2,450,874** | **(2,450,874)** | - | - |
| EUR | **74,476** | **(74,476)** | - | - |
| JPY | **1,443,946** | **(1,443,946)** | - | - |
| GBP | **158,087** | **(158,087)** | - | - |
| | **4,127,382** | **(4,127,382)** | - | - |

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| **Effect in INR** | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| **31 March 2016** | | | | |
| **1% movement** | | | | |
| USD | 1,322,594 | (1,322,594) | - | - |
| EUR | (20,424) | 20,424 | - | - |
| JPY | 2,165,486 | (2,165,486) | - | - |
| GBP | (1,228) | 1,228 | - | - |
| | **3,466,428** | **(3,466,428)** | - | - |

(Currency : Indian rupees)

## 32 Transition to Ind AS:

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS. On transition from IGAAP to Ind As there is no impact on cash flows.

**Reconciliation of equity as at 1 April 2015**

| | | Footnote ref. | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| **1** | **Non-current assets** | | | | |
| (a) | Property, plant and equipment | | 237,113,885 | - | 237,113,885 |
| (b) | Other intangible assets | | 11,426,437 | - | 11,426,437 |
| (c) | Financial assets | | - | - | - |
| (i) | Investments | | 500,000 | - | 500,000 |
| (d) | Other non-current assets | 1 | 55,989,335 | (124,338) | 55,864,997 |
| | **Total non-current assets** | | 305,029,657 | (124,338) | 304,905,319 |
| **2** | **Current assets** | | | | |
| (a) | Financial assets | | | | |
| (i) | Investments | | 498,629,082 | - | 498,629,082 |
| (ii) | Trade and other receivables | | 191,890,374 | - | 191,890,374 |
| (iii) | Cash and cash equivalents | | 27,076,475 | - | 27,076,475 |
| (iv) | Loans | | 115,275,805 | - | 115,275,805 |
| (v) | Others | | 3,332,412 | - | 3,332,412 |
| (b) | Other current assets | 1 | 39,268,024 | 117,445 | 39,385,469 |
| | **Total current assets** | | 875,472,172 | 117,445 | 875,589,617 |
| | **Total assets** | | 1,180,501,829 | (6,893) | 1,180,494,936 |
| | **EQUITY AND LIABILITIES** | | | | |
| **1** | **Equity** | | | | |
| (a) | Equity share capital | | 15,766,980 | - | 15,766,980 |
| (b) | Other equity | | 602,148,326 | 3,797,190 | 605,945,516 |
| | **Total equity** | | 617,915,306 | 3,797,190 | 621,712,496 |
| | **LIABILITIES** | | | | |
| **2** | Non-current liabilities | | | | |
| (a) | Long-term provisions | | 5,455,729 | - | 5,455,729 |
| (b) | Deferred tax liabilities (Net) | 5 | 22,026,624 | (3,804,083) | 18,222,541 |
| | **Total non-current liabilities** | | 27,482,353 | (3,804,083) | 23,678,270 |
| **3** | **Current liabilities** | | | | |
| (a) | Financial liability | | - | - | - |
| (i) | Short term borrowings | | 15,095,856 | - | 15,095,856 |
| (ii) | Trade and other payables | | 328,501,909 | - | 328,501,909 |
| (b) | Other current liabilities | | 191,506,405 | - | 191,506,405 |
| | **Total current liabilities** | | 535,104,170 | - | 535,104,170 |
| | **Total liabilities** | | 562,586,523 | (3,804,083) | 558,782,440 |
| | **Total equity and liabilities** | | 1,180,501,829 | (6,893) | 1,180,494,936 |

(Currency : Indian rupees)

## 32 Transition to Ind AS: *(Continued)*

**Reconciliation of equity as at 31 March 2016**

| | | Footnote ref. | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| 1 | **Non-current assets** | | | | |
| | (a) Property, plant and equipment | | 551,545,446 | - | 551,545,446 |
| | (b) Other intangible assets | | 6,723,090 | - | 6,723,090 |
| | (c) Financial assets | | | | |
| | (i) Investments | | 1,891,899,028 | - | 1,891,899,028 |
| | (d) Deferred tax assets (net) | 5 | 3,505,749 | 1,270,658 | 4,776,407 |
| | (e) Other non-current assets | 1 | 44,412,722 | (124,338) | 44,288,384 |
| | **Total non-current assets** | | 2,498,086,035 | 1,146,320 | 2,499,232,355 |
| 2 | **Current assets** | | | | |
| | (a) Financial assets | | - | - | - |
| | (i) Trade and other receivables | | 214,833,626 | - | 214,833,626 |
| | (ii) Cash and cash equivalents | | 29,548,431 | - | 29,548,431 |
| | (iii) Loans | | 62,495,058 | - | 62,495,058 |
| | (iv) Others | | 2,705,944 | - | 2,705,944 |
| | (b) Other current assets | 1 | 10,591,505 | 117,445 | 10,708,950 |
| | **Total current assets** | | 320,174,564 | 117,445 | 320,292,009 |
| | **Total assets** | | 2,818,260,599 | 1,263,765 | 2,819,524,364 |
| | **EQ EQUITY AND LIABILITIES** | | | | |
| 1 | **Equity** | | | | |
| | (a) Equity share capital | | 21,653,950 | - | 21,653,950 |
| | (b) Other Equity | | 1,666,386,335 | 1,263,765 | 1,667,650,100 |
| | **Total equity** | | 1,688,040,285 | 1,263,765 | 1,689,304,050 |
| | **LIABILITIES** | | | | |
| 2 | Non-Current Liabilities | | | | |
| | (a) Financial liability | | | | |
| | (i) Long-term borrowings | | 450,000,000 | - | 450,000,000 |
| | (b) Long-term provisions | | 6,594,072 | - | 6,594,072 |
| | **Total non-current liabilities** | | 456,594,072 | - | 456,594,072 |
| 3 | **Current liabilities** | | | | |
| | (a) Financial liability | | - | - | - |
| | (i) Short term borrowings | | 30,938,905 | - | 30,938,905 |
| | (ii) Trade and other payables | | 432,248,282 | - | 432,248,282 |
| | (b) Other current liabilities | | 208,427,912 | - | 208,427,912 |
| | (c) Short term provisions | | 2,011,143 | - | 2,011,143 |
| | **Total current liabilities** | | 673,626,242 | - | 673,626,242 |
| | **Total liabilities** | | 1,130,220,314 | - | 1,130,220,314 |
| | **Total equity and liabilities** | | 2,818,260,599 | 1,263,765 | 2,819,524,364 |

## Notes to the financial statements *(Continued)*

*for the year ended 31 March 2017*

(Currency : Indian rupees)

### 32 Transition to Ind AS: *(Continued)*

**Reconciliation of profit or loss for the year ended 31 March 2016**

| | | Footnote ref. | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|---|---|
| I | Revenue from operations | | 252,702,714 | 1,301,666,855 | 1,554,369,569 |
| | Other operating income | | 24,825,660 | - | 24,825,660 |
| II | Other income | | 198,824,500 | - | 198,824,500 |
| III | **Total income** | | 476,352,874 | 1,301,666,855 | 1,778,019,729 |
| IV | **Expenses** | | | | |
| | Cost of tours | | - | 1,301,666,855 | 1,301,666,855 |
| | Employee benefit expenses | 2 & 4 | 188,999,953 | (8,874,032) | 180,125,921 |
| | Finance costs | | 34,645,349 | - | 34,645,349 |
| | Depreciation and amortization expense | | 31,882,340 | - | 31,882,340 |
| | Other expenses | | 174,320,573 | - | 174,320,573 |
| | **Total expenses** | | 429,848,215 | 1,292,792,823 | 1,722,641,038 |
| V | **Profit before tax (III-IV)** | | 46,504,659 | 8,874,032 | 55,378,691 |
| VI | **Tax expenses:** | | | | |
| | Current tax | | 26,982,819 | - | 26,982,819 |
| | Deferred tax | 5 | (23,636,542) | 2,533,425 | (21,103,117) |
| | **Total tax expense** | | 3,346,277 | 2,533,425 | 5,879,702 |
| VII | Profit for the period from continuing operations (VII-VIII) | | 43,158,382 | 6,340,607 | 49,498,989 |
| VIII | Other comprehensive income | | | | |
| A | (i) Items that will not be reclassified to profit or loss | | | | |
| | **Remeasurements of defined benefit liability (asset)** | | - | - | - |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 2 | - | (885,056) | (885,056) |
| IX | Total comprehensive income for the period (VII+VIII) (comprising profit (loss) and other comprehensive income for the period) | | 43,158,382 | 5,455,551 | 48,613,932 |

**The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.*

(Currency : Indian rupees)

## 32 Transition to Ind AS: *(Continued)*

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

**Reconciliation of net worth**

| Particulars | Footnote ref. | As on 1 April 2015 (Net of deferred tax) | As on 31 March 2016 (Net of deferred tax) |
|---|---|---|---|
| Net worth under IGAAP | | 617,915,306 | 1,688,040,285 |
| Rent straightlining reversed due to cancellable lease terms and escalation within inflation range | 3 | 306,128 | 306,128 |
| Interest accrued on security deposits - Leases | 1 | (313,020) | (313,020) |
| Deferred tax liability impact on Ind AS adjustments | 5 | 3,804,083 | 1,270,657 |
| **Total Ind AS adjustments** | | 3,797,190 | 1,263,764 |
| **Net worth under Ind AS** | | 621,712,496 | 1,689,304,048 |

**Reconciliation of comprehensive income for the year ended on 31 March 2016**

| Particulars | Footnote ref. | As on 31 March 2016 INR (Net of deferred tax) |
|---|---|---|
| **Profit as per Indian GAAP** | | 43,158,382 |
| **Ind AS adjustments** | | |
| **Standalone** | | |
| Capital contribution from the holding company for employee stock option plan | 4 | (7,988,977) |
| Actuarial gains passed through OCI | 2 | (885,056) |
| Deferred tax liability impact on Ind AS adjustments | 5 | 2,533,425 |
| **Total adjustments** | | (6,340,608) |
| **Profit after tax as per Ind AS** | | 49,498,990 |
| **Other comprehensive income** | | (885,056) |
| **Total comprehensive income as per Ind AS** | | 48,613,934 |

**Notes to the reconciliation:**

1 **Security Deposits:**
Under the previous GAAP, interest free lease security deposits (that are refundable on the completion of the lease term) are recorded at the transaction value. Under Ind AS, all financial assets are required to recognised at the fair value. Accordingly, the Company has fair valued the deposit. Difference between the transaction value and the fair value is recognised as Prepaid Rent which is partially offset by the notional interest income on the security deposits.

2 **Employee benefits :**
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.

3 **Lease Rentals:**
Under the previous GAAP, the lease rentals were expense on a striaght line basis. Under Ind AS, the lease rentals which have escalations in line with general inflation rate, shall not be required to be straight lined. Accordingly, the Company has reversed the lease equalisation reserve recognised under the previous GAAP.

4 **Share-based payments**
Under Indian GAAP, the Group recognised only the intrinsic value for the long-term incentive plan as an expense. Ind-AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional income of INR 7,988,977/- has been recognised in profit or loss for the year ended 31 March 2016. Share options totalling INR 11,995,906/- which were granted before and still vesting at 1 April 2015, have been recognised as a separate component of equity against retained earnings at 1 April 2015.

5 **Deferred tax assets (net)**
The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

## 32 First-time adoption of Ind AS

### A. Transition to Ind AS

These are Company's first consolidated 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 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 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).

### B. Exemptions and exceptions availed

### B.1 Ind AS mandatory exceptions

#### B.1.1 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 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:

1. Determination of whether the company is a principal or agent
2. Fair valuation of financial instruments
3. Impairment of financial instruments

#### B.1.2 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.

#### B.1.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### B.2 Ind AS optional exemptions

#### B.2.1 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 and Other Intangible assets 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.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets at their previous GAAP carrying value.

#### B.2.2 Deemed cost for investments in subsidiaries, joint ventures and associates

Ind AS 101 permits a first time adopter to elect to continue with the carrying value of its investments in subsidiaries, joint ventures and associates as recognised in the financial statements as at the date of transition to Ind AS.

Accordingly, the Company has elected to measure all its investments in subsidiaries, joint ventures and associats at their previous GAAP carrying value.

#### B.2.3 Business Combinations

A first-time adopter may elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs). Accordingly, the company has not restated any of the past business combinations. for business combinaions prior to 1 April 2015, goodwill represents amount recognised undre the previous GAAP subject to adjustments as prescribed under Ind AS 101.

(Currency : Indian rupees)

## 33 Micro, Small and Medium Enterprises

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, there are no parties registered as Micro and Small Enterprises.

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year. | | |
| -- Principal | - | - |
| -- 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. | - | - |

## 34 Segment reporting

The Company is in the business of providing travel and related services to its retail and corporate customers which is considered by management as the only reportable business segment taking into account the nature of the business, the risk and returns, the organisation structure and internal reporting system. The travel and related services includes tour operations and travel management services, arranging air tickets, hotels, sightseeing, visa and other related services.

Further, the Company provides services within similar economic environments considering the origin of services and risks and rewards being similar across the said markets / environment, there are no separate reportable geographical segments. Accordingly, these financial statements are reflective of the information required by the Indian Accounting Standard 108.

## 35 Details of specified bank note (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 is provided in table below :

| Particulars | Specified Bank Notes (SBN) | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 2,240,500 | 8,651 | 2,249,151 |
| (+) Permitted receipts | - | 2,075,595 | 2,075,595 |
| (-) Permitted payments | 10,500 | 971,536 | 982,036 |
| (-) Amount deposited in Banks | 2,230,000 | - | 2,230,000 |
| Closing cash in hand as on 30.12.2016 | **-** | **1,112,710** | **1,112,710** |

## 36 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. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Net debt | 245,182,030 | 571,390,474 |
| Total equity | 1,719,112,433 | 1,689,304,048 |
| Net debt to adjusted equity ratio | 0.1426 | 0.3382 |

(Currency : Indian rupees)

## 37 Employee benefits

**A. The Company contributes to the following post-employment defined benefit plans in India.**

**(i) Defined contribution plans:**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Employee State Insurance Corporation, Labour Welfare Fund and National Pension Scheme which is a defined contribution plan. 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.

Amount contributed to defined contribution plan and recognised as an expense in the Statement of profit and loss are as under:

| **Particulars** | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Employer's contribution to provident fund | **2,407,425** | 7,382,326 |
| Employee's State Insurance Corporation | **38,797** | 77,777 |
| Labour welfare fund | **34,822** | 24,897 |

**(ii) Defined Benefit Plan:**

The Company provides for gratuity using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date, based on legislations as enacted up to the balance sheet date. Actuarial gains and losses are recognised in full in the Statement of profit and loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested.

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act,1972 or as per the Company's scheme, whichever is more beneficial.

**Compensated absences and leave encashment**
Effective 1 January 2017 there has been a change in the Leave Policy as a part of a Group alignment initiative. As per the new leave policy, every employee will be allotted 30 days of leave in the first week of January. No leaves can be carried forward to the next year whereby, the leave balance left unutilized on 31 December shall lapse. During the year, a sum aggregating to Rs (1,527,602) (31 March 2016: Rs Nil) has been recognised as an (income) in the Statement of profit and loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| **Gratuity** | | |
| Net defined benefit asset | **17,630,427** | 20,988,068 |
| Net defined benefit liability | **12,472,819** | 27,582,140 |
| Net defined benefit (asset) / liability | **(5,157,608)** | 6,594,072 |
| **Compensated absence** | | |
| Liability for compensated absences | **483,541** | 8,605,215 |
| Non-current | **-** | 6,594,072 |
| Current | **483,541** | 2,011,143 |
| **Total employee benefit liabilities** | **(4,674,067)** | **15,199,287** |

## Notes to the financial statements *(Continued)*

*for the year ended 31 March 2017*

(Currency : Indian rupees)

## 37 Employee benefits *(Continued)*

### B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

| | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|---|---|---|---|---|---|---|
| | **31 March 2017** | 31 March 2016 | **31 March 2017** | 31 March 2016 | **31 March 2017** | 31 March 2016 |
| Opening balance | **27,582,140** | 24,955,593 | **20,988,068** | 19,499,864 | **6,594,072** | 5,455,729 |
| Included in profit or loss | | | | | **-** | - |
| Current service cost | **2,157,211** | 1,989,973 | **-** | - | **2,157,211** | 1,989,973 |
| Adjustment to opening fair value of plan assets | **-** | - | **-** | - | **-** | - |
| Expected return on plan assets | **-** | - | **-** | - | **-** | - |
| Past service cost | **-** | - | **-** | - | **-** | - |
| Interest cost (income) | **2,043,351** | 1,752,224 | **1,643,467** | 1,437,743 | **399,884** | 314,481 |
| Settlements / benefits paid | **-** | - | **-** | - | **-** | - |
| | **31,782,702** | 28,697,790 | **22,631,535** | 20,937,607 | **9,151,167** | 7,760,183 |
| Included in OCI | | | | | | |
| Remeasurement loss (gain): | | | | | | |
| Actuarial loss (gain) arising from: | **-** | - | **-** | - | **-** | - |
| Amount not recongnised due to asset limit | **-** | - | **(2,655,766)** | - | **2,655,766** | - |
| Demographic assumptions | **-** | - | **-** | - | **-** | - |
| Financial assumptions | **633,736** | 234,370 | **-** | - | **633,736** | 234,370 |
| Experience adjustment | **(15,764,110)** | 841,225 | **-** | - | **(15,764,110)** | 841,225 |
| Return on plan assets excluding interest income | **-** | - | **(65,850)** | 190,539 | **65,850** | (190,539) |
| | **(15,130,374)** | 1,075,595 | **(2,721,616)** | 190,539 | **(12,408,758)** | 885,056 |
| **Other** | | | | | | |
| Contributions paid by the employer | **-** | - | **1,900,017** | 2,051,167 | **(1,900,017)** | (2,051,167) |
| Benefits paid | **(4,179,509)** | (2,191,245) | **(4,179,509)** | (2,191,245) | **-** | - |
| Closing balance | **12,472,819** | 27,582,140 | **17,630,427** | 20,988,068 | **(5,157,608)** | 6,594,072 |
| **Represented by** | | | | | | |
| Net defined benefit asset | | | | | **17,630,427** | 20,988,068 |
| Net defined benefit liability | | | | | **12,472,819** | 27,582,140 |
| | | | | | **(5,157,608)** | 6,594,072 |

### C. Plan assets

Plan assets comprise the following

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| **Investment in Gratuity Fund** | **17,630,427** | 20,988,068 |
| | **17,630,427** | 20,988,068 |

(Currency : Indian rupees)

## 37 Employee benefits *(Continued)*

### D. Defined benefit obligations

### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Discount rate | **7.15%** | 7.85% |
| Salary escalation rate | **6.00%** | 6.00% |
| Mortality rate | **IALM (2006-08) Ult** | IALM (2006-08) Ult |
| Employee Attrition Rate | | |
| Upto Age 30 | **25.00%** | 25.00% |
| Age 31-34 | **10.00%** | 10.00% |
| Age 35-44 | **5.00%** | 5.00% |
| Age 45 and above | **6.00%** | 6.00% |

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows

### ii. 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.

| | 31 March 2017 | |
|---|---|---|
| | Increase | Decrease |
| Discount rate (0.5% movement) | **(459,000)** | **490,182** |
| Future salary growth (0.5% movement) | **493,924** | **(465,236)** |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(Currency : Indian rupees)

## 37 Employee benefits *(Continued)*

### E. Movement in net defined benefit (asset) liability - Provident fund

| | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|---|---|---|---|---|---|---|
| | **31 March 2017** | 31 March 2016 | **31 March 2017** | 31 March 2016 | **31 March 2017** | 31 March 2016 |
| Opening balance | **46,545,921** | 46,002,507 | **46,545,921** | 46,002,507 | **-** | - |
| Included in profit or loss | | | | | | |
| Current service cost | **185,504** | 595,973 | **-** | - | **185,504** | 595,973 |
| Adjustment to opening fair value of plan assets | **-** | - | **-** | - | **-** | - |
| Expected return on plan assets | **-** | - | **-** | - | **-** | - |
| Past service cost | **-** | - | **-** | - | **-** | - |
| Interest cost (income) | **3,445,112** | 3,509,789 | **3,445,112** | 3,509,789 | **-** | - |
| Settlements / benefits paid | **-** | - | **-** | - | **-** | - |
| | **50,176,537** | 50,108,269 | **49,991,033** | 49,512,296 | **185,504** | 595,973 |
| Included in OCI | | | | | | |
| Remeasurement loss (gain): | | | | | | |
| Actuarial loss (gain) arising from: | **(114,464)** | 126,585 | **(114,464)** | 126,585 | **-** | - |
| Amount not recongnised due to asset limit | **-** | - | **-** | - | **-** | |
| Demographic assumptions | **-** | - | **-** | - | **-** | - |
| Financial assumptions | **-** | - | **-** | - | **-** | - |
| Experience adjustment | **-** | - | **-** | - | **-** | - |
| Return on plan assets excluding interest income | **-** | - | **-** | - | **-** | - |
| | **(114,464)** | 126,585 | **(114,464)** | 126,585 | **-** | - |
| **Other** | | | | | **-** | - |
| Contributions paid by the employees | **311,695** | 1,211,457 | **311,695** | 1,211,457 | **-** | - |
| Contributions paid by the employer | **-** | - | **185,504** | 595,973 | **(185,504)** | (595,973) |
| Liabilities settled | **(13,931,198)** | - | **(13,931,198)** | - | **-** | - |
| Benefits paid | **(5,689,302)** | (4,900,390) | **(5,689,302)** | (4,900,390) | **-** | - |
| Closing balance | **30,753,268** | 46,545,921 | **30,753,268** | 46,545,921 | **-** | - |
| **Represented by** | | | | | | |
| Net defined benefit asset | | | | | **30,753,268** | 46,545,921 |
| Net defined benefit liability | | | | | **30,753,268** | 46,545,921 |
| | | | | | **-** | - |

### F. Plan assets - Provident Fund

Plan assets comprise the following

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| **Investment in Provident Fund** | **30,753,268** | 46,545,921 |
| | **30,753,268** | 46,545,921 |

### G. Defined benefit obligations - Provident Fund

### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Discount rate | **7.15%** | 7.85% |
| Expected rate of return on assets (p.a.) | **8.97%** | 8.76% |
| Discount rate for remaining term to maturity of investment (p.a.) | **6.95%** | 7.77% |
| Average historic yield on the investment (p.a.) | **8.77%** | 8.68% |
| Guaranteed rate of return (p.a.) | **8.65%** | 8.75% |

(Currency : Indian rupees)

## 38 Operating leases

**A. Leases as lessee**

a) The Company procures equipments, vehicles and office premises under operating leases. The initial tenure of the lease is generally between 12 months to 60 months. The lease rentals recognised in the Standalone Statement of Profit and Loss (Refer note 29) for the year are INR 24,59,019 (previous year INR 53,89,650).

The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

**i. Future minimum lease payments**

At 31 March the future minimum lease payments under non-cancellable leases were payable as follows.

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Less than one year | **2,185,344** | - |
| Between one and five years | **1,500,067** | - |
| More than five years | **-** | - |
| | **3,685,411** | - |

**ii. Amounts recognised in profit or loss**

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Lease expense | **2,459,019** | 5,389,650 |
| | **2,459,019** | 5,389,650 |

(Currency : Indian rupees)

## 39 Contingent liabilities and commitments (to the extent not provided for)

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Contingent liabilities** | | |
| a. Taxes that may arise in respect of which the Company / the Income-tax Department is in appeal (in respect of some earlier years, appeals covering the same issues have been decided in favor of the Company by the appellate authorities) | **146,174,773** | 156,186,266 |
| b. Service tax that may arise in respect of which the Service Tax Department is in appeal (in respect of some earlier years, appeals covering the same issues have been decided in favor of the Company by the appellate authorities) | **527,339** | 527,339 |

## 40 Corporate social responsibility

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Amount required to be spent as per section 135 of the Act: | **1,661,532** | 1,124,862 |
| Amount spent during the year on: | | |
| Literacy india - women empowerment | **391,670** | - |
| Fairfax Foundation - Health and sanitisation | **1,278,330** | - |
| **Total** | **1,670,000** | **-** |

## 41 Subsequent events

The Board of Directors of Company on 1st July 2016 had approved a Composite Scheme of Arrangement and Amalgamation (“Composite Scheme”), pursuant to which the “outbound business” of SOTC Travel Services Private Limited would be transferred to SOTC Travel Private Limited (formerly known as SITA Travels Private Limited) by way of slump exchange and thereafter, the residual SOTC Travel Services Private Limited (having the “inbound business”) 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) would be amalgamated into Travel Corporation (India) Limited. In consideration of both the slump exchange and the amalgamation, it is proposed that preference shares would be issued.

The Composite Scheme has been approved by National Company Law Tribunal, Mumbai Bench on 19th April 2017. However, upto the date of preparation of financial statements, the Company has not received the order of the National Company Law Tribunal, Mumbai Bench and accordingly, the Scheme is not yet effective. Hence, these financial statements have been prepared without considering the effect of the Scheme. The said Composite Scheme is within the Thomas Cook Group as all entities are direct or indirect subsidiaries of Thomas Cook (India) Limited.

## 42 Transfer pricing

The Company's international transactions with associated enterprises are at arm's length as per the independent accountant's report in this regard, for the year ended 31 March 2016. Management believes that the Company's international with associated enterprises post 31 March 2016 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements, particularly on the amount of the tax expense for the period and the amount of the provision for taxation at the period end.

## Notes to the financial statements *(Continued)*
*for the year ended 31 March 2017*

(Currency : Indian rupees)

### 43 Related party transactions

**(A) Names of related parties by whom control exists**

| Name of the parties | Relationships |
|---|---|
| Thomas Cook (India) Limited | Holding Company of Travel Cororation (India) Limited |
| Fairfax Financial Holdings Limited | Ultimate Holding Company, Canada |

**(B) Subsidiaries with whom transactions have taken place during the year**

| Name of the parties | Relationships |
|---|---|
| TC Visa Services (India) Limited | Subsidiaries of the Company |
| Luxe Asia Private Limited | Subsidiaries of the Company |

**(C) Fellow Subsidiaries with whom transactions have taken place during the year**

| Name of the parties | Relationships |
|---|---|
| SITA World Travel Nepal Private Limited | Fellow subsidiaries of the Company |
| Thomas Cook Tours Limited | Fellow subsidiaries of the Company |
| Sterling Holidays Resorts Limited | Fellow subsidiaries of the Company |
| Quess Corp Limited (formerly IKYA Human Capital Solutions Limited.) | Fellow subsidiaries of the Company |

**(D) Key Management Personnel**

| Name of the parties | Name of the key management personnel |
|---|---|
| **Directors of the Company** | Mr. Madhavan Menon* |
| | Mr. Dipak Deva* |
| | Mr. Harsha Raghavan* |
| | Mr. Zohra Chatterji |
| | Mr. Sunil Behari Mathur |

**(E) Associate with whom transactions have taken place during the year**

| Name of the parties | Relationships (From 15 December 2015) |
|---|---|
| SOTC Travel Services Private Limited (formerly Kuoni Travel (India) Pvt. Ltd.) | Associates of the Company |
| Distant Frontiers Tours Private Limited | Associates of the Company |

(Currency : Indian rupees)

## 43 Related party transactions *(Continued)*

### (F) Related parties with whom transactions have taken place during the year

| Particulars | Year | Holding Company | Subsidiary | Fellow subsidiaries | Associates | Key Management Personnel | Total |
|---|---|---|---|---|---|---|---|
| **Purchase of services** | **2017** | **-** | **27,458,701** | **97,196,115** | **43,787,819** | **-** | **168,442,635** |
| | 2016 | 16,849,079 | 409,085 | 361,643,524 | 3,285,694 | - | 382,187,382 |
| **Other Professional charges (Outsourced staff)** | **2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2016 | - | - | 1,537,740 | - | - | 1,537,740 |
| **Interest on loan received** | **2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2016 | 11,698,828 | - | - | - | - | 11,698,828 |
| **Loan taken** | **2017** | - | **-** | **-** | **-** | **-** | - |
| | 2016 | 265,000,000 | - | - | - | - | 265,000,000 |
| **Interest on loan paid** | **2017** | - | **-** | **-** | **-** | **-** | - |
| | 2016 | 1,121,712 | - | - | - | - | 1,121,712 |
| **Repayment of Loan** | **2017** | - | **-** | **-** | **-** | **-** | - |
| | 2016 | 265,000,000 | - | - | - | - | 265,000,000 |
| **Interim Diveidend paid / payable** | **2017** | - | **-** | - | **-** | **-** | - |
| | 2016 | 68,586,320 | - | 25,608,363 | - | - | 94,194,683 |
| **Corporate guarantee fees** | **2017** | - | **-** | **-** | **-** | **-** | - |
| | 2016 | 600,000 | - | - | - | - | 600,000 |
| **Purchase of Equity Shares** | **2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2016 | - | 501,398,729 | - | 1,390,000,299 | - | 1,891,399,028 |
| **Issue of Equity Shares (including Securities Premium)** | **2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2016 | - | - | 1,124,999,967 | - | - | 1,124,999,967 |
| **Receeipt of dividend** | **2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2016 | - | 155,934,000 | - | - | - | 155,934,000 |
| **Expenses reimbursed** | **2017** | **1,294,932** | **-** | **2,217,639** | **3,769,604** | **-** | **7,282,175** |
| | 2016 | 28,188,384 | 20,625 | 529,843 | 1,100 | - | 28,739,952 |
| **Expenses recovered** | **2017** | **23,136,845** | **859,749** | **3,932,041** | **12,820,670** | **-** | **40,749,305** |
| | 2016 | - | 761,701 | - | - | - | 761,701 |
| **Commission and other benefits to non-executive/independent directors** | **2017** | **-** | **-** | **-** | **-** | **1,223,321** | **1,223,321** |
| | 2016 | - | - | - | - | - | - |

### (G) Related party transactions

| Particulars | Year | Holding Company | Subsidiary | Fellow Subsidiaries | Assoicates | Key Management Personnel | Total |
|---|---|---|---|---|---|---|---|
| **Balance as at 31 March** | | | | | | | |
| **Receivable** | **2017** | **78,480** | **289,851** | **-** | **-** | **-** | **368,331** |
| | 2016 | 409,237 | 1,278,599 | 27,962 | - | - | 1,715,798 |
| **Payables** | **2017** | **-** | **1,812,817** | **64,486,811** | **27,519,396** | **354,821** | **94,173,845** |
| | 2016 | 2,632,358 | - | 22,814,996 | 3,285,694 | - | 28,733,048 |

## Notes to the financial statements *(Continued)*

*for the year ended 31 March 2017*

(Currency : Indian rupees)

### 43 Related party transactions *(Continued)*

**(H) Related party transactions:**

| Particulars | Fellow Subsidiaries | 2017 | 2016 |
|---|---|---|---|
| **Purchases of services** | SITA World Travel Nepal Private Limited | **91,748,023** | - |
| | Thomas Cook Tours Limited | **3,509,941** | 361,131,474 |
| | Sterling Holidays Resorts Limited | **2,700** | 512,050 |
| | Quess Corp Limited (formerly IKYA Human Capital Solutions Limited.) | **1,935,451** | - |
| **Expenses reimbursed** | Quess Corp Limited (formerly IKYA Human Capital Solutions Limited.) | **2,217,639** | 42,463 |
| | Thomas Cook Tours Limited | **-** | 149,551 |
| | Sterling Holidays Resorts Limited | **-** | 337,829 |
| **Expenses recovered** | Thomas Cook Tours Limited | **3,932,041** | - |
| **Other Professional charges (Outsourced staff)** | Quess Corp Limited (formerly IKYA Human Capital Solutions Limited.) | **-** | 1,367,810 |
| | Avon Facility Management Services Limited | **-** | 169,930 |
| **Interim Diveidend paid / payable** | Sterling Holidays Resorts Limited | **-** | 25,608,363 |
| **Issue of Equity Shares (including Securities Premium)** | Sterling Holidays Resorts Limited | **-** | 1,124,999,967 |
| **Receivables** | Sterling Holidays Resorts Limited | **-** | 17,599 |
| | Avon Facility Management Services Limited | **-** | 10,363 |
| **Payables** | SITA World Travel Nepal Private Limited | **52,425,814** | - |
| | Thomas Cook Tours Limited | **12,041,706** | 22,773,335 |
| | Sterling Holidays Resorts Limited | **2,700** | - |
| | Quess Corp Limited (formerly IKYA Human Capital Solutions Limited.) | **16,591** | 41,661 |

**(I) Related party transactions:**

| Particulars | Subsidiaries | 2017 | 2016 |
|---|---|---|---|
| **Purchases of services** | Luxe Asia Private Limited | **27,458,701** | - |
| | TC Visa Services (India) Limited | **-** | 409,085 |
| **Expenses recovered** | TC Visa Services (India) Limited | **859,749** | 761,701 |
| **Expenses reimbursed** | TC Visa Services (India) Limited | **-** | 20,625 |
| **Purchase of Equity Shares** | Luxe Asia Private Limited | **-** | 501,398,729 |
| **Receeipt of dividend** | Luxe Asia Private Limited | **-** | 155,934,000 |
| **Receivable** | TC Visa Services (India) Limited | **289,851** | 1,278,599 |
| **Payable** | Luxe Asia Private Limited | **1,812,817** | - |

(Currency : Indian rupees)

## 43 Related party transactions *(Continued)*

### (J) Related party transactions:

| Particulars | Holding Company | 2017 | 2016 |
|---|---|---|---|
| **Purchases of services** | Thomas Cook (India) Limited | **-** | 16,849,079 |
| **Interest on loan received** | Thomas Cook (India) Limited | **-** | 11,698,828 |
| **Loan taken** | Thomas Cook (India) Limited | **-** | 265,000,000 |
| **Interest on loan paid** | Thomas Cook (India) Limited | **-** | 1,121,712 |
| **Repayment of Loan** | Thomas Cook (India) Limited | **-** | 265,000,000 |
| **Interim Diveidend paid / payable** | Thomas Cook (India) Limited | **-** | 68,586,320 |
| **Corporate guarantee fees** | Thomas Cook (India) Limited | **-** | 600,000 |
| **Expenses reimbursed** | Thomas Cook (India) Limited | **1,294,932** | 27,420,427 |
| | Fairfax Financial Holdings Limited | **-** | 767,957 |
| **Expenses recovered** | Thomas Cook (India) Limited | **23,136,845** | - |
| **Receivable** | Thomas Cook (India) Limited | **78,480** | - |
| | Fairfax Financial Holdings Limited | **-** | 409,237 |
| **Payables** | Thomas Cook (India) Limited | **-** | 2,632,358 |

### (K) Related party transactions

| Particulars | Associates | 2017 | 2016 |
|---|---|---|---|
| **Purchases of services** | SOTC Travel Services Private Limited | **43,787,819** | 3,285,694 |
| **Purchase of Equity Shares** | SOTC Travel Services Private Limited | **-** | 1,390,000,299 |
| **Expenses reimbursed** | SOTC Travel Services Private Limited | **3,757,637** | 1,100 |
| | Distant Frontiers Tours Private Limited | **11,967** | - |
| **Expenses recovered** | SOTC Travel Services Private Limited | **12,820,670** | |
| **Balance as at 31 March** | | | |
| **Payables** | SOTC Travel Services Private Limited | **27,507,429** | 3,285,694 |
| | Distant Frontiers Tours Private Limited | **11,967** | - |

### (H) Transactions with key management personnel

| Particulars | 2017 | 2016 |
|---|---|---|
| Commission and other benefits to non-executive/independent directors | **1,223,321** | - |

* These KMPs have not drawn any remuneration from the company during the year.

(Currency : Indian rupees)

## 44 Share-based payment arrangements:

### A. Description of share-based payment arrangements

#### i. Share option programmes (equity-settled)

Thomas Cook India Limited, the parent company has granted Employee Stock Options to the Company's employees under various plans. Under these plans, the holder of the vested options are entitled to purchase the shares of the holding company at exercise price prescribed in the plans at the respective date of grant of the options.

The key terms and conditions related to the grants under these plans are as follows; all options are to be settled by the delivery of shares:

| Plan | Grant date | No. of options | Exercise price | Vesting period |
|---|---|---|---|---|
| GT5SEP2013 | 5-Sep-13 | 145,000 | 49.32 | 10 years |
| GT5DEC2013 | 5-Dec-13 | 400,890 | 1.00 | 4 years |
| GT25AUG2015 | 25-Aug-15 | 62,000 | 165.92 | 10 years |

### B. Measurement of fair values

#### i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behaviour.

| | Senior employees | Senior employees | Senior employees |
|---|---|---|---|
| | 5 September 2013 | 5 December 2013 | 25 August 2015 |
| Fair value at grant date | 32.79 | 76.94 | 102.81 |
| Share price at grant date | 54.80 | 82.30 | 184.35 |
| Exercise price | 49.32 | 1.00 | 165.92 |
| Expected volatility (weighted-average) | 52.34% | 45.54% | 42.59% |
| Expected life (weighted-average) | 6 | 14.01 | 6 |
| Expected dividends | 0.68% | 0.46% | 0.27% |
| Risk-free interest rate (based on government bonds) | 8.51% | 9.21% | 7.90% |

(Currency : Indian rupees)

## 44 Share-based payment arrangements: *(Continued)*

### C. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

| **Thomas Cook ESOP Sch** | **GT5SEP2013** | **Number of options** | Number of options |
|---|---|---|---|
| | | **31 March 2017** | 31 March 2016 |
| Options outstanding as at the beginning of the year | | **51,000** | 117,770 |
| Add: Options granted during the year | | | |
| Less: Options lapsed during the year | | **9,800** | 32,450 |
| Less: Options exercised during the year | | **41,200** | 34,320 |
| Options outstanding as at the year end | | **-** | 51,000 |

| **Thomas Cook ESOP 2013** | **GT5DEC2013** | **Number of options** | Number of options |
|---|---|---|---|
| | | **31 March 2017** | 31 March 2016 |
| Options outstanding as at the beginning of the year | | **-** | 400,890 |
| Add: Options granted during the year | | **-** | - |
| Less: Options lapsed during the year | | **-** | - |
| Less: Options exercised during the year | | **-** | 400,890 |
| Options outstanding as at the year end | | **-** | - |

| **Thomas Cook ESOP Sch** | **GT25AUG2015** | **Number of options** | Number of options |
|---|---|---|---|
| | | **31 March 2017** | 31 March 2016 |
| Options outstanding as at the beginning of the year | | **62,000** | - |
| Add: Options granted during the year | | **-** | 62,000 |
| Less: Options lapsed during the year | | **40,000** | - |
| Less: Options exercised during the year | | **2,000** | - |
| Options outstanding as at the year end | | **20,000** | 62,000 |

The amount of the employee stock option expense reversed during the year is Rs. 1,691,020 (previous year Rs. 7,988,977 ) and Rs. 485,281 is the unamortised expense over the remaining vesting period

## Notes to the financial statements *(Continued)*

*for the year ended 31 March 2017*

(Currency : Indian rupees)

### 45 Prior year comparatives

| Particulars | Amount | Regrouped from | Regrouped to |
|---|---|---|---|
| Auditors' remuneration | 3,942,800 | Legal and profession charges | Auditors' remuneration |
| Travelling expenses | 120,164 | Vehicle running and maintenance | Travelling expenses |
| Advertisement expenses | 8,403,228 | Advertisement expenses | Advertisement and publicity |
| Liabilities against expenses | 31,871,976 | Other current liabilities | Trade payables |
| Payable to related parties | 5,918,052 | Other current liabilities | Trade payables |
| Trade Payables | 342,507 | Trade Payables | Book overdraft |

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of**
**Travel Corporation (India) Limited**
[CIN: U63040MH1961PLC012067]

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070

New Delhi
11 May 2017

**Dipak Deva**
*Managing Director*
[DIN: 02030005]

New Delhi
11 May 2017

**Madhavan Menon**
*Director*
[DIN No: 00008542]

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF TC TOURS LIMITED [FORMERLY KNOWN AS THOMAS COOK TOURS LIMITED]**

**Report on the Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying Ind AS financial statements of **TC Tours Limited (Formerly known as Thomas Cook Tours 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 28, 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 25.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arun Ramdas

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of TC Tours Limited (Formerly known as Thomas Cook Tours Limited) on the Ind AS financial statements for the year ended March 31, 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 TC Tours Limited (Formerly known as Thomas Cook Tours 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 Ind AS 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.

**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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of TC Tours Limited (Formerly known as Thomas Cook Tours Limited) on the Ind AS financial statements for the year ended March 31, 2017



**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 Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of TC Tours Limited (Formerly known as Thomas Cook Tours Limited) on the Ind AS financial statements as of and for the year ended March 31, 2017

i. The Company did not hold any fixed assets during the year ended March 31, 2017. Therefore, the provisions of Clause 3(i) of the said Order are not applicable to the Company

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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 services 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, the Company is generally regular in depositing undisputed statutory dues in respect of profession tax, income tax and service tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(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.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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 managerial remuneration. Hence the question of commenting on the provisions of Clause 3(xi) of the Order does not arise.

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 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

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 Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Balance Sheet as at 31st March 2017**
**(All amounts in INR Lakhs, unless otherwise stated)**

| Particulars | Notes | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Deferred tax assets (net) | 3 | 213.3 | 45.2 | - |
| Non-Current Tax Assets | 4 | - | - | * |
| **Total non-current assets** | | **213.3** | **45.2** | - |
| **Current assets** | | | | |
| Financial assets | | | | |
| - Trade receivables | 5(a) | 493.5 | 5,338.6 | - |
| - Cash and cash equivalents | 5(b) | 15,730.7 | 15.0 | 0.1 |
| - Bank balances other than cash and cash equivalents | 5(c) | - | 11,711.1 | 5.2 |
| - Other financial assets | 5(d) | 1,060.2 | 999.5 | - |
| Other current assets | 6 | 1,442.6 | 1,530.1 | - |
| **Total current assets** | | **18,727.0** | **19,594.3** | **5.3** |
| | | | | |
| **TOTAL ASSETS** | | **18,940.3** | **19,639.5** | **5.3** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity share capital | 7 | 300.0 | 300.0 | 5.0 |
| Other equity | | | | |
| -Reserve and surplus | 8 | 722.1 | 119.4 | (0.4) |
| **Total Equity** | | **1,022.1** | **419.4** | **4.6** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Employee Benefit Obligations | 9 | 90.2 | 78.6 | - |
| Other non-current liabilities | 10 | 255.4 | 510.8 | - |
| **Total non-current liabilities** | | **345.6** | **589.4** | - |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| - Trade payables | 11(a) | 15,515.0 | 16,713.3 | 0.2 |
| - Other financial liabilities | 11(b) | 30.2 | 17.4 | 0.5 |
| Employee Benefit Obligations | 9 | 49.6 | 42.1 | - |
| Current Tax Liabilities | 4 | 106.0 | 42.7 | - |
| Other current liabilities | 12 | 1,871.8 | 1,815.2 | - |
| **Total current liabilities** | | **17,572.6** | **18,630.7** | **0.7** |
| | | | | |
| **TOTAL LIABILITIES** | | **17,918.2** | **19,220.1** | **0.7** |
| | | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **18,940.3** | **19,639.5** | **5.3** |

* Amount is below the rounding off norm adopted by the Company.

The above balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date.

**For and on behalf of the Board of Directors**

**For Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**R.R. Kenkare**
Director
DIN: 01272743

Date: May 24, 2017
Place: Mumbai

**Debasis Nandy**
Director
DIN: 06368365

Date: May 24, 2017
Place: Mumbai

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Statement of Profit And Loss for the year ended 31st March 2107**
**(All amounts in INR Lakhs, unless otherwise stated)**

| Particulars | Notes | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 13 | 5,273.2 | 2,889.0 |
| Other income | 14 | 213.0 | 21.4 |
| **Total income** | | **5,486.2** | **2,910.4** |
| **Expenses** | | | |
| Cost of services | | 376.3 | - |
| Employee benefits expense | 15 | 1,800.0 | 1,108.3 |
| Finance Cost | 16 | 200.2 | 400.7 |
| Other expenses | 17 | 2,295.6 | 1,222.0 |
| **Total expenses** | | **4,672.1** | **2,731.0** |
| | | | |
| **Profit before tax** | | **814.1** | **179.4** |
| Less : Tax expense | 18 | | |
| Current tax | | 398.4 | 104.8 |
| Deferred tax | | (170.5) | (45.2) |
| **Total tax expenses** | | **227.9** | **59.6** |
| | | | |
| **Profit for the year (A)** | | **586.2** | **119.8** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurements of post-employment benefit obligations | | 6.9 | - |
| Income tax relating to items that will not be reclassified to profit or loss | | (2.4) | - |
| **Total other comprehensive income for the year, net of taxes (B)** | | **4.5** | **-** |
| | | | |
| **Total comprehensive income for the year (A+B)** | | **590.7** | **119.8** |
| **Earnings per equity share ( Face value of INR 10 each)** | 23 | | |
| - Basic earnings per share | | 19.54 | 6.95 |
| - Diluted earnings per share | | 19.54 | 6.95 |

The above statement of profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date.

**For and on behalf of the Board of Directors**

**For Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**R.R. Kenkare**
Director
DIN: 01272743

Date: May 24, 2017
Place: Mumbai

**Debasis Nandy**
Director
DIN: 06368365

Date: May 24, 2017
Place: Mumbai

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Notes to financial statements for the year ended March 31, 2017**
**(All amounts in INR Lakhs, unless otherwise stated)**

**STATEMENT OF CHANGES IN EQUITY**

**Equity share capital**

| **Particulars** | **Amount** |
|---|---|
| **Balance as at April 1, 2015** | **5.0** |
| changes in equity share capital during the year | 295.0 |
| **Balance as at March 31, 2016** | **300.0** |
| changes in equity share capital during the year | - |
| **Balance as at March 31, 2017** | **300.0** |

**Other Equity**

| | **Reserves and Surplus** | | **Amount** |
|---|---|---|---|
| **Particulars** | **ESOP Reserve** | **Retained Earnings** | **Total Other Equity** |
| **Balance as at April 1, 2015** | - | **(0.4)** | **(0.4)** |
| Profit for the year | - | 119.8 | 119.8 |
| Other Comprehensive Income | - | - | - |
| **Total Comprehensive Income for the year** | - | **119.4** | **119.4** |
| | | | |
| **Balance at the March 31, 2016** | - | **119.4** | **119.4** |
| Profit for the year | - | 586.2 | 586.2 |
| Other Comprehensive Income | - | 4.5 | 4.5 |
| **Total Comprehensive Income for the year** | - | **710.1** | **710.1** |
| **Transaction with owners in their capacity as owners** | | | |
| Employee Stock Option Expense | 12.0 | - | 12.0 |
| **Balance as at March 31, 2017** | **12.0** | **710.1** | **722.1** |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date.

**For and on behalf of the Board of Directors**

**For Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**R.R. Kenkare**
Director
DIN: 01272743

Date: May 24, 2017
Place: Mumbai

**Debasis Nandy**
Director
DIN: 06368365

Date: May 24, 2017
Place: Mumbai

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Statement of Cash Flows for the year ended March 31, 2017**
**(All amounts in INR Lakhs, unless otherwise stated)**

| Particulars | Note | Year ended March 31,2017 | Year ended March 31, 2016 |
|---|---|---|---|
| **A) Cash flow from operating activities** | | | |
| **Profit before income tax** | | **814.1** | **179.4** |
| *Adjustments for* | | | |
| Interest Income | 14 | (26.6) | (6.1) |
| Dividend Income from Investments | 14 | (185.5) | (7.0) |
| Capital contribution - ESOP | 15 | 12.0 | - |
| Provision for Doubtful Advances (Net) | 17 | 469.6 | 26.0 |
| **Operating profit before changes in operating assets and liabilities** | | **1,083.6** | **192.3** |
| **Change in operating assets and liabilities** | | | |
| Decrease / (Increase) in Trade Receivables | | 4,375.5 | (5,364.6) |
| (Increase) in Other Financial Assets | | (60.7) | (999.5) |
| Decrease / (Increase) in Other Current Assets | | 87.6 | (1,530.1) |
| Increase in Employee Benefits Obligation | | 25.9 | 120.7 |
| (Decrease) / Increase in Trade Payables | | (1,198.3) | 16,713.1 |
| Increase in Other Financial Liabilities | | 12.8 | 16.9 |
| (Decrease) / Increase in Other Liabilities | | (198.8) | 2,326.0 |
| **Cash generated from operations** | | **4,127.6** | **11,474.8** |
| Income taxes paid | | (335.1) | (62.1) |
| **Net cash inflow from operating activities** | | **3,792.5** | **11,412.7** |
| **B) Cash flow from investing activities:** | | | |
| Dividend received on Mutual Funds | 14 | 185.5 | 7.0 |
| Proceeds / (Investment) in Bank fixed deposits, including interest income | | 11,737.7 | (11,699.8) |
| **Net cash inflow / (outflow) from investing activities** | | **11,923.2** | **(11,692.8)** |
| **C) Cash flow from financing activities** | | | |
| Proceeds from Issue of Equity Shares | 7 | - | 295.0 |
| **Net cash inflow from financing activities** | | - | **295.0** |
| **Net increase in cash and cash equivalents** | | 15,715.7 | 14.9 |
| Add: Cash and cash equivalents at the beginning of the financial year | | 15.0 | 0.1 |
| **Cash and cash equivalents at the end of the year** | | **15,730.7** | **15.0** |

**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 24).

This is the Cash Flow Statement referred to in our report of even date.

As per our report of even date

**For and on behalf of the Board of Directors**

**For Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**R.R. Kenkare**
Director
DIN: 01272743

Date: May 24, 2017
Place: Mumbai

**Debasis Nandy**
Director
DIN: 06368365

Date: May 24, 2017
Place: Mumbai

## General Information

TC Tours Limited (the "Company") was incorporated in the state of Maharashtra on December 26, 1989 under the Companies Act, 1956. It's main object is to inter-alia to carry on the trades or business of general passengers, tourists and transport agents and contractors. The Company is a 100% subsidiary of Thomas Cook (India) Limited.

## 1 Significant Accounting Policies

### 1.1 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 31st March, 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, since there is no change in the equity and total comprehensive income as per IGAAP and Ind AS no disclosure/information have been made (Refer note 24).

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 defined benefit plans - plan assets measured at fair value.

### 1.2 Foreign currency translation and transactions

**(a) Functional and presentation currency**

A Company's functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

Presentation currency is the currency in which the financial statements are presented. These financial statements are presented in Indian Rupees (INR), which is Company's functional and presentation currency.

**(b) Transactions and balances**

(i) Initial Recognition
On initial recognition, foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction.

(ii) Subsequent Recognition
As at the reporting date, non - monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

All monetary items denominated in foreign currency are restated at Foreign Exchange Dealers Association of India (FEDAI) rates and the exchange variations arising out of settlement / conversion at the FEDAI rates are recognised in the Statement of Profit and Loss.

Profit or loss on purchase and sale of foreign exchange by the Company in its capacity as Authorised Foreign Exchange Dealer are accounted as a part of the revenue.

### 1.3 Revenue Recognition

Income from the sale of airline tickets is recognized as an agent on the basis of net commission earned, at the time of issuance of tickets, as the Company does not assume any performance obligation post the confirmation of the issuance of an airline ticket to the customer. Incentives from airlines are accounted on the basis of tickets issued to sectors travelled. Performance linked bonuses from airlines are recognized as and when the performance obligations under the schemes are achieved.

Income from tours and packages, excluding income on airline tickets sold to customers as a part of tours and packages is accounted on gross basis as the Company is determined to be the primary obligor in the arrangement i.e., the risks and responsibilities are taken by the Company including the responsibility for delivery of services.

Revenue on holiday packages is recognised on proportionate basis considering the actual number of days completed as at the year end to the total number of days for each tour.

Revenue from Centre of Learning (COL) is recognised on proportionate basis considering the actual number of days of course completed as at the year end to the total duration of the course.

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**1.4 Other Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when the right to receive dividend is established.

**1.5 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.

**1.6 Employee Benefits**

**(a) Long-term Employee Benefits**

**(i) 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.

**(ii) 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.

**(b) Short-term Employee Benefit**

As per the leave policy of the Company, employees are entitled to avail 30 days of annual leave during a 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 unutilised leaves as at year end.

**1.7 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.

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**1.8 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.

**1.9 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.

**1.10 Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques/drafts on hand, remittances in transit, balances with bank held in current account, demand deposits with maturities of three months or less, 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. Bank overdrafts are repayable on demand and form an integral part of an entity's cash management, and are included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**1.11 Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**1.12 Financial Instruments**

**(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.

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(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.

**1.13 Offsetting financial instruments**
Financial assets and liabilities are offset and the net amount is reported in the balance sheet where 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.

**1.14 Contributed equity**
Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**1.15 Dividends**
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**1.16 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.

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**1.17 Segment Information**

The Company is primarily engaged in a single segment business to provide 'Travel 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.

**1.18 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 (division II), unless otherwise stated.

## 2 Critical Accounting Estimates and Judgements:

The preparation of Standalone Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Standalone Financial Information. 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:

Estimation of defined benefit obligation (Refer note 9)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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**Note 3: Deferred Tax Assets**

**The balance comprises of temporary differences attributable to:**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Deferred Tax Liabilities** | - | - | - |
| | | | |
| **Deferred Tax Assets** | | | |
| On provisions allowable for tax purpose when paid | 41.9 | 36.6 | - |
| On Provision for Doubtful Advances | 171.4 | 8.6 | - |
| **Net Deferred Tax Assets** | **213.3** | **45.2** | - |

**Movement in Deferred Tax Assets**

| Particulars | On provisions allowable for tax purpose when paid | On Provision for Doubtful Advances | Total |
|---|---|---|---|
| **As at April 1, 2015** | - | - | - |
| charged/(credited) | | | |
| -to profit or loss | 36.6 | 8.6 | 45.2 |
| -to other comprehensive income | - | - | - |
| **As at March 31, 2016** | **36.6** | **8.6** | **45.2** |
| charged/(credited) | | | |
| -to profit or loss | 7.7 | 162.8 | 170.5 |
| -to other comprehensive income | (2.4) | - | (2.4) |
| **As at March 31, 2017** | **41.9** | **171.4** | **213.3** |

**Note 4: Non-Current Tax Assets/Current Tax Liabilities**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Opening Balance | 42.7 | * |
| Add: Current Tax payable for the year | 398.4 | 104.8 |
| Less: Taxes Paid | (335.1) | (62.1) |
| **Closing Balances - Current Tax Liabilities** | **106.0** | **42.7** |

* Amount is below the rounding off norm adopted by the Company.

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**Note 5: Financial Assets**

**5(a)Trade receivables**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Trade receivables | 493.5 | 5,338.6 | - |
| Less : Allowance for doubtful debts | - | - | - |
| **Total recievables** | **493.5** | **5,338.6** | - |
| | | | |
| **Break up of Security Details** | | | |
| Secured, considered good | - | - | - |
| Unsecured, considered good | 493.5 | 5,338.6 | - |
| Unsecured, considered Doubtful | - | - | - |
| **Total** | **493.5** | **5,338.6** | - |
| Less : Allowance for doubtful debts | - | - | - |
| **Total Trade Recievables** | **493.5** | **5,338.6** | - |

**5(b) Cash and cash equivalents**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balances with banks : | | | |
| In current accounts | 11.2 | 13.9 | 0.1 |
| Fixed Deposits with original maturity of less than three months | 15,716.8 | - | - |
| Cheques on hand | 2.7 | 1.1 | - |
| **Total Cash and cash equivalents** | **15,730.7** | **15.0** | **0.1** |

**5(c) Bank balances other than cash and cash equivalents**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balances with banks : | | | |
| Fixed Deposits with original maturity of more than three months but less than twelve months | - | 11,711.1 | 5.2 |
| **Total Bank balances other than cash and cash equivalents** | - | **11,711.1** | **5.2** |

**5(d) Other financial Assets**

| Particulars | Non-current | Current | Non-current | Current | Non-current | Current |
|---|---|---|---|---|---|---|
| | March 31, 2017 | March 31, 2017 | March 31, 2016 | March 31, 2016 | April 1, 2015 | April 1, 2015 |
| | | | | | | |
| Accrued Revenue | - | 984.0 | - | 999.5 | - | - |
| Advance to Related Parties | - | 76.2 | - | - | - | - |
| **Total Other Financial Assets** | | **1,060.2** | - | **999.5** | - | - |

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**Note 6: Other Current Assets**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Advance to Suppliers | | | |
| Considered good | 1,312.4 | 1,391.0 | - |
| Considered Doubtful | 495.3 | 26.0 | - |
| Less: Allowance for doubtful advances | (495.3) | (26.0) | - |
| | **1,312.4** | **1,391.0** | - |
| | | | |
| Advance to Employees | | | |
| Considered good | 0.1 | 0.2 | - |
| Considered Doubtful | 0.4 | - | - |
| Less: Allowance for doubtful debts | (0.4) | - | - |
| | **0.1** | **0.2** | |
| | | | |
| Prepaid expenses | 38.6 | 20.2 | - |
| Balances with service tax authorities | 91.5 | 118.7 | - |
| **Total** | **1,442.6** | **1,530.1** | - |

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**Note 7: Share Capital**

**Equity Share capital**

| Particulars | No of Shares | Amount |
|---|---|---|
| **AUTHORISED** | | |
| **As at April 1, 2015** | **5,00,000** | **50.0** |
| Increase during the year | 25,00,000 | 250.0 |
| **As at March 31, 2016** | **30,00,000** | **300.0** |
| Increase during the year | - | - |
| **As at March 31, 2017** | **30,00,000** | **300.0** |

**(i) Movement in Equity Share Capital during the Year**

| Particulars | No of Shares | Amount |
|---|---|---|
| **As at April 1, 2015** | **50,000** | **5.0** |
| Add: No of Shares issued during the year | 29,50,000 | 295.0 |
| **As at March 31, 2016** | **30,00,000** | **300.0** |
| Add: No of Shares issued during the year | - | - |
| **As at March 31, 2017** | **30,00,000** | **300.0** |

**(ii) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares at a par value of INR 10/- per share. Each shareholder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the equity share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their share holding.

**(iii) Shares held by Holding Company**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | No of Shares | Amount | No of Shares | Amount | No of Shares | Amount |
| **Equity Shares** | | | | | | |
| Thomas cook (India) Limted and its Nominees | 30,00,000 | 300.0 | 30,00,000 | 300.0 | 50,000 | 5.0 |
| | | | | | | |

**(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** | | | | | | |
| Thomas cook (India) Limted and its Nominees | 30,00,000 | 100% | 30,00,000 | 100.00% | 50,000 | 100.00% |
| | | | | | | |

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**Note 8: Reserves and surplus**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Retained Earnings | 710.1 | 119.4 | (0.4) |
| ESOP Reserve | 12.0 | - | - |
| **Total reserves and surplus** | **722.1** | **119.4** | **(0.4)** |

**Retained Earnings**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Opening Balance** | **119.4** | **(0.4)** |
| Net Profit for the year | 586.2 | 119.8 |
| *Items of other Comprehensive income recognised directly in retained earnings* | | |
| Remeasurements of post-employement benefit obligtion, net of tax | 4.5 | - |
| Capital Contribution towards ESOP Expenses | 12.0 | - |
| **Closing Balance** | **722.1** | **119.4** |

**ESOP Reserve**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Opening Balance** | - | - |
| Capital Contribution towards ESOP Expenses | 12.0 | - |
| **Closing Balance** | **12.0** | - |

**ESOP Reserve**
ESOP Reserve has been created for ESOPs issued by the group company - Thomas Cook (India) Limited to the employees of the company.

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**Note 9: Employee Benefit Obligations**

| Particulars | March 31, 2017 | | | March 31, 2016 | | | April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-Current | Current | Total | Non-Current | Current | Total | Non-Current | Current | Total |
| Leave Entitlement | - | 10.4 | 10.4 | - | 17.9 | 17.9 | - | - | - |
| Gratuity | 90.2 | 9.6 | 99.8 | 78.6 | 6.0 | 84.6 | - | - | - |
| Employee Benefit Payables | - | 29.6 | 29.6 | - | 18.2 | 18.2 | - | - | - |
| **Total** | **90.2** | **49.6** | **139.8** | **78.6** | **42.1** | **120.7** | - | - | - |

**(i)Leave Obligations - Leave Entitlement**
The leave obligations cover the Company's liability for earned leave.
The amount of the provision of INR 10.4 (31 March 2016 - INR 17.9, 1 April 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.

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Current leave obligations expected to be settled within next 12 months | 10.4 | 17.9 | - |

**(ii) Post Employment Obligations**
**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 INR 57.4 (31 March 2016 - INR 37.0).

**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:

| | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **01-Apr-15** | - | - | - |
| Current service cost | 84.6 | - | 84.6 |
| Interest expense/(income) | - | - | - |
| **Total amount recognised in profit and loss** | **84.6** | - | **84.6** |
| *Remeasurements* | | | |
| Return on plan assets, excluding amount included in interest expense/(income) | - | - | - |
| (Gain )/loss from change in demographic assumptions | - | - | - |
| (Gain )/loss from change in financial assumptions | - | - | - |
| Experience (gains)/losses | - | - | - |
| **Total amount recognised in other comprehensive income** | - | - | - |
| Employer contributions | - | - | - |
| Benefit payments | - | - | - |
| **31-Mar-16** | **84.6** | - | **84.6** |

Lovelock & Lewes Chartered Accountants FRN 301056E Mumbai

TC Tours Limited

**(All amounts in INR Lakhs, unless otherwise stated)**

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **31-Mar-16** | **84.6** | - | **84.6** |
| Current service cost | 15.6 | - | 15.6 |
| Interest expense/(income) | 6.4 | - | 6.4 |
| **Total amount recognised in profit and loss** | **22.0** | - | **22.0** |
| *Remeasurements* | | | - |
| Return on plan assets, excluding amount included in interest expense/(income) | - | - | - |
| (Gain )/loss from change in demographic assumptions | - | - | - |
| (Gain )/loss from change in financial assumptions | 6.7 | - | 6.7 |
| Experience (gains)/losses | (13.5) | - | (13.5) |
| **Total amount recognised in other comprehensive income** | **(6.8)** | - | **(6.8)** |
| Employer contributions | - | - | - |
| Benefit payments | - | - | - |
| **31-Mar-17** | **99.8** | - | **99.8** |

The net liability disclosed above relates to funded and unfunded plans are as follows:

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Present value of funded obligations | - | - | - |
| Fair value of plan assets | - | - | - |
| **Deficit of funded plan** | - | - | - |
| Unfunded plans | 99.8 | 84.6 | - |
| **Deficit of gratuity plan** | **(99.8)** | **(84.6)** | - |

***Significant estimates: Actuarial assumptions and sensitivity***
The significant actuarial assumptions were as follows:

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Discount rate | 7.15% | 7.85% | - |
| Salary growth rate | 6.00% | 6.00% | - |

**(iv) Sensitivity analysis**
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|---|
| | Change in assumptions | | Increase in assumptions | | Decrease in assumptions | |
| **Particulars** | **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 | -4.89% | -4.92% | 5.32% | 5.35% |
| Salary growth rate | 50 basis point | 50 basis point | 5.36% | 5.42% | -4.96% | -5.03% |

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

**(v) Risk Exposure**
Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below :
**a) Salary growth & Demographic assumptions-** The plan liabilities are calculated using the salary escalation and demographic assumptions 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.

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TC Tours Limited

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Notes to financial statements for the year ended March 31, 2017**
**(All amounts in INR Lakhs, unless otherwise stated)**

**(vi) Defined benefit liability and employer contributions**
The weighted average duration of the defined benefit obligation is 10.20 years (2016 - 10.2 years, 2015- Nil). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Post Employment Obligations as at March 31, 2017 | 9.6 | 5.8 | 29.4 | 209.8 | **254.6** |
| | | | | | |
| Post Employment Obligations as at March 31, 2016 | 6.0 | 7.0 | 23.4 | 203.6 | **240.0** |
| | | | | | |
| Post Employment Obligations as at April 1, 2015 | - | - | - | - | - |
| | | | | | |

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TC Tours Limited

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Notes to financial statements for the year ended March 31, 2017**
**(All amounts in INR Lakhs, unless otherwise stated)**

**Note 10: Other Non-Current Liabilities**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Income Received In Advance | 255.4 | 510.8 | - |
| **Total** | **255.4** | **510.8** | - |

**Note 11: Financial Liabilities**

**Note 11(a): Trade Payables**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Trade Payables** | | | |
| -Dues of micro enterprises and small enterprises | - | - | - |
| -Dues of creditors other than micro enterprises and small enterprises * | 15,515.0 | 16,713.3 | 0.2 |
| | | | |
| **Total Trade Payables** | **15,515.0** | **16,713.3** | **0.2** |

* includes Book Overdraft of INR 61.6 (March 31, 2016: INR 112.4 and April 1, 2015: INR Nil)

Note: There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the company. This has been relied upon by the auditors.

**Note 11(b): Other Financial Liablities**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Non-Current | Current | Non-Current | Current | Non-Current | Current |
| Advance from Related Party | - | 30.2 | - | 17.4 | - | 0.5 |
| **Total Other Financial Liablities** | - | **30.2** | - | **17.4** | - | **0.5** |

**Note 12: Other Current Liabilities**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Income Received In Advance | 1,769.7 | 1,757.5 | - |
| Statutory Dues | 102.1 | 57.7 | - |
| **Total** | **1,871.8** | **1,815.2** | - |

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TC Tours Limited

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Notes to financial statements for the year ended March 31, 2017**
**(All amounts in INR Lakhs, unless otherwise stated)**

**Note 13: Revenue from Operations**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Sale of Services | 4,931.2 | 2,633.9 |
| Other Operating Revenue | | |
| -Revenue from Centre of Learning | 342.0 | 255.1 |
| **Total** | **5,273.2** | **2,889.0** |

**Note 14: Other Income**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Interest Income on Bank Deposits | 26.6 | 6.1 |
| Dividend Income from Mutual Fund Investments | 185.5 | 7.0 |
| Miscellaneous Income | 0.9 | 8.3 |
| **Total** | **213.0** | **21.4** |

**Note 15: Employee Benefit Expense**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Salaries Wages and Bonus | 1,669.5 | 951.1 |
| Contribution to Provident and Other Funds | 57.4 | 37.0 |
| Gratuity (Refer note 9) | 22.0 | 84.6 |
| Employees Stock Option Scheme | 12.0 | - |
| Staff Welfare Expenses | 39.1 | 35.6 |
| **Total** | **1,800.0** | **1,108.3** |

**Note 16: Finance Costs**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Interest on Bank Overdraft | 5.8 | * |
| Other Finance Charges | 175.5 | 400.7 |
| Interest on shortfall of Advance tax | 18.9 | - |
| **Total** | **200.2** | **400.7** |

* Amount is below the rounding off norm adopted by the Company.

**Note 17: Other Expenses**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Rent (Refer note 26) | 180.7 | 126.2 |
| Electricity | 42.4 | 23.3 |
| Repairs and Maintenance | 226.1 | 110.3 |
| Insurance | 0.6 | 3.6 |
| Rates and Taxes | 15.0 | 9.8 |
| Security Services | 85.0 | 54.4 |
| Travelling Expenses | 64.3 | 46.8 |
| Legal and Professional Charges #(Refer note below) | 984.2 | 726.6 |
| Printing and Stationery | 128.5 | 78.3 |
| Provisions for doubtful Advances (Net) | 469.6 | 26.0 |
| Advertisment Expenses | 8.8 | 3.4 |
| Miscellaneous Expenses | 90.4 | 13.3 |
| **Total** | **2,295.6** | **1,222.0** |

# Legal and Professional charges include auditors remuneration

**(a): Details of payments to auditors**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| **Payment to auditors** | | |
| **As auditor:** | | |
| -Statutory Audit | 2.5 | 2.5 |
| -Tax Audit | 2.5 | 2.5 |
| **In other capacities** | | |
| -Re-imbursement of expenses | 0.1 | - |
| **Total payments to auditors** | **5.1** | **5.0** |

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TC Tours Limited

**TC TOURS LIMITED (Formerly known as Thomas Cook Tours Limited)**
**Notes to financial statements for the year ended March 31, 2017**
**(All amounts in INR Lakhs, unless otherwise stated)**

**Note 18: Income Tax Expense**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| **(a) Income tax expense** | | |
| *Current tax* | | |
| Current tax on profits for the year | 398.4 | 104.8 |
| Adjustments for current tax of prior periods | - | - |
| Total current tax expense | **398.4** | **104.8** |
| | | |
| *Deferred tax* | | |
| increase in deferred tax assets | (170.5) | (45.2) |
| Total deferred tax credit | **(170.5)** | **(45.2)** |
| **Income tax expense** | **227.9** | **59.6** |

**(b) The reconciliation of tax expense and the accounting profit multiplied by India's tax rate :**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Profit from continuing operations before income tax expense | 814.1 | 179.4 |
| **Tax at the Indian tax rate of 34.608% (PY - 33.063%)** | **281.7** | **59.3** |
| | | |
| Tax effect of amounts which are not deductible(taxable) in calculating taxable income: | | |
| Interest on shortfall of advance tax | 6.5 | - |
| Expenses incurred for increase in authorised share capital | - | 0.8 |
| Buffer tax created | 8.1 | 1.8 |
| Dividend income | (64.2) | - |
| On account of rate difference as compared to previous year | (2.1) | - |
| Other items | (2.2) | (2.3) |
| **Income tax expense** | **227.9** | **59.6** |

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**(All amounts in INR Lakhs, unless otherwise stated)**

## Note 19: Fair value measurements

Trade receivables, cash and cash equivalents, other financial assets, trade payables and other financial liabilities have been carried at amortised cost. The carrying amounts of these financial assets and financial liabilities are considered to be the same as their fair values due to their short-term nature. Hence, no fair value disclosures / information for these financial assets and financial liabilities has been disclosed since the carrying amount is a reasonable approximation of fair value.

## Note 20: Financial risk management

### (i) Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the policies and processes. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the management is responsible for overseeing the Company's risk assessment and management policies and processes.

### (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. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected credit loss in respect of trade and other receivables. The Company does not have any financial assets that are past due but not impaired.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

| | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| Neither past due nor impaired | | - | - | - |
| Past due but not impaired | | - | - | - |
| Past due 1–90 days | | 469.0 | 5,539.0 | - |
| Past due 91–180 days | | 24.0 | - | - |
| | | **493.0** | **5,539.0** | - |
| | | | | |

**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 holding company and few corporate customers (for whom based on information available in the public domain about there credibility/financial performance no impairment indicator exist) hence impairment of trade receivables do not reflect any significant credit losses. Considering the duration of the operations and given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of no credit losses. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk.

**Cash and cash equivalents**
The Company held cash and cash equivalents with credit worthy banks and financial institutions of INR 15,730.7, INR 15.0 and INR 0.1 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.

### (iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, 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 risk to the Company's reputation.

The Company had working capital of INR 1,154.4 as at March 31, 2017, INR 963.6 as at March 31, 2016 and INR 4.6 as at April 1, 2015.

Lovelock & Lewes Chartered Accountants FRN 301056E Mumbai

TC Tours Limited

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BORDERLESS TRAVEL SERVICES LIMITED

## Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Borderless Travel Services 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

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 period ended March 31, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the period ended March 31, 2016 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 27, 2016. 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 these matters.

## 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

(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 did not have any long-term contracts including derivative contracts as at 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 did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 16

For Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Borderless Travel Services Limited on the Ind AS financial statements for the year ended March 31, 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 Borderless Travel Services 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 Ind AS 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Borderless Travel Services Limited on the Ind AS financial statements for the year ended March 31, 2017

## 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Borderless Travel Services Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

i. The Company does not hold any fixed assets during the year ended March 31, 2017. Therefore, the provisions of Clause 3(i) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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, the Company is regular in depositing the undisputed statutory dues, including, income tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(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 and profession 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.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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 managerial remuneration. Hence, the question of commenting on the provisions of Clause 3(xi) of the order does not arise.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Borderless Travel Services Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

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 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further, the company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the order are not applicable to the Company.

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 Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Borderless Travel Services Limited**
**Balance Sheet as at March 31, 2017**

| | Notes | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|---|
| | | Rupees | Rupees |
| **ASSETS** | | | |
| **Current assets** | | | |
| Financial assets | | | |
| Cash and cash equivalent | 3 | 497 | 49,143 |
| **Total current assets** | | **497** | **49,143** |
| **TOTAL ASSETS** | | **497** | **49,143** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 4 (a) | 50,000 | 50,000 |
| **Other equity** | | | |
| Reserve and surplus | 4 (b) | (4,50,848) | (3,60,982) |
| **Total Equity** | | **(4,00,848)** | **(3,10,982)** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Other financial liabilities | 5 | 3,96,465 | 3,55,625 |
| Other current liabilities | 6 | 4,880 | 4,500 |
| **Total current liabilities** | | **4,01,345** | **3,60,125** |
| **Total liabilities** | | **4,01,345** | **3,60,125** |
| **TOTAL EQUITY AND LIABILITIES** | | **497** | **49,143** |

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of these Financial Statements.

In terms of our report of even date

**For Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

**For and on behalf of the Board**

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Borderless Travel Services Limited**
**Statement of Profit and Loss for the year ended March 31, 2017**

| | Notes | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|---|
| | | Rupees | Rupees |
| **Income** | | | |
| Revenue from operations | | - | - |
| **Total income** | | - | - |
| **Expenses** | | | |
| Finance Cost | 7 | 1,863 | 115 |
| Other expenses | 8 | 88,003 | 3,60,867 |
| **Total expenses** | | **89,866** | **3,60,982** |
| **Loss before tax** | | **(89,866)** | **(3,60,982)** |
| Tax expense | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Total tax expenses** | | - | - |
| **Loss for the year/period (A)** | | **(89,866)** | **(3,60,982)** |
| Other comprehensive income | | - | - |
| **Total other comprehensive income for the year/period, net of taxes (B)** | | - | - |
| **Total comprehensive income/(loss) for the year/period (A+B)** | | **(89,866)** | **(3,60,982)** |
| Earnings/(Loss) per equity share ( Face value of 10 each) | | | |
| Basic and Diluted | 14 | (17.97) | (72.20) |

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of these Financial Statements.

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 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Borderless Travel Services Limited**
**Statement of Changes in Equity for the year ended March 31, 2017**

## A. Equity share capital

| | Notes | Amount Rupees |
|---|---|---|
| **As at August 25, 2015** | | - |
| changes in equity share capital during the period | 4 (a) | 50,000 |
| **As at March 31, 2016** | | **50,000** |
| changes in equity share capital during the year | 4 (a) | - |
| **As at March 31, 2017** | | **50,000** |

## B. Other Equity

| | Notes | Retained Earnings Rupees | Total Reserves and Surplus Rupees |
|---|---|---|---|
| **Balance at August 25, 2015** | | - | - |
| Loss for the period | 4 (b) | (3,60,982) | (3,60,982) |
| Other Comprehensive Income | | - | - |
| **Balance at March 31, 2016** | | **(3,60,982)** | **(3,60,982)** |
| Loss for the year | 4 (b) | (89,866) | (89,866) |
| Other Comprehensive Income | | - | - |
| **Balance at March 31, 2017** | | **(4,50,848)** | **(4,50,848)** |

The above statement of changes in equity 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

Arun Ramdas

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**For and on behalf of the Board**

Amit Madhan

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Borderless Travel Services Limited**
**Cash Flow Statement for the year ended March 31, 2017**

| | Note | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|---|
| | | Rupees | Rupees |
| **A) Cash flow from operating activities** | | | |
| **Loss before income tax** | | (89,866) | (3,60,982) |
| **Change in operating assets and liabilities** | | | |
| Increase in Financial liabilities | 5 | 40,840 | 3,55,625 |
| Increase in Other current liabilities | 6 | 380 | 4,500 |
| **Cash outflow from operations** | | **(48,646)** | **(857)** |
| **B) Cash flow from financing activities** | | | |
| Proceeds from Issue of Equity Shares | 4 (a) | - | 50,000 |
| **Net cash inflow from financing activities** | | - | **50,000** |
| **Net (decrease)/increase in cash and Bank Balance** | | (48,646) | 49,143 |
| Add: Cash and bank balance at the beginning of the financial year/period | 3 | 49,143 | - |
| **Cash and bank balance at the end of the year/period** | 3 | **497** | **49,143** |

The above statement of cash flows should be read in conjunction with the accompanying notes.

**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 13)

In terms of our report of even date

**For Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**For and on behalf of the Board**

Amit Madhan

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Borderless Travel Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 2: Critical Estimates and Judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.
This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**Critical estimates and Judgements**
The areas involving Critical estimates and judgments are

1 Recognition of deferred tax
In view of the consistent losses and no commercial operations by company, the Company may not have future taxable profits. Accordingly, deferred tax assets of INR 21,718 has not been recognized on unabsorbed losses of INR 84,341, since the criteria for probability has not met.

Estimates and Judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

PN-

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

**Borderless Travel Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 3: Financial Assets**

**Cash and cash equivalent**

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Balances with bank | | |
| In current account | 497 | 49,143 |
| **Total Cash and cash equivalent** | **497** | **49,143** |

There are no repatriation restrictions with regards to cash and cash equivalent as at the end of the reporting period and prior periods.

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Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

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Borderless Travel Services Limited
Notes to financial statements for the year ended March 31, 2017

## Note 4: Equity Share Capital and Other Equity

### 4 (a) Equity share capital

**Authorised equity share capital**

| | Number of shares | Amount (in Rupees) |
|---|---|---|
| **As at August 25, 2015** | - | - |
| Increase during the period | 1,000,000 | 10,000,000 |
| **As at March 31, 2016** | **1,000,000** | **10,000,000** |
| Increase during the year | - | - |
| **As at March 31, 2017** | **1,000,000** | **10,000,000** |

**(i) Movement in Equity Share Capital**

| | Number of shares | Equity Share Capital (par value) |
|---|---|---|
| **As at August 25, 2015** | - | - |
| Add: No of Shares issued during the period | 5,000 | 50,000 |
| **As at March 31, 2016** | **5,000** | **50,000** |
| Add: No of Shares issued during the year | - | - |
| **As at March 31, 2017** | **5,000** | **50,000** |

**Terms and rights attached to 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 remaining assets of the Company after distribution to secured creditors if any, of all preferential amounts, in proportion to their shareholding.

**(ii) Shares of the company held by Holding Company**

| Category of Shareholder | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Number of shares | % of Holding | Number of shares | % of Holding |
| Thomas Cook India Limited (holding company) & its nominees | 5,000 | 100 | 5,000 | 100 |

**(iii) Details of Shareholders holding 5% or more shares in the Company**

| Category of Shareholder | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Number of shares | % of Holding | Number of shares | % of Holding |
| Thomas Cook India Limited (holding company) & its nominees | 5,000 | 100 | 5,000 | 100 |

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

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Borderless Travel Services Limited
Notes to financial statements for the year ended March 31, 2017

### 4(b) Reserves and surplus

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Retained Earnings | (450,848) | (360,982) |
| **Total reserves and surplus** | **(450,848)** | **(360,982)** |

### Retained Earnings

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Opening Balance | (360,982) | - |
| Net loss for the year / period | (89,866) | (360,982) |
| Closing Balance | **(450,848)** | **(360,982)** |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

**Borderless Travel Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 5: Financial Liabilities**

**Other Financial Liablities**

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| **Current** | | |
| Payable to Holding Company (Refer Note 12) | 345,225 | 308,600 |
| Liabilities against expense | 51,240 | 47,025 |
| **Total Other Financial Liablities** | **396,465** | **355,625** |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

**Borderless Travel Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 6: Other Current Liabilities**

| | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| Statutory Dues Payable | 4,880 | 4,500 |
| **Total Other Current Liabilities** | **4,880** | **4,500** |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

**Borderless Travel Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 7: Finance Costs**

| | Year ended March 31, 2017 Rupees | Period ended March 31, 2016 Rupees |
|---|---|---|
| Other Finance Charges | 1,863 | 115 |
| **Total Finance Costs** | **1,863** | **115** |

**Note 8: Other Expenses**

| | Year ended March 31, 2017 Rupees | Period ended March 31, 2016 Rupees |
|---|---|---|
| Rates and Taxes | - | 229,480 |
| Legal and Professional Charges* | 88,003 | 131,325 |
| Miscellaneous Expenses | - | 62 |
| **Total other expenses** | **88,003** | **360,867** |

* Legal and Professional Charges include payment to Auditors as disclosed in note 8 (a)

**8 (a) Details of payments to auditor**

| | Year ended March 31, 2017 Rupees | Period ended March 31, 2016 Rupees |
|---|---|---|
| **Payment to auditor** | | |
| **As auditor:** | | |
| -Statutory Audit | 48,800 | 45,000 |
| **Total payment to auditor** | **48,800** | **45,000** |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

**Borderless Travel Solutions Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 9: Fair value measurements**

Trade receivables, cash and cash equivalents, other financial assets, trade payables, and other financial liabilities have been carried at amortised cost. The carrying amounts of these financial assets and financial liabilities are considered to be the same as their fair values due to their short-term nature. Hence, no fair value disclosures / information for these financial assets and financial liabilities has been disclosed since the carrying amount is a reasonable approximation of fair value.

**Note 10: Financial risk management**
Being a non - operating company, the company is not exposed to any kind of risk.

**Note 11: Capital management**

The Company's objectives when managing capital (consisting of equity capital and unremitted profit in the financial statements) are to safeguard its ability to continue as a going concern, so it can continue to provide services for the holding company and related entities and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or change the capital structure, the Company may adjust the amount of profits for remittance to holding company, return equity capital, or require holding company to infuse additional capital to support its operations.

There are no externally imposed capital requirements on the Company.

The Company has not proposed any Dividend for the year ended March 31, 2017 and March 31, 2016.

PH

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

## Note 12: Related Party Transactions

### (a) Parent Entities

The Company is controlled by the following entity:

| Name | Type | Place of Incorporation | Ownership Interest (%) As at March 31, 2017 | Ownership Interest (%) As at March 31, 2016 |
|---|---|---|---|---|
| Thomas Cook (India) Limited, India ("TCIL") holds 100% of Equity Shares of the Company. (Fairbridge Capital (Mauritius) Limited, Mauritius ("FCML") holds 67.82% of Equity Shares of TCIL. FCML is wholly owned and controlled by Fairfax Financial Holdings Limited, Canada, the ultimate holding company.) | Parent entity | India | 100% | 100% |

### ( b) Key Management personnel

| |
|---|
| Amit Madhan |
| Rajeev Kale (w.e.f. November 2, 2015) |
| Abraham Alapatt |

### (c) Transactions with related parties

The following transactions occurred with related parties:

| Nature of transaction | Year ended March 31, 2017 Rupees | Period ended March 31, 2016 Rupees |
|---|---|---|
| Holding Company | | |
| Reimbursement of Expenses (Net) | | |
| Thomas Cook (India) Limited | 36,625 | 308,600 |
| Subscription of equity share capital | | |
| Thomas Cook (India) Limited | - | 50,000 |
| | **36,625** | **358,600** |

### (d) Outstanding balances arising from sale and purchase of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| Particulars | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Outstanding payables | | |
| Thomas Cook (India) Limited | 345,225 | 308,600 |
| **Total payables to related parties** | **345,225** | **308,600** |

PH

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

**Note 13: 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 1 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information presented in these financial statements for the period ended March 31, 2016. In preparing its comparative information, 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 (IGAAP or Indian GAAP). An explanation of how the transition from IGAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from IGAAP to Ind AS.

**A.1 Ind AS optional exemptions**

No optional exemption have been taken.

**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 IGAAP (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 March 31, 2016 are consistent with the estimates as at the same date made in conformity with IGAAP.

**B: Reconciliations between IGAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity and total comprehensive income and cash flow for prior periods. Since there is no change in the equity and total comprehensive income as per IGAAP and Ind AS, no reconciliation is required to be prepared.

PH

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

BORDERLESS TRAVEL SERVICES LIMITED

Borderless Travel Services Limited
Notes to financial statements for the year ended March 31, 2017

**Note 14: Earnings/(Loss) Per Share (EPS)**

| Earnings/(Loss) Per Share has been computed as under: | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|
| Loss for the year(In Rupees) - Basic and Diluted | (89,866) | (3,60,982) |
| Weighted average number of Equity shares outstanding - Basic and Diluted | 5,000 | 5,000 |
| Basic and Diluted Earnings/(Loss) per Share (Rs. per Equity Share of Rs. 10 each) | (17.97) | (72.20) |

**Note 15: Segmental Reporting**

Since the Company has no operations, there are no reportable segments.

**Note 16 : Dislosure in respect of Specified Bank Notes held and transacted :-**

The details of Specified Bank Notes (SBN) as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017, 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:

| | Specified Bank Notes* | Other denomination notes & Coins | Total |
|---|---|---|---|
| **Closing cash in hand as on November 8, 2016** | - | - | - |
| (+) Permitted receipts | - | - | - |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in Banks | - | - | - |
| **Closing cash in hand as on December 30, 2016** | - | - | - |

* 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 17**

As at March 31, 2017, company has not started its commercial operations. The Company is a 100% subsidiary of Thomas Cook (India) Limited, which has undertook to provide sufficient financial support to the company to carry on business without curtailment of operations for the period of at least 12 months from the date of signing of the audit report i.e. May 24, 2018 by written support letter.

**Note 18: 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: 'Statement of cash flows'

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.

In terms of our report of even date

**For Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Arun Ramdas

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**For and on behalf of the Board**

Amit Madhan

**Amit Madhan**
Director
DIN No : 06646076

Date: May 24, 2017
Place: Mumbai

**Abraham Alapatt**
Director
DIN No. 6809421

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF JARDIN TRAVEL SOLUTIONS LIMITED

### Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Jardin Travel Solutions 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

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 period ended March 31, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the period ended March 31, 2016 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 27, 2016. 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 these matters.

**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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

(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 did not have any long-term contracts including derivative contracts as at 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 did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 16

For Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Jardin Travel Solutions Limited on the Ind AS financial statements for the year ended March 31, 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 Jardin Travel Solutions 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 Ind AS 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Jardin Travel Solutions Limited on the Ind AS financial statements for the year ended March 31, 2017

### 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arun Ramdas

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Jardin Travel Solutions Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

i. The Company does not hold any fixed assets during the year ended March 31, 2017. Therefore, the provisions of Clause 3(i) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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, the Company is regular in depositing the undisputed statutory dues, including, income tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(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 and profession 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.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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 managerial remuneration. Hence, the question of commenting on the provisions of Clause 3(xi) of the order does not arise.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Jardin Travel Solutions Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

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 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further, the company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the order are not applicable to the Company.

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 Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arun Ramdas

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Jardin Travel Solutions Limited**
**Balance Sheet as at March 31, 2017**

| | Notes | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|---|
| | | Rupees | Rupees |
| **ASSETS** | | | |
| **Current assets** | | | |
| Financial assets | | | |
| Cash and cash equivalent | 3 | 497 | 49,143 |
| **Total current assets** | | **497** | **49,143** |
| **TOTAL ASSETS** | | **497** | **49,143** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 4 (a) | 50,000 | 50,000 |
| **Other equity** | | | |
| Reserve and surplus | 4 (b) | (4,50,848) | (3,60,982) |
| **Total Equity** | | **(4,00,848)** | **(3,10,982)** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Other financial liabilities | 5 | 3,96,465 | 3,55,625 |
| Other current liabilities | 6 | 4,880 | 4,500 |
| **Total current liabilities** | | **4,01,345** | **3,60,125** |
| **Total liabilities** | | **4,01,345** | **3,60,125** |
| **TOTAL EQUITY AND LIABILITIES** | | **497** | **49,143** |

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of these Financial Statements.

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 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Jardin Travel Solutions Limited**
**Statement of Profit and Loss for the year ended March 31, 2017**

| | Notes | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|---|
| | | Rupees | Rupees |
| **Income** | | | |
| Revenue from operations | | - | - |
| **Total income** | | - | - |
| **Expenses** | | | |
| Finance Cost | 7 | 1,863 | 115 |
| Other expenses | 8 | 88,003 | 3,60,867 |
| **Total expenses** | | **89,866** | **3,60,982** |
| **Loss before tax** | | **(89,866)** | **(3,60,982)** |
| Tax expense | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Total tax expenses** | | - | - |
| **Loss for the year/period (A)** | | **(89,866)** | **(3,60,982)** |
| Other comprehensive income | | - | - |
| **Total other comprehensive income for the year/period, net of taxes (B)** | | - | - |
| **Total comprehensive income/(loss) for the year/period (A+B)** | | **(89,866)** | **(3,60,982)** |
| Earnings/(Loss) per equity share ( Face value of 10 each) | | | |
| Basic and Diluted | 14 | (17.97) | (72.20) |

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of these Financial Statements.

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 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Jardin Travel Solutions Limited**
**Statement of Changes in Equity for the year ended March 31, 2017**

### A. Equity share capital

| | Notes | Amount Rupees |
|---|---|---|
| **As at September 1, 2015** | | - |
| changes in equity share capital during the period | 4 (a) | 50,000 |
| **As at March 31, 2016** | | **50,000** |
| changes in equity share capital during the year | 4 (a) | - |
| **As at March 31, 2017** | | **50,000** |

### B. Other Equity

| | Notes | Retained Earnings Rupees | Total Reserves and Surplus Rupees |
|---|---|---|---|
| **Balance at September 1, 2015** | | - | - |
| Loss for the period | 4 (b) | (3,60,982) | (3,60,982) |
| Other Comprehensive Income | | - | - |
| **Balance at March 31, 2016** | | **(3,60,982)** | **(3,60,982)** |
| Loss for the year | 4 (b) | (89,866) | (89,866) |
| Other Comprehensive Income | | - | - |
| **Balance at March 31, 2017** | | **(4,50,848)** | **(4,50,848)** |

The above statement of changes in equity 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 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Jardin Travel Solutions Limited**
**Cash Flow Statement for the year ended March 31, 2017**

| | Note | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|---|
| | | Rupees | Rupees |
| **A) Cash flow from operating activities** | | | |
| **Loss before income tax** | | (89,866) | (3,60,982) |
| **Change in operating assets and liabilities** | | | |
| Increase in Financial liabilities | 5 | 40,840 | 3,55,625 |
| Increase in Other current liabilities | 6 | 380 | 4,500 |
| **Cash outflow from operations** | | **(48,646)** | **(857)** |
| **B) Cash flow from financing activities** | | | |
| Proceeds from Issue of Equity Shares | 4 (a) | - | 50,000 |
| **Net cash inflow from financing activities** | | - | **50,000** |
| **Net (decrease)/increase in cash and Bank Balance** | | (48,646) | 49,143 |
| Add: Cash and bank balance at the beginning of the financial year/period | 3 | 49,143 | - |
| **Cash and bank balance at the end of the year/period** | 3 | **497** | **49,143** |

The above statement of cash flows should be read in conjunction with the accompanying notes.

**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 13)

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 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Jardin Travel Solutions Limited**
**Notes to financial statements for the year ended March 31, 2017**

## Note 2: Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.
This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### Critical estimates and Judgements

The areas involving Critical estimates and judgments are

1 Recognition of deferred tax
In view of the consistent losses and no commercial operations by company, the Company may not have future taxable profits. Accordingly, deferred tax assets of INR 21,718 has not been recognized on unabsorbed losses of INR 84,341, since the criteria for probability has not met.

Estimates and Judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

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**Jardin Travel Solutions Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 3: Financial Assets**

**Cash and cash equivalent**

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Balances with bank | | |
| In current account | 497 | 49,143 |
| **Total Cash and cash equivalent** | **497** | **49,143** |

There are no repatriation restrictions with regards to cash and cash equivalent as at the end of the reporting period and prior periods.

PH

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

Jardin Travel Solutions Limited
Notes to financial statements for the year ended March 31, 2017

## Note 4: Equity Share Capital and Other Equity

### 4 (a) Equity share capital

**Authorised equity share capital**

| | Number of shares | Amount (in Rupees) |
|---|---|---|
| **As at September 1, 2015** | - | - |
| Increase during the period | 1,000,000 | 10,000,000 |
| **As at March 31, 2016** | **1,000,000** | **10,000,000** |
| Increase during the year | - | - |
| **As at March 31, 2017** | **1,000,000** | **10,000,000** |

**(i) Movement in Equity Share Capital**

| | Number of shares | Equity Share Capital (par value) |
|---|---|---|
| **As at September 1, 2015** | - | - |
| Add: No of Shares issued during the period | 5,000 | 50,000 |
| **As at March 31, 2016** | **5,000** | **50,000** |
| Add: No of Shares issued during the year | - | - |
| **As at March 31, 2017** | **5,000** | **50,000** |

**Terms and rights attached to 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 remaining assets of the Company after distribution to secured creditors if any, of all preferential amounts, in proportion to their shareholding.

**(ii) Shares of the company held by Holding Company**

| Category of Shareholder | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Number of shares | % of Holding | Number of shares | % of Holding |
| Thomas Cook India Limited (holding company) & its nominees | 5,000 | 100 | 5,000 | 100 |

PH

**(iii) Details of Shareholders holding 5% or more shares in the Company**

| Category of Shareholder | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Number of shares | % of Holding | Number of shares | % of Holding |
| Thomas Cook India Limited (holding company) & its nominees | 5,000 | 100 | 5,000 | 100 |

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

Jardin Travel Solutions Limited
Notes to financial statements for the year ended March 31, 2017

### 4(b) Reserves and surplus

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Retained Earnings | (450,848) | (360,982) |
| **Total reserves and surplus** | **(450,848)** | **(360,982)** |

### Retained Earnings

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Opening Balance | (360,982) | - |
| Net loss for the year / period | (89,866) | (360,982) |
| Closing Balance | **(450,848)** | **(360,982)** |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

Jardin Travel Solutions Limited
Notes to financial statements for the year ended March 31, 2017

## Note 5: Financial Liabilities

### Other Financial Liablities

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| **Current** | | |
| Payable to Holding Company (Refer Note 12) | 345,225 | 308,600 |
| Liabilities against expense | 51,240 | 47,025 |
| **Total Other Financial Liablities** | **396,465** | **355,625** |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

Jardin Travel Solutions Limited
Notes to financial statements for the year ended March 31, 2017

## Note 6: Other Current Liabilities

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Statutory Dues Payable | 4,880 | 4,500 |
| **Total Other Current Liabilities** | **4,880** | **4,500** |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

Jardin Travel Solutions Limited
Notes to financial statements for the year ended March 31, 2017

**Note 7: Finance Costs**

| | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| Other Finance Charges | 1,863 | 115 |
| **Total Finance Costs** | **1,863** | **115** |

**Note 8: Other Expenses**

| | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| Rates and Taxes | - | 229,480 |
| Legal and Professional Charges* | 88,003 | 131,325 |
| Miscellaneous Expenses | - | 62 |
| **Total other expenses** | **88,003** | **360,867** |

* Legal and Professional Charges include payment to Auditors as disclosed in note 8 (a)

**8 (a) Details of payments to auditor**

| | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| **Payment to auditor** | | |
| **As auditor:** | | |
| -Statutory Audit | 48,800 | 45,000 |
| **Total payment to auditor** | **48,800** | **45,000** |

PH

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

**Jardin Travel Solutions Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 9: Fair value measurements**

Trade receivables, cash and cash equivalents, other financial assets, trade payables, and other financial liabilities have been carried at amortised cost. The carrying amounts of these financial assets and financial liabilities are considered to be the same as their fair values due to their short-term nature. Hence, no fair value disclosures / information for these financial assets and financial liabilities has been disclosed since the carrying amount is a reasonable approximation of fair value.

**Note 10: Financial risk management**
Being a non - operating company, the company is not exposed to any kind of risk.

**Note 11: Capital management**

The Company's objectives when managing capital (consisting of equity capital and unremitted profit in the financial statements) are to safeguard its ability to continue as a going concern, so it can continue to provide services for the holding company and related entities and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or change the capital structure, the Company may adjust the amount of profits for remittance to holding company, return equity capital, or require holding company to infuse additional capital to support its operations.

There are no externally imposed capital requirements on the Company.

PH The Company has not proposed any Dividend for the year ended March 31, 2017 and March 31, 2016.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

**Note 12: Related Party Transactions**

**(a) Parent Entities**

The Company is controlled by the following entity:

| Name | Type | Place of Incorporation | Ownership Interest (%) | |
|---|---|---|---|---|
| | | | As at March 31, 2017 | As at March 31, 2016 |
| Thomas Cook (India) Limited, India ("TCIL") holds 100% of Equity Shares of the Company. (Fairbridge Capital (Mauritius) Limited, Mauritius ("FCML") holds 67.82% of Equity Shares of TCIL. FCML is wholly owned and controlled by Fairfax Financial Holdings Limited, Canada, the ultimate holding company.) | Parent entity | India | 100% | 100% |

**(b) Key Management personnel**

| |
|---|
| Amit Madhan |
| Rajeev Kale (w.e.f. November 2, 2015) |
| Abraham Alapatt |

**(c) Transactions with related parties**

The following transactions occurred with related parties:

PH

| Nature of transaction | Year ended March 31, 2017 Rupees | Period ended March 31, 2016 Rupees |
|---|---|---|
| Holding Company | | |
| Reimbursement of Expenses (Net) | | |
| Thomas Cook (India) Limited | 36,625 | 308,600 |
| Subscription of equity share capital | | |
| Thomas Cook (India) Limited | - | 50,000 |
| | **36,625** | **358,600** |

**(d) Outstanding balances arising from sale and purchase of goods and services**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| Particulars | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees |
|---|---|---|
| Outstanding payables | | |
| Thomas Cook (India) Limited | 345,225 | 308,600 |
| **Total payables to related parties** | **345,225** | **308,600** |

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

Jardin Travel Solutions Limited
Notes to financial statements for the year ended March 31, 2017

## Note 13: 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 1 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information presented in these financial statements for the period ended March 31, 2016. In preparing its comparative information, 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 (IGAAP or Indian GAAP). An explanation of how the transition from IGAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from IGAAP to Ind AS.

### A.1 Ind AS optional exemptions

No optional exemption have been taken.

### 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 IGAAP (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 March 31, 2016 are consistent with the estimates as at the same date made in conformity with IGAAP.

### B: Reconciliations between IGAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity and total comprehensive income and cash flow for prior periods. Since there is no change in the equity and total comprehensive income as per IGAAP and Ind AS, no reconciliation is required to be prepared.

PH

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

JARDIN TRAVEL SOLUTIONS LIMITED

**Note 14: Earnings/(Loss) Per Share (EPS)**

| Earnings/(Loss) Per Share has been computed as under: | Year ended March 31, 2017 | Period ended March 31, 2016 |
|---|---|---|
| Loss for the year(In Rupees) - Basic and Diluted | (89,866) | (3,60,982) |
| Weighted average number of Equity shares outstanding - Basic and Diluted | 5,000 | 5,000 |
| Basic and Diluted Earnings/(Loss) per Share (Rs. per Equity Share of Rs. 10 each) | (17.97) | (72.20) |

**Note 15: Segmental Reporting**
Since the Company has no operations, there are no reportable segments.

**Note 16 : Dislosure in respect of Specified Bank Notes held and transacted :-**

The details of Specified Bank Notes (SBN) as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017, 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:

| | Specified Bank Notes* | Other denomination notes & Coins | Total |
|---|---|---|---|
| **Closing cash in hand as on November 8, 2016** | - | - | - |
| (+) Permitted receipts | - | - | - |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in Banks | - | - | - |
| **Closing cash in hand as on December 30, 2016** | - | - | - |

* 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 17**
As at March 31, 2017, company has not started its commercial operations. The Company is a 100% subsidiary of Thomas Cook (India) Limited, which has undertook to provide sufficient financial support to the company to carry on business without curtailment of operations for the period of at least 12 months from the date of signing of the audit report i.e. May 24, 2018 by written support letter.

**Note 18: 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: 'Statement of cash flows'

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.

In terms of our report of even date

**For Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Arun Ramdas

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF INDIAN HORIZON MARKETING SERVICES LIMITED**

## Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Indian Horizon Marketing Services 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

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 for the fifteen months ended 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 27, 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 these matters.

## 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

(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 did not have any long-term contracts including derivative contracts as at 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 did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 19

For Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Indian Horizon Marketing Services Limited on the Ind AS financial statements for the year ended March 31, 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 Indian Horizon Marketing Services 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 Ind AS 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.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Indian Horizon Marketing Services Limited on the Ind AS financial statements for the year ended March 31, 2017

## 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Indian Horizon Marketing Services Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

i. The Company does not hold any fixed assets during the year ended March 31, 2017. Therefore, the provisions of Clause 3(i) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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, the Company is regular in depositing the undisputed statutory dues, including, income tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(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 and profession 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.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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 managerial remuneration. Hence, the question of commenting on the provisions of Clause 3(xi) of the order does not arise.

Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Indian Horizon Marketing Services Limited on the Ind AS financial statements as of and for the year ended March 31, 2017

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 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further, the company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the order are not applicable to the Company.

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 Lovelock and Lewes
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas
Partner
Membership Number: 112433

Mumbai
Date: May 24, 2017

**Indian Horizon Marketing Services Limited**
**Balance Sheet as at March 31, 2017**

| | Notes | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|---|
| | | Rupees | Rupees | Rupees |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 3 (a) | 17,36,512 | 67,316 | 2,401 |
| Bank balances other than above | 3 (b) | 5,16,366 | 5,27,816 | 5,20,594 |
| Current Tax Assets | 4 | 7,522 | 8,864 | 3,570 |
| Other current assets | 5 | 5,030 | - | - |
| **Total current assets** | | **22,65,430** | **6,03,996** | **5,26,565** |
| **TOTAL ASSETS** | | **22,65,430** | **6,03,996** | **5,26,565** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 6 (a) | 5,00,000 | 5,00,000 | 5,00,000 |
| **Other equity** | | | | |
| Reserve and surplus | 6 (b) | (3,69,634) | (3,13,283) | (3,289) |
| **Total Equity** | | **1,30,366** | **1,86,717** | **4,96,711** |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Other financial liabilities | 7 | 21,33,564 | 4,16,779 | 29,854 |
| Other current liabilities | 8 | 1,500 | 500 | - |
| **Total current liabilities** | | **21,35,064** | **4,17,279** | **29,854** |
| **Total liabilities** | | **21,35,064** | **4,17,279** | **29,854** |
| **TOTAL EQUITY AND LIABILITIES** | | **22,65,430** | **6,03,996** | **5,26,565** |

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of these Financial Statements.

In terms of our report of even date

**For Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Arun Ramdas

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**For and on behalf of the Board**

Amit Madhan

**Amit Madhan**
Director
DIN No : 06646076

Date: May 24, 2017
Place: Mumbai

**Abraham Alapatt**
Director
DIN No. 6809421

**Indian Horizon Marketing Services Limited**
**Statement of Profit and Loss for the year ended March 31, 2017**

| | Notes | Year ended March 31, 2017 Rupees | Year ended March 31, 2016 Rupees |
|---|---|---|---|
| **Income** | | | |
| Other income | 9 | 35,243 | 42,236 |
| **Total income** | | **35,243** | **42,236** |
| **Expenses** | | | |
| Finance Cost | 10 | 465 | 2,522 |
| Other expenses | 11 | 91,129 | 3,47,375 |
| **Total expenses** | | **91,594** | **3,49,897** |
| **Loss before tax** | | **(56,351)** | **(3,07,661)** |
| Tax expense | | | |
| Current tax | | - | 2,333 |
| Deferred tax | 2 | - | - |
| **Total tax expenses** | | - | 2,333 |
| **Loss for the year (A)** | | **(56,351)** | **(3,09,994)** |
| Other comprehensive income | | - | - |
| **Total other comprehensive income for the year, net of taxes (B)** | | - | - |
| **Total comprehensive income/(loss) for the year (A+B)** | | **(56,351)** | **(3,09,994)** |
| Earnings/(Loss) per equity share ( Face value of 10 each) | | | |
| Basic and Diluted | 17 | (1.13) | (6.20) |

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of these Financial Statements.

In terms of our report of even date

**For Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Arunkumar Ramdas

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**For and on behalf of the Board**

Amit Madhan

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Indian Horizon Marketing Services Limited**
**Statement of Changes in Equity for the year ended March 31, 2017**

### A. Equity share capital

| | Notes | Amount |
|---|---|---|
| | | **Rupees** |
| **As at April 1, 2015** | | 5,00,000 |
| changes in equity share capital during the year | 6 (a) | - |
| **As at March 31, 2016** | | **5,00,000** |
| changes in equity share capital during the year | 6 (a) | - |
| **As at March 31, 2017** | | **5,00,000** |

### B. Other Equity

| | Notes | Retained Earnings | Total Reserves and Surplus |
|---|---|---|---|
| | | **Rupees** | **Rupees** |
| **Balance as at April 1, 2015** | | (3,289) | (3,289) |
| Loss for the year | 6 (b) | (3,09,994) | (3,09,994) |
| **Balance at the April 1, 2016** | | **(3,13,283)** | **(3,13,283)** |
| Loss for the year | 6 (b) | (56,351) | (56,351) |
| **Balance as at March 31, 2017** | | **(3,69,634)** | **(3,69,634)** |

The above statement of changes in equity 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 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Indian Horizon Marketing Services Limited**
**Cash Flow Statement for the year ended March 31, 2017**

| | Note | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| | | Rupees | Rupees |
| **A) Cash flow from operating activities** | | | |
| **Loss before income tax** | | (56,351) | (3,07,661) |
| *Adjustments for* | | | |
| Interest Income | 9 | (35,243) | (42,236) |
| **Operating Profit before Working Capital changes** | | **(91,594)** | **(3,49,897)** |
| **Change in operating assets and liabilities** | | | |
| Increase in Other financial Liabilities | 7 | 17,16,785 | 3,86,925 |
| Increase in Other Liabilities | 8 | 1,000 | 500 |
| (Increase) in Other Assets | 5 | (5,030) | - |
| **Cash generated from operations** | | **16,21,161** | **37,528** |
| Income taxes Refunds Received/(paid) | 4 | 1,342 | (7,627) |
| **Net cash inflow from operating activities** | | **16,22,503** | **29,901** |
| **B) Cash flow from investing activities:** | | | |
| Interest Received | 9 | 46,693 | 48,392 |
| Investment in Fixed Deposit having maturity over three months | 3 (b) | - | (13,378) |
| **Net cash inflow from investing activities** | | **46,693** | **35,014** |
| **Net increase in cash and cash equivalents** | | **16,69,196** | **64,915** |
| Add: Cash and cash equivalents at the beginning of the financial year | 3 (a) | 67,316 | 2,401 |
| **Cash and cash equivalents at the end of the year** | | **17,36,512** | **67,316** |

The above statement of cash flows should be read in conjunction with the accompanying notes.

**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 16)

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 24, 2017
Place: Mumbai

**For and on behalf of the Board**

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

**Indian Horizon Marketing Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 2: Critical Estimates and Judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**Critical estimates and Judgements**

The areas involving Critical estimates and judgments are

1 Recognition of deferred tax
In view of the consistent losses and no commercial operations by company, the Company may not have future taxable profits. Accordingly, deferred tax assets of INR 29,229 has not been recognized on unabsorbed losses of INR 113,512, since the criteria for probability has not met.

Estimates and Judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

INDIAN HORIZON MARKETING SERVICES LIMITED

Indian Horizon Marketing Services Limited
Notes to financial statements for the year ended March 31, 2017

## Note 3: Financial Assets

### 3(a) Cash and cash equivalents

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees | As at April 1, 2015 Rupees |
|---|---|---|---|
| Balances with banks | | | |
| In current accounts | 1,723,596 | 67,316 | 2,401 |
| Cheques on hand | 12,916 | - | - |
| **Total Cash and cash equivalents** | **1,736,512** | **67,316** | **2,401** |

### 3(b) Bank balances other than above

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees | As at April 1, 2015 Rupees |
|---|---|---|---|
| Fixed Deposits with maturity of more than 3 months but less than 12 months | 500,000 | 500,000 | 486,622 |
| Interest Accrued on fixed deposits | 16,366 | 27,816 | 33,972 |
| **Total Other Bank balances** | **516,366** | **527,816** | **520,594** |

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Chartered Accountants
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Mumbai

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INDIAN HORIZON MARKETING SERVICES LIMITED

**Indian Horizon Marketing Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 4: Current Tax Assets**

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees | As at April 1, 2015 Rupees |
|---|---|---|---|
| Advance Tax | 7,522 | 8,864 | 3,570 |
| **Total Current Tax Assets** | **7,522** | **8,864** | **3,570** |

**Note 5: Other Current Assets**

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees | As at April 1, 2015 Rupees |
|---|---|---|---|
| Balances with service tax authorities | 5,030 | - | - |
| **Total Other Current Assets** | **5,030** | **-** | **-** |

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Indian Horizon Marketing Services Limited

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Indian Horizon Marketing Services Limited
Notes to financial statements for the year ended March 31, 2017

**Note 6: Equity Share Capital and Other Equity**

**6 (a) Equity share capital**

**Authorised equity share capital**

| | Number of shares | Amount (in Rupees) |
|---|---|---|
| **As at April 1, 2015** | 500,000 | 5,000,000 |
| Increase during the year | 2,500,000 | 25,000,000 |
| **As at March 31, 2016** | **3,000,000** | **30,000,000** |
| Increase during the year | - | - |
| **As at March 31, 2017** | **3,000,000** | **30,000,000** |

**(i) Movement in Equity Share Capital**

| | Number of shares | Equity Share Capital (par value) |
|---|---|---|
| **As at April 1, 2015** | 50,000 | 500,000 |
| Add: No of Shares issued during the year | - | - |
| **As at March 31, 2016** | **50,000** | **500,000** |
| Add: No of Shares issued during the year | - | - |
| **As at March 31, 2017** | **50,000** | **500,000** |

**Terms and rights attached to 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 remaining assets of the Company after distribution to secured creditors if any, of all preferential amounts, in proportion to their shareholding.

**(ii) Shares of the company held by Holding Company**

| Category of Shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares | % of Holding | Number of shares | % of Holding | Number of shares | % of Holding |
| Thomas Cook India Limited (holding company) & its nominees | 50,000 | 100% | 50,000 | 100% | 50,000 | 100% |

**(iii) Details of 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 | |
|---|---|---|---|---|---|---|
| | Number of shares | % of Holding | Number of shares | % of Holding | Number of shares | % of Holding |
| Thomas Cook India Limited (holding company) & its nominees | 50,000 | 100% | 50,000 | 100% | 50,000 | 100% |

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

Indian Horizon Marketing Services Limited

Indian Horizon Marketing Services Limited
Notes to financial statements for the year ended March 31, 2017

## 6(b) Reserves and surplus

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees | As at April 1, 2015 Rupees |
|---|---|---|---|
| Retained Earnings | (369,634) | (313,283) | (3,289) |
| **Total reserves and surplus** | **(369,634)** | **(313,283)** | **(3,289)** |

**Retained Earnings**

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees | As at April 1, 2015 Rupees |
|---|---|---|---|
| Opening Balance | 313,283 | 3,289 | 11,345 |
| Net Loss/(Profit) For the year | 56,351 | 309,994 | (8,056) |
| **Closing Balance** | **369,634** | **313,283** | **3,289** |

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Chartered Accountants
FRN 301056E
Mumbai

INDIAN HORIZON MARKETING SERVICES LIMITED

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Indian Horizon Marketing Services Limited
Notes to financial statements for the year ended March 31, 2017

## Note 7: Financial Liabilities

### Other Financial Liablities

| | As at March 31, 2017 Rupees | As at March 31, 2016 Rupees | As at April 1, 2015 Rupees |
|---|---|---|---|
| **Current** | | | |
| Payable to Holding Company (Refer Note 15) | 2,094,595 | 375,760 | - |
| Liabilities against expense | 38,969 | 41,019 | 29,854 |
| **Total Other Financial Liablities** | **2,133,564** | **416,779** | **29,854** |

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INDIAN HORIZON MARKETING SERVICES LIMITED

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**Indian Horizon Marketing Services Limited**
**Notes to financial statements for the year ended March 31, 2017**

**Note 8: Other Current Liabilities**

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| Statutory Dues Payable | 1,500 | 500 | - |
| **Total Other Current Liabilities** | **1,500** | **500** | **-** |

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Mumbai

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Indian Horizon Marketing Services Limited
Notes to financial statements for the year ended March 31, 2017

**Note 9: Other Income**

| | Year ended March 31, 2017 Rupees | Year ended March 31, 2016 Rupees |
|---|---|---|
| Interest Income | | |
| On Bank Deposits | 35,243 | 42,236 |
| **Total Other Income** | **35,243** | **42,236** |

**Note 10: Finance Costs**

| | Year ended March 31, 2017 Rupees | Year ended March 31, 2016 Rupees |
|---|---|---|
| Other Finance Charges | 465 | 2,522 |
| **Total Finance Costs** | **465** | **2,522** |

**Note 11: Other Expenses**

| | Year ended March 31, 2017 Rupees | Year ended March 31, 2016 Rupees |
|---|---|---|
| Rates and Taxes | - | 254,200 |
| Legal and Professional Charges* | 35,527 | 93,175 |
| Miscellaneous Expenses | 55,602 | - |
| **Total other expenses** | **91,129** | **347,375** |

* Legal and Professional Charges include payment to Auditors as disclosed in note 11 (a)

**11 (a): Details of payments to auditors**

| | Year ended March 31, 2017 Rupees | Year ended March 31, 2016 Rupees |
|---|---|---|
| **Payment to auditors** | | |
| **As auditor:** | | |
| Statutory Audit | 15,000 | 15,000 |
| **Total payment to auditor** | **15,000** | **15,000** |

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Chartered Accountants
FRN 301056E
Mumbai

INDIAN HORIZON MARKETING SERVICES LIMITED

### Note 12: Fair value measurements

Trade receivables, cash and cash equivalents, other financial assets, trade payables, and other financial liabilities have been carried at amortised cost. The carrying amounts of these financial assets and financial liabilities are considered to be the same as their fair values due to their short-term nature. Hence, no fair value disclosures / information for these financial assets and financial liabilities has been disclosed since the carrying amount is a reasonable approximation of fair value.

### Note 13: Financial risk management

Being a non - operating company, the company is not exposed to any kind of risk.

### Note 14: Capital management

The Company's objectives when managing capital (consisting of equity capital and unremitted profit in the financial statements) are to safeguard its ability to continue as a going concern, so it can continue to provide services for the holding company and related entities and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or change the capital structure, the Company may adjust the amount of profits for remittance to holding company, return equity capital, or require holding company to infuse additional capital to support its operations.

There are no externally imposed capital requirements on the Company.

The Company has not proposed any Dividend for the year ended March 31, 2017 and March 31, 2016.

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Chartered Accountants
FRN 301056E
Mumbai

INDIAN HORIZON MARKETING SERVICES LIMITED

Indian Horizon Marketing Services Limited
Notes to financial statements for the year ended March 31, 2017

**Note 15: Related Party Transactions**

**(a) Parent Entities**

The Company is controlled by the following entity:

| Name | Type | Place of Incorporation | Ownership Interest (%) | | |
|---|---|---|---|---|---|
| | | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Thomas Cook (India) Limited, India ("TCIL") holds 100% of Equity Shares of the Company. (Fairbridge Capital (Mauritius) Limited, Mauritius ("FCML") holds 67.7% of Equity Shares of TCIL). FCML are wholly owned and controlled by Fairfax Financial Holdings Limited, Canada, the ultimate holding company. | Parent entity | India | 100% | 100% | 100% |

**( b) Key Management personnel**

Debasis Nandy
R. R, Kenkare
Abraham Alapatt (w.e.f. November 2, 2015)

**(c) Transactions with related parties**

The following transactions occurred with related parties:

| Nature of transaction | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| Holding Company | | |
| Reimbursement of Expenses (Net) | | |
| Thomas Cook (India) Limited | - | 250,500 |

**(d) Outstanding balances arising from sale and purchase of goods and services**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| Nature of transaction | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| Outstanding payables | | | |
| Thomas Cook (India) Limited | 2,094,595 | 375,760 | - |
| **Total payables to related parties** | **2,094,595** | **375,760** | - |

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Chartered Accountants
FRN 301056E
Mumbai

INDIAN HORIZON MARKETING SERVICES LIMITED

**Note 16: 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 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 (IGAAP or Indian GAAP). An explanation of how the transition from IGAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**
Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from IGAAP to Ind AS.

**A.1 Ind AS optional exemptions**
No optional exemption have been taken.

**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 IGAAP (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 IGAAP.

**B: Reconciliations between IGAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity and total comprehensive income and cash flows for prior periods. Since there is no change in the equity and total comprehensive income as per IGAAP and Ind AS, no reconciliation is required to be prepared.

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Lovelock & Lewes
Chartered Accountants
FRN 301056E
Mumbai

Indian Horizon Marketing Services Limited

**Note 17: Earnings/(Loss) Per Share (EPS)**

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Earnings/(Loss) per share has been computed as under:** | | |
| Loss for the year (In Rupees) - Basic and Diluted | (56,351) | (3,09,994) |
| Weighted average number of Equity shares outstanding-Basic and Diluted | 50,000 | 50,000 |
| Basic and Diluted Earnings/(Loss) per Share (Rs. per Equity Share of Rs. 10 each) | (1.13) | (6.20) |

**Note 18: Segmental Reporting**

Since the Company has no operations, there are no reportable segments.

**Note 19 : Dislosure in respect of Specified Bank Notes held and transacted :-**

The details of Specified Bank Notes (SBN) as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017, 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:

| | Specified Bank Notes* | Other denomination notes & Coins | Total |
|---|---|---|---|
| **Closing cash in hand as on November 8, 2016** | - | - | - |
| (+) Permitted receipts | - | - | - |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in Banks | - | - | - |
| **Closing cash in hand as on December 30, 2016** | - | - | - |

* 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 20: 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, 2016. 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 21: 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: 'Statement of cash flows'

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.

In terms of our report of even date

**For Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Arun Ramdas

**Arunkumar Ramdas**
Partner
Membership No. 112433

Date: May 24, 2017
Place: Mumbai

**For and on behalf of the Board**

Amit Madhan

**Amit Madhan**
Director
DIN No : 06646076

**Abraham Alapatt**
Director
DIN No. 6809421

Date: May 24, 2017
Place: Mumbai

THOMAS COOK LANKA (PVT) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2017

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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**Independent Auditors' Report**

**TO THE SHAREHOLDERS OF THOMAS COOK LANKA (PVT) LTD**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Thomas Cook Lanka (Private) Limited, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at March 31, 2017 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 March 31, 2016 were audited by another auditor whose report dated August 24, 2016, expressed a qualified opinion on those statements.

The accompanying consolidated financial statements for the year ended March 31, 2016 were unaudited and have been compiled by the management.

**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.

**Auditors' 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 auditors' 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 consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

KPMG

**Other matter**

The financial statements of the Company as at and for the year ended March 31, 2016 were audited by another auditor who expressed a qualified opinion on those statements on August 24, 2016 due to non-compliance with Sri Lanka Accounting Standards, since on July 27, 2015, as the Company had acquired 100% stake of Luxe Asia (Private) Limited from Ceylon Hotels Holdings (Private) Limited, but had not prepared consolidated financial statements for the year ended March 31, 2016 under the requirements of SLFRS 10, "Consolidated Financial Statements".

The accompanying consolidated financial statements for the year ended March 31, 2016 were unaudited and have been compiled by the management.

**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, the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 14 to the separate financial statements for the year ended March 31, 2017, which describes that, the company has incurred a net loss of Rs. 14,771,126/- (2016 – 45,671,306/-), and as of that date the Company's accumulated loss is amounting to Rs. 86,674,381/- (2016 – 72,537,646/-). Further as at the reporting date, the current liabilities exceeded the current assets by Rs.84,607,860/- (2016 – 71,157,139/-) and its total liabilities exceeded its total assets by 81,674,381/- (2016 - 67,537,646/-). Although these conditions indicate potential impairment of the investment in subsidiary, as explained in Note 14 to these financial statements, the Board of Directors of Thomas Cook Lanka (pvt) Limited and Luxe Asia (pvt) Limited are of the view that, based on the five year cash flow projections, no provision for impairment was required as at March 31, 2017 against the investment in subsidiary.

The potential impairment, if any, cannot be currently determined and hence, the effect on the financial statements is uncertain.

KPMG

**CHARTERED ACCOUNTANTS**

Colombo

15 May 2017

THOMAS COOK LANKA (PVT) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| *For the year ended 31st March,* | Notes | Company 2017 Rs. | Company 2016 Rs. | Group 2017 Rs. | Group 2016 Rs. Unaudited |
|---|---|---|---|---|---|
| Revenue | 5 | 218,163,923 | 226,762,754 | 880,910,596 | 655,631,228 |
| Administrative and other operating expenses | 6 | (200,278,167) | (169,878,432) | (890,348,393) | (647,160,167) |
| **Profit / (loss) from operations** | | **17,885,756** | **56,884,322** | **(9,437,797)** | **8,471,061** |
| Other income | 7 | - | - | 4,376,143 | 1,706,396 |
| Net finance income | 8 | 3,526,883 | 9,366,108 | 11,703,186 | 16,776,906 |
| **Operating profit before value added tax and nation building tax on financial services** | | **21,412,639** | **66,250,430** | **6,641,532** | **26,954,363** |
| Value added tax and national building tax on financial services | 9 | (7,632,257) | (9,615,335) | (7,632,257) | (9,615,335) |
| **Operating profit / (loss) after value added tax and national building tax on financial services** | | **13,780,382** | **56,635,095** | **(990,725)** | **17,339,028** |
| Share of loss of equity accounted investee net of tax | 15 | - | - | (1,132,796) | - |
| **Profit / (loss) before tax** | | **13,780,382** | **56,635,095** | **(2,123,521)** | **17,339,028** |
| Income taxes | 10 | (9,600,940) | (18,660,696) | (9,600,940) | (18,660,696) |
| **Profit / (loss) for the year** | | 4,179,442 | 37,974,399 | (11,724,461) | (1,321,668) |
| **Other comprehensive income, net of tax** | | | | | |
| **Items that will never be reclassified to profit or loss** | | | | | |
| Remeasurement of defined benefit liability | | 719,313 | 771,115 | 1,353,704 | 670,192 |
| Less: Deferred tax charge on actuarial gains | | (201,408) | (215,912) | (201,408) | (215,912) |
| **Net actuarial gains on defined benefit plans** | | 517,905 | 555,203 | 1,152,296 | 454,280 |
| **Total other comprehensive income for the year** | | 517,905 | 555,203 | 1,152,296 | 454,280 |
| **Total comprehensive income / (expense) for the year** | | 4,697,347 | 38,529,602 | (10,572,165) | (867,388) |
| **Basic earning / (loss) per share** | 11 | 0.39 | 3.53 | (1.09) | (0.12) |

The annexed Notes to the Financial Statements form an integral part of these Financial Statements.
Figures in the brackets indicate deductions.

THOMAS COOK LANKA (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION

| *As at 31st March,* | Notes | Company 2017 Rs. | Company 2016 Rs. | Group 2017 Rs. | Group 2016 Rs. Unaudited |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Property, plant and equipment | 12 | 25,014,021 | 16,513,866 | 31,915,934 | 22,806,100 |
| Intangible assets and goodwill | 13 | 8,601,331 | 6,324,232 | 86,742,204 | 84,756,537 |
| Investment in subsidiaries | 14 | 48,975,000 | 48,975,000 | - | - |
| Equity-accounted investee | 15 | 10,313,800 | - | 9,181,004 | - |
| Other investments - Non current assets | 16 | 16,009,969 | 129,629,168 | 16,009,969 | 129,629,168 |
| **Non-current assets** | | **108,914,121** | **201,442,266** | **143,849,111** | **237,191,805** |
| Current tax assets | 17 | 5,177,604 | 9,666,566 | 11,344,435 | 12,104,360 |
| Amount due from related companies | 18 | 25,000,000 | 25,000,000 | - | 840,500 |
| Trade and other receivables | 19 | 5,738,154 | 7,492,737 | 55,146,234 | 50,695,148 |
| Prepayments | | 11,924,918 | 9,184,893 | 13,270,492 | 10,062,226 |
| Other investments - Current assets | 16 | 102,780,934 | 4,898,332 | 103,280,934 | 5,398,332 |
| Cash and cash equivalents | 20 | 54,278,209 | 59,454,312 | 60,594,692 | 73,683,982 |
| **Current assets** | | **204,899,819** | **115,696,840** | **243,636,787** | **152,784,548** |
| **Total assets** | | **313,813,940** | **317,139,106** | **387,485,898** | **389,976,353** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Stated capital | 21 | 107,679,780 | 107,679,780 | 107,679,780 | 107,679,780 |
| Retained earnings | | 159,632,613 | 158,059,850 | 104,966,111 | 118,662,860 |
| **Total Equity** | | **267,312,393** | **265,739,630** | **212,645,891** | **226,342,640** |
| **LIABILITIES** | | | | | |
| Employee benefits | 22 | 3,560,629 | 3,361,427 | 8,555,145 | 7,351,686 |
| Deferred tax liabilities | 23 | 2,889,219 | 1,652,075 | 2,889,219 | 1,652,075 |
| **Non-current liabilities** | | **6,449,848** | **5,013,502** | **11,444,364** | **9,003,761** |
| Amount due to related companies | 24 | 23,452,120 | 19,462,275 | 23,452,120 | 19,462,275 |
| Trade and other payables | 25 | 9,264,871 | 6,760,694 | 114,283,706 | 89,753,018 |
| Dividend payable | | 7,334,158 | 20,163,005 | 7,334,153 | 20,163,005 |
| Bank overdraft | 20 | 550 | - | 18,325,664 | 25,251,654 |
| **Non-current liabilities** | | **40,051,699** | **46,385,974** | **163,395,643** | **154,629,952** |
| **Total liabilities** | | **46,501,547** | **51,399,476** | **174,840,007** | **163,633,713** |
| **Total Equity and Liabilities** | | **313,813,940** | **317,139,106** | **387,485,898** | **389,976,353** |

The Notes to the Financial Statements form an integral part of these Financial Statements.
These Financial Statements are in compliance with the requirements of the Company Act No 07 of 2007.

.....................................
**Mohamed Rilwan**
**Finance Manager**

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board:

| | | |
|---|---|---|
| ......................... | ......................... | ......................... |
| **Balaraman Unnithan** | **Chaminda Dias** | **Aravinda De Silva** |
| **Country Manager** | **Director** | **Director** |

15 May 2017
Colombo

THOMAS COOK LANKA (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY

*For the year ended 31st March 2017,*

| | Company | | | Group | | |
|---|---|---|---|---|---|---|
| | Stated Capital | Retained Earnings | Total | Stated Capital | Retained Earnings | Total |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Balance as at 1st April 2015** | 38,812,560 | 124,467,935 | 163,280,495 | 38,812,560 | 124,467,935 | 163,280,495 |
| **Profit / (loss) for the year** | - | 37,974,399 | 37,974,399 | - | (1,321,668) | (1,321,668) |
| - Company | - | 37,974,399 | 37,974,399 | - | - | - |
| - Group (unaudited) | - | - | - | - | (1,321,668) | (1,321,668) |
| **Other Comprehensive Income for the year** | - | 555,203 | 555,203 | - | 454,280 | 454,280 |
| - Company | - | 555,203 | 555,203 | - | - | - |
| - Group (unaudited) | - | - | - | - | 454,280 | 454,280 |
| Dividend approved/Paid | - | (4,937,687) | (4,937,687) | - | (4,937,687) | (4,937,687) |
| Proceed from issue of shares | 68,867,220 | - | 68,867,220 | 68,867,220 | - | 68,867,220 |
| **Balance as at 31st March 2016** | 107,679,780 | 158,059,850 | 265,739,630 | 107,679,780 | 118,662,860 | 226,342,640 |
| **Balance as at 1st April 2016** | 107,679,780 | 158,059,850 | 265,739,630 | 107,679,780 | 118,662,860 | 226,342,640 |
| Profit / (loss) for the year | - | 4,179,442 | 4,179,442 | - | (11,724,461) | (11,724,461) |
| Other Comprehensive Income for the year | - | 517,905 | 517,905 | - | 1,152,296 | 1,152,296 |
| Dividend approved/Paid | - | (3,124,584) | (3,124,584) | - | (3,124,584) | (3,124,584) |
| **Balance as at 31st March 2017** | 107,679,780 | 159,632,613 | 267,312,393 | 107,679,780 | 104,966,111 | 212,645,891 |

The Notes to the financial statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

THOMAS COOK LANKA (PVT) LIMITED
STATEMENT OF CASH FLOW

| *For the year ended 31st March,* | Notes | Company 2017 Rs. | Company 2016 Rs. | Group 2017 Rs. | Group 2016 Rs. Unaudited |
|---|---|---|---|---|---|
| **Cash flow from Operating Activities** | | | | | |
| Profit /(loss) before taxation | | 13,780,382 | 56,635,095 | (2,123,521) | 17,339,028 |
| *Adjustment for :* | | | | | |
| Depreciation | 6.1 | 2,907,590 | 2,723,557 | 5,015,295 | 3,833,479 |
| Amortization of intangible assets | | 2,713,648 | 1,391,686 | 3,246,818 | 1,712,167 |
| Share of loss of equity accounted investee net of tax | 15.2 | - | - | 1,132,796 | - |
| Provision for investments and debtors | 6.2 | - | - | 1,733,527 | 48,720,702 |
| Provision for employee benefits | 6.3 | 918,515 | 813,898 | 2,680,538 | 1,943,611 |
| Interest income | | (5,722,326) | (15,615,440) | (5,722,326) | (15,615,440) |
| Interest expense | 8 | 4,165,276 | 5,283,614 | 4,716,288 | 4,040,434 |
| Foreign exchange gain | | (2,782,585) | - | (14,591,272) | (8,015,723) |
| **Operating profit / (loss) before working capital changes** | | **15,980,500** | **51,232,410** | **(3,911,857)** | **53,958,258** |
| Increase in trade and other receivable | | (6,058,599) | (25,504,661) | (17,354,572) | (31,535,791) |
| Increase/ (decrease) in trade and other payable | | 9,276,607 | (5,462,696) | 43,111,798 | (109,039,766) |
| **Cash generated from / (used in) operating activities** | | **19,198,508** | **20,265,053** | **21,845,369** | **(86,617,299)** |
| Taxes paid | 17 | (4,000,000) | (36,550,828) | (4,000,000) | (36,550,828) |
| Employee benefit paid | 22 | - | - | (123,375) | (245,500) |
| Net interest income | 8 | 1,557,050 | 10,331,826 | 1,006,038 | 11,575,006 |
| **Net cash generated from / (used in) operating activities** | | **16,755,558** | **(5,953,949)** | **18,728,032** | **(111,838,621)** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property plant and equipment | 12 | (11,407,746) | (4,570,774) | (14,125,129) | (7,211,327) |
| Purchase of intangible assets | 13.1 | (4,990,747) | (2,145,387) | (5,232,485) | (2,437,705) |
| Investment in associate | 15 | (10,313,800) | - | (10,313,800) | - |
| Investment in subsidiaries | 14 | - | (48,975,000) | - | (55,912,838) |
| Repayment of loan to parent | | - | (39,957,199) | - | - |
| Redemption of long term investment | | 20,733,513 | 80,324,728 | 20,733,513 | 80,324,724 |
| **Net cash generated from / (used in) investing activities** | | **(5,978,780)** | **(15,323,632)** | **(8,937,901)** | **14,762,854** |
| **Cash flows from financing activities** | | | | | |
| Dividend Payment | | (15,953,431) | - | (15,953,431) | (4,937,687) |
| Issuance of shares | | - | - | - | 68,867,220 |
| **Net cash generated from / (used in) financing activities** | | **(15,953,431)** | - | **(15,953,431)** | **63,929,533** |
| **Net increase in cash and cash equivalents** | | (5,176,653) | (21,277,581) | (6,163,300) | (33,146,234) |
| Cash and cash equivalents at the beginning of the year | | 59,454,312 | 80,731,893 | 48,432,328 | 81,578,562 |
| **Cash and cash equivalents at the end of the year** | | 54,277,659 | 59,454,312 | 42,269,028 | 48,432,328 |
| **Analysis of cash & cash equivalents (Note - 20)** | | | | | |
| Cash in hand | | 26,242,753 | 45,761,095 | 27,242,753 | 46,761,091 |
| Cash at bank | | 28,035,456 | 13,693,217 | 33,351,939 | 26,922,891 |
| | | 54,278,209 | 59,454,312 | 60,594,692 | 73,683,982 |
| Bank overdraft | | (550) | - | (18,325,664) | (25,251,654) |
| | | 54,277,659 | 59,454,312 | 42,269,028 | 48,432,328 |

The Notes to the Financial Statements form an integral part of these Financial Satements.

## 1. REPORTING ENTITY

### 1.1 Domicile and legal form

Thomas Cook Lanka (Private) Limited, ("the Company") is a private limited liability Company incorporated and domiciled in Sri Lanka on April 20, 2012, under the Companies Act no 07 of 2007.

The registered office of the Company situated at No.393, Union Place, Colombo 02.

The operations are conducted at Aviation branches, including arrival and departure, Kandy city center Branch and Crescat Branch.

### 1.2 Consolidated financial statements

The Consolidated Financial Statements as at and for the year ended March 31, 2017, comprise the Company (Parent Company) and its Subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in its Associates.

The immediate parent of the group is Thomas Cook Lanka (Private) Limited and the ultimate parent of the group is Fairfax Financial Holdings Limited, which is listed in Toronto Stock Exchange.

### 1.3 Principal activities and nature of operations of the Group

#### 1.3.1. Thomas Cook Lanka (Private) Limited

The Principle activity of the Company is dealing in foreign currencies.

#### 1.3.2. Luxe Asia (Private) Limited

The Principle activity of the Company is to act as a travel agent and to provide travel related services..

#### 1.3.3. Sita World Travel Lanka (Private) Limited

The Principle activity of the Company is acting as a travel agent.

### 1.4 Number of employees

The Group and Company had 76 and 27 (2016 – 79 and 27) employees respectively at the end of the financial year.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow Statement, together with the notes, (the "Financial Statements") of the Group and the Company as at March 31, 2017 and for the period then ended have been prepared in accordance with new Sri Lanka Accounting Standards, prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), laid down by the Institute of Chartered Accountants of Sri Lanka ("ICASL") 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 and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- Net liability for defined benefit obligations are recognised as the present value of the defined benefit obligation, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses (Refer note no 22)

### 2.3 Functional and presentation currency

All values presented in the Financial Statements are in Sri Lankan Rupees and rounded to the nearest rupee value.

### 2.4 Comparative figures

The previous year figures and phrases have been reclassified whenever necessary to conform to the current year presentation.

### 2.5 Use of estimates and judgments

The preparation of the Financial Statements in conformity with SLAS's 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 an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods 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 the following notes:

- Impairment of assets (Note 3.8)
- Current taxation (Note 3.3a)
- Deferred taxation (Note 3.3b)
- Employee benefits (Note 3.9)
- Provisions and contingencies (Note 3.11)

### 2.6 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or function are presented separately unless they are immaterial.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise indicated.

### 3.1. Business Combination

Business combinations are accounted for using the acquisition method when control is transferred to the Group (See Note 3.1.1 below). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

### 3.1.1 Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement the Group continues to recognise the investments in Subsidiaries at cost.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The Financial Statements of all subsidiaries in the Group have a common financial year which ends on March 31. The Financial Statements of the Company's Subsidiaries are prepared using consistent accounting policies.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, income and expenses are eliminated in full.

There are no significant restrictions on the ability of Subsidiaries to transfer funds to the Parent (the Company) in the form of cash dividend or repayment of loans and advances.

All Subsidiaries of the Company have been incorporated in Sri Lanka.

### 3.1.2 Interests in equity accounted investees

The group's interests in equity accounted investees comprise interest in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associate is accounted using the equity method. They are recognized initially at cost, which includes transaction cost. Subsequent to the initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

### 3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency 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 denominated in foreign currencies that are measured at fair value are retranslated 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 as profit or loss, except for differences arising on the retranslation of available for- sale equity instruments, which are recognized in other comprehensive income. Non-monetary 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.

### 3.3 Income tax expense

Income tax expenses comprise current & deferred tax expenses recognized in the statement of profit or loss.

**a) Current taxation**

Provision for Current Tax is based on the profit for the year as adjusted for taxation purposes in accordance with the previous of the Inland Revenue Act No.10 0f 2006 and amendments thereto. The current tax liability consists of amounts expected to be paid to or recovered from the Commissioner General of Inland Revenue.

**b) Deferred taxation**

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation 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 or substantially enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the future asset can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

### 3.4 Events occurring after the reporting date

The materiality of events occurring after the reporting date have been considered and appropriate adjustments to or disclosure have been made in the financial statements where necessary.

### ASSETS AND BASIS OF THEIR VALUATION

Assets classified as current assets on the reporting are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the reporting date whichever is shorter. Assets other than the current assets are those, which the Group intends to hold beyond a period of one year from the reporting date.

### 3.5 Property, plant and equipment

**a) Recognition and Measurement**

Property, Plant & Equipment is recorded at cost less accumulated depreciation less accumulated impairment losses if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

**b) Derecognition**

Items of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or losses rising on de-recognition of the asset is included in the statement of profit or loss the year the asset is derecognized.

**c) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalised as part of the cost of the asset in accordance with New Sri Lanka Accounting Standard – LKAS 23 "Borrowing Costs".

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

**d) Subsequent costs**

The cost of replacing a part 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 part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**e) Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Office Equipment 8 – 21 years
- Motor Vehicle 5 – 6 2/3 year
- Furniture and Fittings 8 – 15 ¾ year
- Computer Hardware 4 yeas

Depreciation is provided on a pro-rata basis on the assets purchased/constructed/disposed of during the year.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**f) Impairment of Property, Plant and Equipment**

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognized in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

**3.6 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 and impairment**

**Intangible assets with finite lives and amortisation**

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of intangible assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Computer software – 3.5 – 4 years

**Goodwill**

Goodwill that arises on the acquisition of subsidiary is presented with intangible assets. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

**3.7 Financial instruments**

**3.7.1 Non-derivative financial assets**

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.
The Group 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 Group 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 Group 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.

**a) Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Sub sequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 3.8 Impairment of Assets

#### 3.8.1 Financial assets (including receivables)

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.

The Group considers evidence of impairment for receivables at specific asset level. All 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 profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### 3.8.2 Non-financial assets

The carrying amounts of the Group's non-financial assets inventories and 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.

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.

The Group'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 recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 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.

**LIABILITIES AND OTHER PAYABLES**

Liabilities classified as Current Liabilities in the Statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as noncurrent liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.9 Employee benefits**

**a) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund**

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. The Group contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

**b) Defined Benefit Plan – Retiring Gratuity**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

As required by LKAS 19 - Employee Benefits, which became effective from 1 January 2012 the Company has provided for gratuity liability based on an internally generated model using a formula based on projected unit credit method as recommended by 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 is not externally funded.

**Actuarial gains and loses**
The re - measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

**Short term benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

**3.10 Non-derivative financial liabilities**

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group 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.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are 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.

### 3.11 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are 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. The unwinding of the discount is recognized as finance cost. Trade and other payables are stated at their cost.

### 3.11.1 Contingencies and capital commitments

All material capital commitments and contingencies, which exist as at the reporting date, are disclosed in the respective notes to the financial statements.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### 3.12 Revenue recognition

**Foreign currency transactions**
Revenue on commission and exchange gain on encashment of foreign currencies are recognized on cash basis. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangements.

**Rendering of Service**
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.

### 3.13 Other income

Other income is recognized on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in the assets.

### 3.14 Expenditure recognition

**a) Operating expenses**

All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to the statement of comprehensive income.

**b) Borrowing cost**

All borrowing costs are recognized as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development.

**3.15 Finance income and expenses**

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

**3.16 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

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, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

STATEMENT OF CASH FLOWS

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

## 4. 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 Group / Company's financial statements.

| New or amended standard | Summary of the Requirement | Possible impact on consolidated financial statements |
|---|---|---|
| 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 derecognition of financial instruments from LKAS 39. SLFRS 9 is effective from 01st January 2018. | The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 9. |
| SLFRS 15 Revenue from Contracts with Customers | SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contacts.<br><br>SLFRS 15 is effective for annual reporting periods beginning on or after 01st January 2018 | The Group is assessing the potential impact on its financial statements resulting from the application of SLFRS 15. |
| 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.<br>SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019. | The Group is assessing the potential impact on its financial statements resulting from the application of SLFRS 16. |

| *For the year ended 31st March,* | Company 2017 Rs. | Company 2016 Rs. | Group 2017 Rs. | Group 2016 Rs. Unaudited |
|---|---|---|---|---|
| **5. Revenue** | | | | |
| Foreign currency trading | 193,995,097 | 210,477,674 | 193,995,097 | 210,477,665 |
| Commission on encashment trading | 24,168,826 | 16,285,080 | 24,168,826 | 16,285,080 |
| Travel related services | - | - | 662,746,673 | 428,868,483 |
| | **218,163,923** | **226,762,754** | **880,910,596** | **655,631,228** |
| **6. Administrative and other operating expenses** | | | | |
| Auditor's remuneration | | | | |
| - Audit fee | 550,000 | 930,000 | 825,000 | 1,407,386 |
| - Audit related fee | - | - | - | - |
| Director's emoluments | 829,539 | 986,680 | 9,519,459 | 7,653,203 |
| Depreciation and amortization **(Note 6.1)** | 5,621,238 | 4,115,243 | 8,262,113 | 5,545,646 |
| Professional service cost | 1,880,529 | 452,414 | 5,335,273 | 2,065,114 |
| Impairment charge **(Note 6.2)** | - | - | 1,733,527 | 48,720,702 |
| Staff expense **(Note 6.3)** | 33,621,078 | 25,780,817 | 77,081,350 | 49,004,643 |
| Other expenses **(Note 6.4)** | 157,775,783 | 137,613,278 | 787,591,671 | 532,763,473 |
| | **200,278,167** | **169,878,432** | **890,348,393** | **647,160,167** |
| **6.1 Depreciation and amortization** | | | | |
| Depreciation of property, plant and equipment | 2,907,590 | 2,723,557 | 5,015,295 | 3,833,479 |
| Amortization of intangible assets | 2,713,648 | 1,391,686 | 3,246,818 | 1,712,167 |
| | 5,621,238 | 4,115,243 | 8,262,113 | 5,545,646 |
| **6.2 Impairment charge and written-off** | | | | |
| Provision for trade receivables | - | - | 1,733,527 | 4,400,000 |
| Written off of investments | - | - | - | 44,320,702 |
| | - | - | 1,733,527 | 48,720,702 |
| **6.3 Staff expense** | | | | |
| Salaries, wages and bonus | 17,735,649 | 13,869,868 | 48,926,895 | 30,310,081 |
| Define benefit plan cost **(Note 22)** | 918,515 | 813,898 | 2,680,538 | 1,943,611 |
| Define contribution plan cost | 2,993,944 | 2,894,697 | 8,226,290 | 5,883,277 |
| Others | 11,972,970 | 8,202,354 | 17,247,627 | 10,867,674 |
| | 33,621,078 | 25,780,817 | 77,081,350 | 49,004,643 |
| **6.4 Other expenses** | | | | |
| Travel related services | - | - | 596,279,260 | 382,816,681 |
| Office rent expenses | 141,306,943 | 123,765,813 | 147,311,229 | 125,679,770 |
| Other expenses | 16,468,840 | 13,847,465 | 44,001,182 | 24,267,022 |
| | 157,775,783 | 137,613,278 | 787,591,671 | 532,763,473 |

| *For the year ended 31st March,* | Company 2017 Rs. | Company 2016 Rs. | Group 2017 Rs. | Group 2016 Rs. Unaudited |
|---|---|---|---|---|
| **7. Other income** | | | | |
| Commission income | - | - | 3,943,009 | - |
| Other income | - | - | 433,134 | 1,706,396 |
| | - | - | 4,376,143 | 1,706,396 |
| **8. Net finance income** | | | | |
| **Finance income** | | | | |
| Interest income | 5,722,326 | 15,615,440 | 5,722,326 | 15,615,440 |
| Foreign exchange gain | 2,782,585 | - | 14,591,272 | 8,015,723 |
| | 8,504,911 | 15,615,440 | 20,313,598 | 23,631,163 |
| **Finance expenses** | | | | |
| Bank charges | 812,752 | 965,718 | 3,894,124 | 2,813,823 |
| Interest expense | 4,165,276 | 5,283,614 | 4,716,288 | 4,040,434 |
| | 4,978,028 | 6,249,332 | 8,610,412 | 6,854,257 |
| **Net finance income** | 3,526,883 | 9,366,108 | 11,703,186 | 16,776,906 |
| **9. Value added tax and national building tax on financial services** | | | | |
| **9.1 Value added tax on financial services** | | | | |
| Current year charge | 5,584,473 | 7,582,755 | 5,584,473 | 7,582,755 |
| Under provision in respect of previous years | 1,214,256 | 469,796 | 1,214,256 | 469,796 |
| | 6,798,729 | 8,052,551 | 6,798,729 | 8,052,551 |
| **9.2 National building tax on financial services** | | | | |
| Current year charge | 833,528 | 1,562,784 | 833,528 | 1,562,784 |
| | 833,528 | 1,562,784 | 833,528 | 1,562,784 |
| **Value added tax and national building tax on financial services** | 7,632,257 | 9,615,335 | 7,632,257 | 9,615,335 |
| **10. Income taxes** | | | | |
| Current year tax expense | 6,786,531 | 17,430,192 | 6,786,531 | 17,430,192 |
| Under provision of taxes in respect of prior years | 1,778,672 | 618,579 | 1,778,672 | 618,579 |
| Deferred tax asset origination (Note 23.1) | (257,184) | (227,892) | (257,184) | (227,892) |
| Deferred tax liability origination (Note 23.2) | 1,292,921 | 839,817 | 1,292,921 | 839,817 |
| | 9,600,940 | 18,660,696 | 9,600,940 | 18,660,696 |

**11. Basic earning / (loss) per share**

Calculation of Basic Earnings Per Share is based on the Net Profit / (Loss) for the year attributable to Ordinary Shareholders divided by the Weighted Average Number of Ordinary Shares outstanding as at the reporting date.

| | Company 2017 Rs. | Company 2016 Rs. | Group 2017 Rs. | Group 2016 Rs. |
|---|---|---|---|---|
| Profit / (loss) attributable to equity holders of the Company / Group | 4,179,442 | 37,974,399 | (11,724,461) | (1,321,668) |
| Weighted average number of ordinary shares (Note 21) | 10,767,978 | 10,767,978 | 10,767,978 | 10,767,978 |
| | 0.39 | 3.53 | (1.09) | (0.12) |

*As at 31st March,*

## 12. Property , Plant & Equipment

### 12.1 Company

| | Office Equipments Rs. | Furniture & Fittings Rs. | Computer Hardware Rs. | Total 2017 Rs. | Total 2016 Rs. |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance as at April 1, | 4,330,897 | 12,239,449 | 6,955,167 | 23,525,513 | 18,954,739 |
| Additions during the year | 1,662,348 | 8,173,477 | 1,571,920 | 11,407,745 | 4,570,774 |
| Disposals during the year | - | - | - | - | - |
| **Balance as at March 31,** | 5,993,245 | 20,412,926 | 8,527,087 | 34,933,258 | 23,525,513 |
| **Depreciation** | | | | | |
| Balance as at April 1, | 595,348 | 2,310,618 | 4,105,681 | 7,011,647 | 4,288,088 |
| Charge for the year | 273,246 | 1,131,811 | 1,502,533 | 2,907,590 | 2,723,559 |
| Disposals during the year | - | - | - | - | - |
| **Balance as at March 31,** | 868,594 | 3,442,429 | 5,608,214 | 9,919,237 | 7,011,647 |
| **Carrying amount** | | | | | |
| **As 31st March 2017** | 5,124,651 | 16,970,497 | 2,918,873 | 25,014,021 | |
| **As 31st March 2016** | 3,735,549 | 9,928,831 | 2,849,486 | | 16,513,866 |

### 12.2 Group

| | Office Equipments Rs. | Motor Vehicles Rs. | Furniture & Fittings Rs. | Computer Hardware Rs. | Total 2017 Rs. | Total 2016 Rs. Unaudited |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance as at April 1, | 4,625,722 | 114,250 | 17,806,353 | 13,177,855 | 35,724,180 | 18,954,739 |
| Acquisition through business combination | - | - | - | - | - | 9,558,114 |
| Additions during the year | 2,132,212 | 235,990 | 8,338,400 | 3,418,527 | 14,125,129 | 7,211,327 |
| Disposals during the year | - | (114,250) | - | - | (114,250) | - |
| **Balance as at March 31,** | 6,757,934 | 235,990 | 26,144,753 | 16,596,382 | 49,735,059 | 35,724,180 |
| **Depreciation** | | | | | | |
| Balance as at April 1, | 718,043 | 114,250 | 4,175,768 | 7,910,019 | 12,918,080 | 4,288,088 |
| Acquisition through business combination | - | - | - | - | - | 4,796,513 |
| Charge for the year | 357,468 | 39,331 | 1,846,569 | 2,771,927 | 5,015,295 | 3,833,479 |
| Disposals during the year | - | (114,250) | - | - | (114,250) | - |
| **Balance as at March 31,** | 1,075,511 | 39,331 | 6,022,337 | 10,681,946 | 17,819,125 | 12,918,080 |
| **Carrying amount** | | | | | | |
| **As 31 March 2017** | 5,682,423 | 196,659 | 20,122,416 | 5,914,436 | 31,915,934 | |
| **As 31 March 2016** | 3,907,679 | - | 13,630,585 | 5,267,836 | | 22,806,100 |

| *As at 31st March,* | Company | | Group | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Rs. | Rs. | Rs. | Rs. Unaudited |
| **13. Intangible assets** | | | | |
| Computer software (Note 13.1) | 8,601,331 | 6,324,232 | 9,627,414 | 7,641,747 |
| Goodwill (Note 14.5) | - | - | 77,114,790 | 77,114,790 |
| | **8,601,331** | **6,324,232** | **86,742,204** | **84,756,537** |
| **13.1 Computer software** | | | | |
| Cost | | | | |
| Balance as at April 1, | 7,961,995 | 5,816,608 | 11,743,066 | 5,816,608 |
| Acquisition through business combination | - | - | - | 3,488,753 |
| Additions during the year | 4,990,747 | 2,145,387 | 5,232,485 | 2,437,705 |
| **Balance as at March 31,** | **12,952,742** | **7,961,995** | **16,975,551** | **11,743,066** |
| **Amortisation** | | | | |
| Balance as at April 1, | 1,637,763 | 246,076 | 4,101,319 | 246,076 |
| Acquisition through business combination | - | - | - | 2,143,076 |
| Charge for the year | 2,713,648 | 1,391,687 | 3,246,818 | 1,712,167 |
| **Balance as at March 31,** | **4,351,411** | **1,637,763** | **7,348,137** | **4,101,319** |
| **Carrying amount as 31 March,** | **8,601,331** | **6,324,232** | **9,627,414** | **7,641,747** |

## 14. Investment in subsidiaries

| | Luxe Asia (pvt) Limited | Company | |
|---|---|---|---|
| | | 31/3/2017 | 31/3/2016 |
| | Rs. | Rs. | Rs. |
| Balance as at April 1, | 48,975,000 | 48,975,000 | 48,975,000 |
| Allowance for impairment (Note 14.1) | - | - | - |
| **Balance net off impairment** | **48,975,000** | **48,975,000** | **48,975,000** |

### 14.1 Allowance for impairment

As per the audited accounts of Luxe Asia (pvt) Limited for the year ended 31 March 2017, the Company has incurred a net loss of Rs. 14,771,126/- (2016 – 45,671,306/-), and as of that date the Company's accumulated loss is amounting to Rs. 86,674,381/- (2016 – 72,537,646/-). Further as at the reporting date, the current liabilities exceeded the current assets by Rs.84,607,860/- (2016 – 71,157,139/-) and its total liabilities exceeded its total assets by 81,674,381/- (2016 -67,537,646/-). However, the Board of Directors of Thomas Cook Lanka (pvt) Limited and Luxe Asia (pvt) Limited are of the view that, based on the five year cash flow projections, no provision for impairment is required as at March 31, 2017 for the investment in subsidiary. Accordingly, no provision has been made in the financial statements as at 31 March 2017 against the investment in subsidiary.

### 14.2 Acquisition of subsidiary

On July 27, 2015, the Company acquired 100% of the shares and voting interest in Luxe Asia (Pvt) Limited from Ceylon Hotel Holdings (Pvt) Limited for the consideration of $365,000 ($0.73 per share), with effect from August 1, 2015.

### 14.3 Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

| | $ | Rs |
|---|---|---|
| Cost of investment | **365,000** | **48,975,000** |

The USD amount has been converted to LKR based on the Ex-Rate on the date of signing the agreement (1$=134.18/-)

**14.4 Identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

| | Rs. Unaudited |
|---|---|
| Total Assets | 150,190,378 |
| Total Liabilities | (153,330,168) |
| Loan payable to Thomas Cook Lanka Limited | (25,000,000) |
| **Total identifiable assets acquired and liabilities assumed** | **(28,139,790)** |

**14.5 Goodwill (Unaudited)**

Goodwill arising from the acquisition has been recognised as follows,

| | |
|---|---|
| Consideration transferred | 48,975,000 |
| Fair value of identifiable assets acquired and liabilities assumed (Net liability) | 28,139,790 |
| **Goodwill on acquisition** | **77,114,790** |

**15. Equity-accounted investee**

| | Company | | Group | |
|---|---|---|---|---|
| *As at 31st March,* | 2017 Rs. | 2016 Rs. | 2017 Rs. | 2016 Rs. Unaudited |
| **Equity accounted investee** | | | | |
| Interest in associate (Note 15.2) | 10,313,800 | - | 9,181,004 | - |

**15.1 Interest in associate**

Sita World Travel Lanka Limited, is a Company incorporated in Sri Lanka, to set up and carry out travel agent activities, and the Company acquired 24% sakes of Sita Travels on August 12, 2016 from Jetwings Travels (Private) Limited, which gives the significant influence over the Component.

Audited financial statements of Sita World Travel Lanka Limited is carrying an Emphasis of Matter over going concern. However, the Board of Directors of the Company is of the view that, no provision for impairment is required for the investement in associate given that the Company has invested in Sita World Travel Lanka Limited during the year and the synergy effect expected from the investment.

**15.2 Movement in interest in associate**

| *As at 31st March,* | 2017 Rs. |
|---|---|
| **Cost of investments** | **10,313,800** |
| **Add: Share of Profit Applicable to the Group** | |
| Investment in associate as at April 01, | - |
| Loss for the period recognised in Income Statement, net of tax | (1,132,796) |
| Profit or Loss and Other Comprehensive Income, net of tax | - |
| Dividend received | - |
| **Carrying value as at March 31,** | **9,181,004** |

**15.3 Summarize financial information in interest in associate**

| *As at 31st March,* | Total Assets 2017 Rs. | Total Liabilities 2017 Rs. |
|---|---|---|
| Sita World Travel Lanka Limited | 46,723,145 | 69,618,972 |

| *As at 31st March,* | Company | | Group | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Rs. | Rs. | Rs. | Rs. Unaudited |
| **16. Other investments** | | | | |
| **Non-Current assets** | | | | |
| Investment in fixed deposits | 14,552,500 | 115,225,300 | 14,552,500 | 115,225,300 |
| Interest receivable | 1,457,469 | 14,403,868 | 1,457,469 | 14,403,868 |
| | 16,009,969 | 129,629,168 | 16,009,969 | 129,629,168 |
| **Current assets** | | | | |
| Investment in fixed deposits | 84,742,668 | 4,803,383 | 85,242,668 | 5,303,383 |
| Interest receivable | 18,038,266 | 94,949 | 18,038,266 | 94,949 |
| | 102,780,934 | 4,898,332 | 103,280,934 | 5,398,332 |
| **Total long term investments** | **118,790,903** | **134,527,500** | **119,290,903** | **135,027,500** |

The Company has pledged following FDs with Commercial Bank, Sampath Bank and National Development Bank to obtain bank guarantees.

| Bank Name | Guarantee Number | Expiry Date | Fixed deposit amount Rs. | Guarantee amount Rs. |
|---|---|---|---|---|
| **Bank guarantees obtained in favour of Central Bank of Sri Lanka - For the licence in trading foreign currency** | | | | |
| Commercial Bank of Ceylon PLC | DBUGTLKR1702991 | 12/31/2017 | 2,124,332 | 500,000 |
| | DBUGTLKR1611443 | 12/31/2017 | | 500,000 |
| | DBUGTLKR1611435 | 12/31/2017 | | 500,000 |
| | DBUGTLKR1611441 | 12/31/2017 | | 500,000 |
| **Bank guarantees obtained in favour of Bandaranayake International Airport** | | | | |
| Sampath Bank PLC | 309451300017 | 3/31/2018 | 33,324,287 | 22,342,650 |
| | 308851300028 | 3/31/2019 | | 10,744,800 |

| Bank Name | FD Number | Maturity Date | Fixed deposit amount Rs. | Guarantee amount Rs. |
|---|---|---|---|---|
| **Bank guarantees obtained in favour of Luxe Asia (pvt) Limited** | | | | |
| National Development Bank PLC | 108250735923 | 1/24/2019 | 7,126,250 | 10,630,000 |
| | 105250761355 | 1/3/2018 | 6,594,049 | |
| **Bank guarantees obtained in favour of Thomas Cook Lanka Limited** | | | | |
| Sampath Bank PLC | 208815704482 | 7/29/2017 | 20,000,000 | 36,000,000 |
| | 208815704485 | 7/29/2017 | 20,000,000 | |

| *As at 31st March,* | Company | | Group | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Rs. | Rs. | Rs. | Rs. Unaudited |
| **17. Current tax assets** | | | | |
| Opening Balance | 9,666,566 | (10,865,765) | 12,104,360 | (10,865,765) |
| Provision for the year | (6,786,531) | (17,430,192) | (6,786,531) | (17,430,192) |
| WHT on Fixed deposits | 76,241 | 2,030,274 | 76,241 | 2,030,274 |
| Tax Credit (Self assessment payments) | 4,000,000 | 36,550,828 | 4,000,000 | 36,550,828 |
| Reversal of over provision made in respect of prior years | (1,778,672) | (618,579) | (1,778,672) | (618,579) |
| ESC paid | - | - | 3,729,037 | 2,437,794 |
| **Closing Balance** | 5,177,604 | 9,666,566 | 11,344,435 | 12,104,360 |

| | | Company | | Group | |
|---|---|---|---|---|---|
| | *As at 31st March,* | 2017 | 2016 | 2017 | 2016 |
| | | Rs. | Rs. | Rs. | Rs. Unaudited |
| **18.** | **Amount due from related companies** | | | | |
| | Lux Asia (Pvt) Limited | 25,000,000 | 25,000,000 | - | - |
| | Khiri project | - | - | - | 840,500 |
| | | 25,000,000 | 25,000,000 | - | 840,500 |
| **19.** | **Trade and other receivables** | | | | |
| | Trade receivable | - | - | 45,340,975 | 62,621,996 |
| | (-) Provision for bad debt (**Note 19.1**) | - | - | (578,395) | (21,277,485) |
| | **Trade receivable - net off provision** | - | - | 44,762,580 | 41,344,511 |
| | Other receivable | 5,738,154 | 7,492,737 | 10,383,654 | 9,350,637 |
| | **Total trade and other receivables** | 5,738,154 | 7,492,737 | 55,146,234 | 50,695,148 |
| **19.1** | **Provision movement** | | | | |
| | 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 (**Note 19.1.1**) | - | - | (22,499,090) | - |
| | **Closing balance as at 31st March** | - | - | 578,395 | 21,277,485 |

**19.1.1** The Company has written-off debtors amounting to 22.4 Mn during the year based on the Board approval.

| | | | | | |
|---|---|---|---|---|---|
| **20.** | **Cash and cash equivalents** | | | | |
| | Cash in Hand | | | | |
| | - Sri Lankan rupees | 24,298,418 | 43,391,707 | 25,298,418 | 44,391,707 |
| | - Foreign Currencies | 1,944,335 | 2,369,388 | 1,944,335 | 2,369,384 |
| | Cash at Bank | 28,035,456 | 13,693,217 | 33,351,939 | 26,922,891 |
| | | 54,278,209 | 59,454,312 | 60,594,692 | 73,683,982 |
| | Bank Overdraft | (550) | - | (18,325,664) | (25,251,654) |
| | **Cash and cash equivalents as per cash flow statement** | 54,277,659 | 59,454,312 | 42,269,028 | 48,432,328 |
| **21.** | **Stated capital** | | | | |
| | 10,767,978 Ordinary Shares | 107,679,780 | 107,679,780 | 107,679,780 | 107,679,780 |
| **22.** | **Employee benefits** | | | | |
| | Balance as at the beginning of the year | 3,361,427 | 3,318,644 | 7,351,686 | 3,318,644 |
| | Gratuity payable assumed on business combination | - | - | - | 3,005,123 |
| | Provision recognized during the year (**Note 22.1**) | 918,515 | 813,898 | 2,680,538 | 1,943,611 |
| | Actuarial gain during the year (**Note 22.2**) | (719,313) | (771,115) | (1,353,704) | (670,192) |
| | | 3,560,629 | 3,361,427 | 8,678,520 | 7,597,186 |
| | Payments during the year | - | - | (123,375) | (245,500) |
| | **Balance as at the end of the year** | 3,560,629 | 3,361,427 | 8,555,145 | 7,351,686 |
| **22.1** | **Provision recognized in profit or loss** | | | | |
| | Current service costs | 539,947 | 538,908 | 1,916,540 | 1,433,378 |
| | Interest costs | 378,568 | 274,990 | 763,998 | 510,233 |
| | | 918,515 | 813,898 | 2,680,538 | 1,943,611 |
| **22.2** | **Provision recognized in the other comprehensive income** | | | | |
| | Actuarial gain during the year | (719,313) | (771,115) | (1,353,704) | (670,192) |

As required by LKAS 19 - Employee Benefit, which became effective from 1 January 2012 the Company has provided for gratuity liability based on an internally generated model. The principal assumptions used in determining the cost of Employee Benefits were as follows.

| | Company | | Group | |
|---|---|---|---|---|
| *As at 31st March,* | 2017 | 2016 | 2017 | 2016 |
| | Rs. | Rs. | Rs. | Rs. |
| | | | | Unaudited |
| | | | 2017 | 2016 |
| Discount rate | | | 11.50% | 11.00% |
| Future salary increment Rate | | | 12.00% | 14.00% |

**23. Deferred tax liabilities**

| | | | | |
|---|---|---|---|---|
| Deferred tax assets **(Note 23.1)** | 996,976 | 941,200 | 996,976 | 941,200 |
| Deferred tax liabilities **(Note 23.2)** | (3,886,195) | (2,593,275) | (3,886,195) | (2,593,275) |
| | (2,889,219) | (1,652,075) | (2,889,219) | (1,652,075) |

The movements on the deferred tax account is as follows:

**23.1 Deferred tax assets**

| | | | | |
|---|---|---|---|---|
| Balance at the beginning of the year | 941,200 | 929,220 | 941,200 | 929,220 |
| Origination during the year - recognised in Profit or Loss | 257,184 | 227,892 | 257,184 | 227,892 |
| Reversal during the year - recognised in Other comprehensive income | (201,408) | (215,912) | (201,408) | (215,912) |
| **Balance at the end of the year** | 996,976 | 941,200 | 996,976 | 941,200 |

**23.2 Deferred tax liabilities**

| | | | | |
|---|---|---|---|---|
| Balance at the beginning of the year | (2,593,275) | (1,753,458) | (2,593,275) | (1,753,458) |
| Origination during the year - recognised in Profit or Loss | (1,292,921) | (839,817) | (1,292,921) | (839,817) |
| **Balance at the end of the year** | (3,886,195) | (2,593,275) | (3,886,195) | (2,593,275) |
| **Net Deferred tax liability** | (2,889,219) | (1,652,075) | (2,889,219) | (1,652,075) |

**23.3 Deferred tax assets and liabilities are attributable to,**

**Company / Group**

| | 31/03/2017 | | 31/03/2016 | |
|---|---|---|---|---|
| | Temporary difference | Tax effect | Temporary difference | Tax effect |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment | (13,879,268) | (3,886,195) | (9,261,693) | (2,593,274) |
| **Deferred tax assets** | | | | |
| Employee benefits | 3,560,629 | 996,976 | 3,361,427 | 941,200 |
| **Net deferred tax liabilities** | (10,318,639) | (2,889,219) | (5,900,266) | (1,652,074) |

For the Luxe Asia (pvt) Limited, the subsidiary, deferred tax assets / liabilities were not recognized as the subsidiary is exempt from Income Tax under the section 13 (ddd) of the Inland Revenue Act no. 10 of 2006. As such, the subsidiary will not recognize deferred tax until any amendments or enactments made to the said section of Inland Revenue Act in future.

| As at 31st March, | Company 2017 Rs. | Company 2016 Rs. | Group 2017 Rs. | Group 2016 Rs. Unaudited |
|---|---|---|---|---|
| **24. Amount due to related companies** | | | | |
| Thomas Cook India Limited | 23,452,120 | 19,462,275 | 23,452,120 | 19,462,275 |
| **25. Trade and other payables** | | | | |
| Trade payable | 3,831,239 | 2,612,194 | 106,039,498 | 82,688,287 |
| Other payables | 5,433,632 | 4,148,500 | 8,244,208 | 7,064,731 |
| | 9,264,871 | 6,760,694 | 114,283,706 | 89,753,018 |

## 26. Related party transactions

### 26.1 Transactions with the Related company

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.

| 26.1.1 Company | Nature of Relationship | Nature of Transaction | Transaction Amount 2017 (Rs.) | Transaction Amount 2016 (Rs.) |
|---|---|---|---|---|
| Thomas Cook India Limited | Parent Company | License fee – SAP and Mudra | 6,279,238 | 2,037,392 |
| | | Allowance to Country Head | 493,192 | 195,640 |
| Luxe Asia (pvt) Limited | Subsidiary | Loan Granted | - | 25,000,000 |
| | | Investment | - | 48,975,000 |
| Sita World Travels Limited | Affiliate entity | Investment | 10,313,800 | - |
| Fairfax Financial Holdings Limited | Ultimate Controlling entity | | Nil | Nil |

| 26.1.2 Group | Nature of Relationship | Nature of Transaction | Transaction Amount 2017 (Rs.) | Transaction Amount 2016 (Rs.) |
|---|---|---|---|---|
| Thomas Cook India Limited | Parent Company | License fee – SAP and Mudra | 6,279,238 | 2,037,392 |
| | | Allowance to Country Head | 493,192 | 195,640 |
| | | Sales | 44,431,715 | - |
| Asia Global Ltd | Subsidiary | Transfer of cost of sales/expenses | - | 31,156,784 |
| Sita World Travels Limited | Affiliate entity | Investment | 10,313,800 | - |
| | | Cost of sales | 91,638 | - |
| Fairfax Financial Holdings Limited | Ultimate Controlling entity | | Nil | Nil |

**26. Related party transactions (cont.)**

**26.2 Transactions with key management personnel**

According to Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosure, Key Management Personnel are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company / Group has been classified as KMP of the Company/ Group. Emoluments paid to key management personnel (Board of Directors) are as follow.

| | Company | | Group | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Rs. | Rs. | Rs. | Rs. |
| **Short term employee benefits** | 829,539 | 986,680 | 9,519,459 | 7,653,203 |

**27. Financial risk management**

**27.1 Overview**

The Group has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. Operational risk.

**27.2 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 Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**27.3 Credit risk**

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Group's receivable from customers and other investments.

**Trade and other receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for company's similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

**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 at 31st March,* | Company | | Group | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Rs. | Rs. | Rs. | Rs. |
| Trade and other receivables | 5,738,154 | 7,492,737 | 55,146,234 | 50,695,148 |
| Other investments - Non current assets | 16,009,969 | 129,629,168 | 16,009,969 | 129,629,168 |
| Other investments - Current assets | 102,780,934 | 4,898,332 | 103,280,934 | 5,398,332 |
| Amount due from related companies | 25,000,000 | 25,000,000 | - | 840,500 |
| Cash and cash equivalents | 54,278,209 | 59,454,312 | 60,594,692 | 73,683,982 |
| | 203,807,266 | 226,474,549 | 235,031,829 | 260,247,130 |

## 27.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will 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 Group's reputation.

The Group uses standard costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

| *As at 31st March,* | Company | | Group | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Rs. | Rs. | Rs. | Rs. |
| Amount due to related companies | 23,452,120 | 19,462,275 | 23,452,120 | 19,462,275 |
| Trade and other payables | 9,264,871 | 6,760,694 | 114,283,706 | 89,753,018 |
| Bank overdraft | 550 | - | 18,325,664 | 25,251,654 |
| | 32,717,541 | 26,222,969 | 156,061,490 | 134,466,947 |

### 27.4.1 Maturity Profile of Financial Liabilities of the Group

| *As at 31st March 2017,* | Carrying amount (Rs.) | Contractual cash flows (Rs.) | | |
|---|---|---|---|---|
| | | Up to 3 months | 3-12 months | More than a year |
| Amount due to related companies | 23,452,120 | - | - | 23,452,120 |
| Trade and other payables | 114,283,706 | 114,283,706 | - | - |
| Bank overdraft | 18,325,664 | 18,325,664 | - | - |
| | 156,061,490 | 132,609,370 | - | 23,452,120 |

| *As at 31st March 2016,* | Carrying amount (Rs.) | Contractual cash flows (Rs.) | | |
|---|---|---|---|---|
| | | Up to 3 months | 3-12 months | More than a year |
| Amount due to related companies | 19,462,275 | - | - | 19,462,275 |
| Trade and other payables | 89,753,018 | 89,753,018 | - | - |
| Bank overdraft | 25,251,654 | 25,251,654 | - | - |
| | 134,466,947 | 115,004,672 | - | 19,462,275 |

### 27.4.2 Maturity Profile of Financial Liabilities of the Company

| *As at 31st March 2017,* | Carrying amount (Rs.) | Contractual cash flows (Rs.) | | |
|---|---|---|---|---|
| | | Up to 3 months | 3-12 months | More than a year |
| Amount due to related companies | 23,452,120 | - | - | 23,452,120 |
| Trade and other payables | 9,264,871 | 9,264,871 | - | - |
| Bank overdraft | 550 | 550 | - | - |
| | 32,717,541 | 9,265,421 | - | 23,452,120 |

| *As at 31st March 2016,* | Carrying amount (Rs.) | Contractual cash flows (Rs.) | | |
|---|---|---|---|---|
| | | Up to 3 months | 3-12 months | More than a year |
| Amount due to related companies | 19,462,275 | - | - | 19,462,275 |
| Trade and other payables | 6,760,694 | 6,760,694 | - | - |
| Bank overdraft | - | - | - | - |
| | 26,222,969 | 6,760,694 | - | 19,462,275 |

**Management of liquidity risk**

The Group's approach to managing liquidity 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 Group's reputation. The Group's policy is to hold cash and undrawn overdraft facilities at a level sufficient to ensure that the Group has available funds to meet its liabilities.

**27.5 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the

**27.5.1 Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates . As protection against exchange rate fluctuations, the Group backs its commitments in local currency. The Group has not invested nor borrowed in foreign currencies. The Group does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial instruments is minimal as it represents local

**27.5.2 Interest rate risk**

Interest rate risk is the risk to the Group's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

**27.6 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Requirements for the reporting of operational losses and proposed remedial action.
- Documentation of controls and procedures.
- Development of contingency plans.
- Training and professional development.
- Risk mitigation, including insurance when this is
- Ethical and business standards.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified Requirements for the reporting of operational losses and proposed

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors and senior management of the Group.

**28. Events occurring after the reporting date**

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements.

**29. Capital commitments and contingent liabilities**

As disclosed in note 16, the Company have been pledged fixed deposits amounting to Rs.13,720,299/- at National Development Bank PLC for the guarantee obtained in favour of Luxe Asia (Private) Limited (subsidiary) for the purpose of obtaining banking facilities, comprising of Overdraft facility and other pecuniary Aid, Assistance, Accommodation and other Banking Facilities including cash management services amounting to Rs 10,630,000.

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date.

**30. Litigation and claim**

There is a pending Labour Tribunal Litigation regarding termination of a staff member Ms. Ramona Fernando, the Plaintiff in Case No. 21/312/2014 at Labour Tribunal Court of Negambo. The Risk Assessment will be a compensation of Rs 500,000 (Maximum 01 year salary). Next hearing for the case is June 7, 2017.

**31. Comparative figures**

Where necessary information has been restated to confirm to current year's presentation and classification.

**32. Directors responsibility for financial statements**

The board of directors is responsible for the preparation and presentation of the financial statements.

## Independent Auditors' Report

# To the Members of
# SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of SOTC Travel Services Private Limited, formerly known as Kuoni Travel (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 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 '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 sub-section 5 of Section 134 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 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.

**Auditors' Responsibility** ***(Continued)***

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.

**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 profit 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 exercise of powers conferred by sub-section (11) of Section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section (3) of Section 143 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 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 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 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 sub-section 2 of Section 164 of the Act; and

**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";

(g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

1. the Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 37 to the Standalone Ind AS financial statements;

2. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

3. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

4. the Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Company and as produced to us by the management.. Refer Note 46 to the standalone Ind AS financial statements.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Bhavesh Dhupelia**
*Partner*
Membership No: 040270

Mumbai
2 May 2017

## Annexure A to the Independent Auditors' Report - 31 March 2017

With reference to the Annexure referred to in the 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 the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, the Company has performed physical verification of certain fixed assets during the year. No material discrepancies were noticed on such verification.

(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. Accordingly, paragraph (3)(i) (c ) of the Order is not applicable.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. No discrepancies were noticed on such verification.

(iii) The Company has granted an unsecured loan to one of its associate covered in the register to be maintained under Section 189 of the Companies Act, 2013 ('the Act').

(a) In our opinion, the rate of interest and other terms and conditions on which the loan was granted to the subsidiary listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the Company's interest;

(b) The schedule of repayment of principal and interest have been stipulated and there are no repayments during the year as per the terms of the agreement;

(c) No amount is overdue as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of the Sections 185 and 186 of the Act, with respect to loans and investments made.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not.

(vi) As informed to us by the management, the Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the goods sold and services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Service tax, Professional tax, Value added tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities in all cases during the year. As explained to us, the Company did not have any dues on account of duty of Excise, duty of Customs, Sales tax and Cess.

## Annexure A to the Independent Auditors' 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, 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.

Accordingly to the information and *explanations given to us, the Company is yet to register for Profession tax in certain states. The Company has deducted the amounts which is pending to be deposited.*

(b) According to the information and explanations given to us, there are no dues of Income tax, Service tax and Value added tax which have not been deposited with appropriate authorities on account of any disputes except for the following:

| Name of the Statute | Nature of dues | Amount Demanded | Amount Deposited Under Disputes | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| The Finance Act, 1994 | Service tax demand including penalty | 16,233,150 | 608,368 | 2008- 2013 | CESTAT |
| The Finance Act, 1994 | Service tax demand including penalty | 13,114,480 | 480,468 | 2006-2010 | CESTAT |
| The Finance Act, 1994 | Service tax demand including penalty | 145,213,682 | 5,272,825 | 2006-2009 | CESTAT |

(viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any banks, financial institution, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(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(viii) of the Order is not applicable.

(x) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

(xii) 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 have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

## Annexure A to the Independent Auditors' Report - 31 March 2017*(Continued)*

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Bhavesh Dhupelia**
*Partner*
Membership No: 040270

Mumbai
2 May 2017

# SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Annexure B to the Independent Auditors' Report - 31 March 2017

### 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 SOTC Travel Services Private Limited (formerly known as Kuoni Travel (India) Private Limited) ('the Company') as of 31 March 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.

**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 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 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.

## Annexure B to the Independent Auditors' 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 Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Bhavesh Dhupelia**
*Partner*
Membership No: 040270

Mumbai
2 May 2017

SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

**Standalone balance sheet**

*as at 31 March 2017*

(Currency : Indian rupees)

| | *Notes* | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|---|
| **I. ASSETS** | | | | |
| **(1) Non-current assets** | | | | |
| (a) Property, plant and equipment | *2* | **60,058,654** | 79,565,803 | 112,381,999 |
| (b) Goodwill | *2.1* | **26,849,606** | 26,849,606 | 26,849,606 |
| (c) Other intangible assets | *2.1* | **29,054,719** | 35,186,171 | 28,803,901 |
| (d) Intangible assets under development | *2.2* | **3,002,280** | 4,011,650 | 6,663,715 |
| (e) Invesments in subsidiaries and associates | *3* | **1,005,683,452** | 155,784,092 | 155,784,092 |
| (f) Financial assets | | | | |
| (i) Investments | *4* | **-** | - | 276,170,010 |
| (ii) Loans | *5* | **9,639,544** | 3,657,541 | - |
| (iii) Other non-current financial assets | *6* | **94,234,218** | 124,236,567 | 106,805,590 |
| (g) Deferred tax assets (net) | *7* | **128,568,810** | 148,336,521 | 112,794,738 |
| (h) Other non-current assets | *8* | **658,220** | 3,038,785 | 862,400 |
| (i) Other tax assets | *9* | **1,499,538,530** | 1,376,954,115 | 1,176,516,972 |
| **Total non-current assets** | | **2,857,288,033** | 1,957,620,851 | 2,003,633,023 |
| **(2) Current assets** | | | | |
| (a) Inventories | *10* | **1,496,185** | 3,782,905 | - |
| (b) Financial assets | | | | |
| (i) Investments | *11* | **782,003,498** | 950,718,305 | - |
| (ii) Trade receivables | *12* | **1,569,754,772** | 1,287,959,574 | 1,351,166,633 |
| (iii) Cash and cash equivalents | *13* | **1,704,467,658** | 1,172,322,052 | 1,849,679,292 |
| (iv) Bank balances other than (iii) above | *14* | **3,631,143** | 25,000,000 | 598,885 |
| (v) Loans and advances | *15* | **194,079** | 6,115,072 | - |
| (vi) Other current financial assets | *16* | **285,179,628** | 240,348,944 | 374,146,434 |
| (vii) Derivative assets | *17* | **47,609,730** | 33,617,831 | 73,533,602 |
| (c) Other current assets | *18* | **2,341,818,206** | 1,428,009,360 | 1,484,796,354 |
| **Total current assets** | | **6,736,154,899** | 5,147,874,043 | 5,133,921,200 |
| **TOTAL ASSETS** | | **9,593,442,932** | 7,105,494,894 | 7,137,554,223 |
| **II. EQUITY AND LIABILITIES** | | | | |
| **(1) Equity** | | | | |
| (a) Equity share capital | *19* | **97,130,500** | 97,130,500 | 97,130,500 |
| (b) Other equity | | | | |
| (i) Reserves and surplus | | **1,210,853,700** | 883,141,330 | 756,297,705 |
| (ii) Other reserves | *20* | **1,192,872,666** | 1,192,872,666 | 1,125,666,452 |
| (iii) Other comprehensive income | | **5,274,246** | 137,119 | - |
| **Total equity** | | **2,506,131,112** | 2,173,281,615 | 1,979,094,657 |
| **(2) Non current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Other financial liabilities | *21* | **20,560,101** | 22,060,105 | 25,378,388 |
| (b) Provisions | *22* | **-** | 19,700,975 | 32,189,734 |
| (c) Other non-current liabilities | *23* | **-** | 9,333,351 | 33,663,231 |
| **Total non current liabilities** | | **20,560,101** | 51,094,431 | 91,231,353 |
| **(3) Current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Trade payables | *24* | **3,494,153,750** | 1,908,596,444 | 2,018,772,208 |
| (ii) Other financial liabilities | *25* | **427,536,252** | 204,058,222 | 314,260,535 |
| (b) Other current liabilities | *26* | **1,907,143,770** | 1,678,815,398 | 1,892,547,287 |
| (c) Short-term provisions | *27* | **1,237,917,947** | 1,089,648,784 | 841,648,183 |
| **Total current liabilities** | | **7,066,751,719** | 4,881,118,848 | 5,067,228,213 |
| **Total liabilities** | | **7,087,311,820** | 4,932,213,279 | 5,158,459,566 |
| **TOTAL EQUITY AND LIABILITIES** | | **9,593,442,932** | 7,105,494,894 | 7,137,554,223 |

**Significant accounting policies** *1B*

The notes from 1 to 51 form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of**
**SOTC Travel Services Private Limited**
[CIN: U63090MH1992PTC070074]

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070

**Madhavan Menon**
*Chairman*
[DIN No: 00008542]

**Vishal Suri**
*Managing Director*
[DIN No: 06413771]

**Brijesh Modi**
*Chief Financial Officer*

**Kiran Agrawal**
*Company Secretary*
[ACS No: 13188]

Mumbai
2 May 2017

Mumbai
2 May 2017

SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Statement of profit and loss

*for the year ended 31 March 2017*

(Currency : Indian rupees)

| | *Note* | **For the year ended 31 March 2017** | For the year ended 31 March 2016 |
|---|---|---|---|
| **(1) Revenue** | | | |
| (a) Revenue from operations | *28* | **16,670,306,573** | 15,739,295,776 |
| (b) Other income | *29* | **127,759,387** | 228,969,499 |
| **Total income** | | **16,798,065,960** | 15,968,265,275 |
| **(2) Expenses** | | | |
| (a) Cost of tours | *30* | **13,997,870,202** | 12,862,506,677 |
| (b) Changes in inventories | *31* | **6,011,720** | 17,095 |
| (c) Employee benefits expense | *32* | **1,199,027,102** | 1,281,186,375 |
| (d) Finance costs | *33* | **2,864,160** | 1,103,543 |
| (e) Depreciation and amortization expenses | *2* | **64,750,462** | 74,478,109 |
| (f) Other expenses | *34* | **1,045,981,554** | 1,052,618,885 |
| **Total expenses** | | **16,316,505,200** | 15,271,910,684 |
| **(3) Profit before tax** | | **481,560,760** | 696,354,591 |
| **(4) Tax expense:** | | | |
| (a) Current tax | *7* | **162,377,075** | 269,780,285 |
| (b) Deferred tax | *7* | **17,048,705** | (35,614,358) |
| (c) Tax pertaining to earlier periods | *7* | **(9,503,913)** | 1,475,623 |
| **(5) Profit after tax** | | **311,638,893** | 460,713,041 |
| **(6) Other comprehensive income (OCI)** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| (i) Remeasurements of defined benefit liability (asset) | | **7,856,136** | 209,694 |
| (ii) Income tax expense on remeasurements of defined benefit liability | | **2,719,009** | 72,575 |
| **Other comprehensive income (net of tax) (i-ii)** | | **5,137,127** | 137,119 |
| **(7) Total comprehensive income for the period** | | **316,776,020** | 460,850,160 |
| **(8) Earnings per equity share** | | | |
| (i) Basic | *35* | **32.08** | 47.43 |
| (ii) Diluted | *35* | **32.08** | 47.43 |
| **Significant accounting policies** | *1B* | | |

The notes from 1 to 51 form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of**
**SOTC Travel Services Private Limited**
[CIN: U63090MH1992PTC070074]

| | | | | |
|---|---|---|---|---|
| **Bhavesh Dhupelia** | **Madhavan Menon** | **Vishal Suri** | **Brijesh Modi** | **Kiran Agrawal** |
| *Partner* | *Chairman* | *Managing Director* | *Chief Financial Officer* | *Company Secretary* |
| Membership No: 042070 | [DIN No: 00008542] | [DIN No: 06413771] | | [ACS No: 13188] |

Mumbai
2 May 2017

Mumbai
2 May 2017

SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Statement of cash flows

*for the year ended 31 March 2017*

(Currency : Indian rupees)

| | **For the year ended 31 March 2017** | For the year ended 31 March 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before tax from continuing operations | **481,560,760** | 696,354,591 |
| **Profit before tax** | | |
| ***Adjustments for*** | | |
| Depreciation of property, plant and equipment | **47,862,700** | 57,789,760 |
| Amortisation of intangible assets | **16,887,762** | 16,688,349 |
| Loss/(gain) on sale of property, plant and equipment | **5,176,279** | (3,623,757) |
| Unrealised foreign exchange (gain) (net) | **(13,580,834)** | (76,772,781) |
| Other comprehensive income | **7,856,136** | 209,694 |
| Equity-based payment | **16,073,477** | - |
| Unclaimed credit balances no longer required, written back | **(91,425,615)** | (91,717,482) |
| Excess provision no longer required, written back | **(23,773,331)** | (277,286,401) |
| Bad debts and advances written off | **45,191,505** | 32,524,244 |
| Provision for doubtful debts, advances and deposits (net) | **(31,345,014)** | (7,511,345) |
| Profit on redemption of units of mutual funds | **(44,065,868)** | (8,417,996) |
| Dividend on preference shares - others | **-** | (27,617,001) |
| Interest income - others | **(4,552,594)** | (4,565,096) |
| Interest income on Inter-Corporate Deposits | **(1,225,728)** | (736,028) |
| Interest on fixed deposits | **(6,843,483)** | (32,009,513) |
| Interest on income-tax refund | **(21,969,033)** | (19,759,987) |
| Interest expenses on others | **2,864,160** | 1,103,543 |
| Finance costs (including fair value change in financial instruments) | **-** | (718,305) |
| | **384,691,277** | 253,934,489 |
| ***Working capital adjustments*** | | |
| (Increase)/ decrease in inventories | **2,286,720** | (3,782,905) |
| (Increase)/ decrease in trade and other receivables | **(319,877,884)** | 42,920,882 |
| (Increase)/ decrease in derivative assets | **(13,991,899)** | 39,915,771 |
| Decrease / (increase) in loans and advances | **(908,965,882)** | 194,019,445 |
| Increase/ (decrease) in trade and other payables | **1,887,253,744** | 29,832,563 |
| Increase/(decrease) in provisions and employee benefits | **(24,304,974)** | (35,744,066) |
| | **1,007,091,102** | 521,096,179 |
| Income Tax paid | **(100,615,382)** | (205,116,946) |
| **Net cash from operating activities** | **906,475,720** | 315,979,233 |
| **Cash flows from investing activities** | | |
| Acquisition and construction of property, plant and equipment | **(35,419,666)** | (31,526,326) |
| Acquisition of investment | **(849,999,360)** | - |
| Sale of investment | **100,000** | - |
| Acquisition and development of intangible assets | **(11,032,255)** | (23,210,054) |
| Proceeds from sale of property, plant and equipment & intangible | **5,311,869** | 10,829,329 |
| Proceeds from sale of financial instruments | **-** | 276,170,010 |
| Interest received | **11,228,125** | 37,213,795 |
| Purchase of units of mutual funds | **(8,662,920,852)** | (2,879,000,000) |
| Proceeds from sale of units of mutual funds | **8,875,701,527** | 1,937,417,996 |
| Fixed deposits (placed) / redeemed during the year, (net) | **24,939,078** | (26,050,806) |
| Dividend received | **-** | 27,617,001 |
| Disposal of discontinued operation, net of cash disposed of | | |
| **Net cash from investing activities** | **(642,091,534)** | (670,539,056) |
| **Cash flows from financing activities** | | |
| Inter-Corporate Deposit given | **133,069** | (9,772,613) |
| Interest paid on Others | **(2,864,160)** | (1,103,543) |
| Dividend Paid | **-** | (266,663,202) |
| Finance charges paid | | |
| **Net cash from financing activities** | **(2,731,091)** | (277,539,358) |
| **Net increase / (decrease) in cash and cash equivalents** | **261,653,096** | (632,099,181) |
| Cash and cash equivalents at the beginning of the year | **1,291,910,149** | 1,849,679,292 |
| **Cash and cash equivalents at the end of the year** | **1,553,563,244** | 1,217,580,111 |

SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Statement of cash flows

*for the year ended 31 March 2017*

(Currency : Indian rupees)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Reconciliation of Cash and Cash equivalents with the Balance Sheet** | | |
| Cash and Bank Balances as per Balance Sheet | **1,566,406,473** | 1,291,910,149 |
| Effect of exchange rate changes in cash and cash equivalents | **(12,843,228)** | (74,330,038) |
| **Cash and Cash equivalents as restated as at the year end** | **1,553,563,244** | 1,217,580,111 |

**Note:**

1) Components of cash and cash equivalents [Note 13]

| | | |
|---|---|---|
| Cash on hand | **26,133,855** | 38,779,549 |
| Cheque in hand | **-** | 997,687 |
| Balance with banks | | |
| -- Current Account | **1,067,621,372** | 1,132,544,816 |
| -- Deposit Account (with original maturity of 3 months or less) | **610,712,431** | - |
| Less: Bank Overdraft [Note 25] | **(329,560,778)** | (71,911,494) |
| | **1,374,906,880** | 1,100,410,558 |

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".

As per our report of even date attached.

For B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of SOTC Travel Services Private Limited**

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070

Mumbai
2 May 2017

**Madhavan Menon**
*Chairman*
[DIN No: 00008542]

**Vishal Suri**
*Managing Director*
[DIN No: 06413771]

**Brijesh Modi**
*Chief Financial Officer*

**Kiran Agrawal**
*Company Secretary*
[ACS No: 13188]

Mumbai
2 May 2017

# SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Statement of Changes in Equity (SOCIE)

*as at 31 March 2017*

(Currency : Indian rupees)

### (a) Equity share capital

| | **31 March 2017** | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **Amount** | No. of Shares | Amount | No. of Shares | Amount |
| At the commencement of the year | **9,713,050** | **97,130,500** | 9,713,050 | 97,130,500 | 9,713,050 | 97,130,500 |
| Changes in equity share capital during the year | **-** | **-** | - | - | - | - |
| At the end of the year | **9,713,050** | **97,130,500** | 9,713,050 | 97,130,500 | 9,713,050 | 97,130,500 |

### (b) Other equity

| **Particulars** | **Other Equity** | | | **Other comprehensive income** | **Total attributable to equity shareholders** |
|---|---|---|---|---|---|
| | **Reserves & Surplus** | | | | |
| | **Surplus** | **Employee share option outstanding [refer Note 49]** | **Other reserves [refer Note 20]** | **Remeasurements of the net defined benefit Plans** | |
| Balance at 1 April 2015 | 756,297,705 | - | 1,125,666,452 | - | 1,881,964,157 |
| Profit for the year | 460,713,041 | - | - | - | 460,713,041 |
| Other comprehensive income for the year | - | - | - | 137,119 | 137,119 |
| **Total comprehensive income for the year** | 460,713,041 | - | - | 137,119 | 460,850,160 |
| Transfer from Profit & Loss account to General reserve | (67,206,214) | - | 67,206,214 | - | - |
| Dividends | (221,554,671) | - | - | - | (221,554,671) |
| Dividend distribution tax | (45,108,530) | - | - | - | (45,108,530) |
| **Balance at 31 March 2016** | 883,141,330 | - | 1,192,872,666 | 137,119 | 2,076,151,116 |
| Profit for the year | **311,638,893** | - | - | - | **311,638,893** |
| Other comprehensive income for the year | - | - | - | **5,137,127** | **5,137,127** |
| **Total comprehensive income for the year** | **311,638,893** | **-** | **-** | **5,137,127** | **316,776,020** |
| Share-based payments [refer Note 49] | - | **16,073,477** | - | - | **16,073,477** |
| **Balance at 31 March 2017** | **1,194,780,223** | **16,073,477** | **1,192,872,666** | **5,274,246** | **2,409,000,613** |

## Statement of Changes in Equity (SOCIE) *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

**<u>Nature and purpose of reserves</u>**

**Employee share option outstanding**

The Company has established an equity-settled share-based payment plans for certain categories of employees of the Company. The shares of the holding Company are issued under the ESOP Scheme to the employees of the company.

**Significant accounting policies** *1B*

The notes from 1 to 51 form an integral part of the financial statements.

**For and on behalf of the Board of Directors of**
**SOTC Travel Services Private Limited**

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070

Mumbai
2 May 2017

| **Madhavan Menon** | **Vishal Suri** | **Brijesh Modi** | **Kiran Agrawal** |
|---|---|---|---|
| *Chairman* | *Managing Director* | *Chief Financial Officer* | *Company Secretary* |
| [DIN No: 00008542] | [DIN No: 06413771] | | [ACS No: 13188] |

Mumbai
2 May 2017

SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Notes to the financial statements *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

**Note-2 Property, plant and equipment**

| | | | Owned Assets | | | |
|---|---|---|---|---|---|---|
| | Computer hardware | Leasehold improvements | Furniture and fixtures | Vehicles | Office equipment | Total |
| **Deemed cost as at 1 April 2015 (Gross carrying value)** | 28,226,257 | 21,289,564 | 3,989,639 | 51,747,501 | 7,129,038 | 112,381,999 |
| Additions during the year | 10,585,043 | 8,518,132 | 2,793,178 | 4,363,926 | 5,266,047 | 31,526,326 |
| Disposals/Deductions during the year | 4,668,655 | 36,113 | 170,214 | 3,113,371 | 31,051 | 8,019,404 |
| **Gross carrying value as of 31 March 2016** | 34,142,645 | 29,771,583 | 6,612,603 | 52,998,056 | 12,364,034 | 135,888,921 |
| **Accumulated depreciation as of 1 April 2015** | | | | | | |
| Depreciation charge during the year | 17,360,570 | 13,049,650 | 2,970,234 | 20,675,031 | 3,734,275 | 57,789,760 |
| Accumulated depreciation on disposals/deductions | 53,149 | - | - | 1,413,493 | - | 1,466,642 |
| **Closing accumulated depreciation as of 31 March 2016** | 17,307,421 | 13,049,650 | 2,970,234 | 19,261,538 | 3,734,275 | 56,323,118 |
| **Carrying value as of 31 March 2016** | 16,835,224 | 16,721,933 | 3,642,369 | 33,736,518 | 8,629,759 | 79,565,803 |
| **Gross carrying value as of 1 April 2016** | 34,142,645 | 29,771,583 | 6,612,603 | 52,998,056 | 12,364,034 | 135,888,921 |
| Additions during the year | **13,903,054** | **9,620,676** | **1,599,412** | **6,522,411** | **3,774,113** | **35,419,666** |
| Disposals/Deductions during the year | **13,383** | **6,158,923** | **826,219** | **1,063,433** | **1,081,615** | **9,143,573** |
| **Gross carrying value as of 31 March 2017** | **48,032,316** | **33,233,336** | **7,385,796** | **58,457,034** | **15,056,532** | **162,165,014** |
| **Accumulated depreciation as of 1 April 2016** | 17,307,421 | 13,049,650 | 2,970,234 | 19,261,538 | 3,734,275 | 56,323,118 |
| Depreciation charge during the year | **12,678,772** | **10,548,212** | **2,394,015** | **17,132,813** | **5,108,888** | **47,862,700** |
| Accumulated depreciation on disposals/deductions | **-** | **1,580,041** | **160,396** | **-** | **339,021** | **2,079,458** |
| **Closing accumulated depreciation as of 31 March 2017** | **29,986,193** | **22,017,821** | **5,203,853** | **36,394,351** | **8,504,142** | **102,106,360** |
| **Carrying value as of 31 March 2017** | **18,046,123** | **11,215,515** | **2,181,943** | **22,062,683** | **6,552,390** | **60,058,654** |

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2015 under the previous GAAP

**Deemed cost as on 1 April 2015**

| Particulars | | | Owned Assets | | | |
|---|---|---|---|---|---|---|
| | Computer hardware | Leasehold Improvements | Furniture and Fixtures | Vehicles | Office Equipment | Total |
| Gross carrying value as of 1 April 2015 | 153,280,823 | 111,694,179 | 31,096,032 | 161,791,598 | 47,280,585 | 505,143,217 |
| Accumulated depreciation as of 1 April 2015 | 125,054,566 | 90,404,615 | 27,106,393 | 110,044,097 | 40,151,547 | 392,761,218 |
| Carrying value treated as deemed cost upon transition | 28,226,257 | 21,289,564 | 3,989,639 | 51,747,501 | 7,129,038 | 112,381,999 |

As at 31 March 2017, the company had contractual commitments of Rs Nil (31 March 2016 : Rs 2,410,968, 1 April 2015 : Rs 5,765,377) for purchase of property, plant and equipment

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### Note-2.1 Intangibles

| | GROSS BLOCK | | | | | ACCUMULATED DEPRECIATION/AMORTIZATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Balance (After Ind AS adjustments) as at 1 April 2016** | **Ind AS adjustments** | **Additions** | **Disposals** | **Balance as at 31 March 2017** | **Balance (After Ind AS adjustments) as at 1 April 2016** | **Ind AS adjustments** | **Charge for the year** | **Eliminated on disposal of assets** | **Balance as at 31 March 2017** | **Balance as at 31 March 2017** | **Balance as at 31 March 2016** |
| **A. Goodwill** | | | | | | | | | | | | |
| Goodwill (refer note below) | 26,849,606 | - | - | - | **26,849,606** | - | - | - | - | - | **26,849,606** | 26,849,606 |
| **Total (A)** | 26,849,606 | **-** | **-** | **-** | **26,849,606** | **-** | **-** | **-** | **-** | **-** | **26,849,606** | 26,849,606 |
| **B. Other intangible assets** | | | | | | | | | | | | |
| Computer Software | 51,630,780 | - | **14,180,343** | **5,578,823** | **60,232,300** | 16,444,609 | - | **16,887,762** | **2,154,790** | **31,177,581** | **29,054,719** | 35,186,171 |
| **Total (B)** | 51,630,780 | **-** | **14,180,343** | **5,578,823** | **60,232,300** | 16,444,609 | **-** | **16,887,762** | **2,154,790** | **31,177,581** | **29,054,719** | 35,186,171 |

| | GROSS BLOCK | | | | | ACCUMULATED DEPRECIATION/AMORTIZATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Balance (After Ind AS adjustments) as at 1 April 2015** | **Ind AS adjustments** | **Additions** | **Disposals** | **Balance as at 31 March 2016** | **Balance (After Ind AS adjustments) as at 1 April 2015** | **Ind AS adjustments** | **Charge for the year** | **Eliminated on disposal of assets** | **Balance as at 31 March 2016** | **Balance as at 31 March 2016** | **Balance as at 31 March 2015** |
| **A. Goodwill** | | | | | | | | | | | | |
| Goodwill (refer note below) | 26,849,606 | - | - | - | 26,849,606 | - | - | - | - | - | 26,849,606 | 26,849,606 |
| **Total (A)** | 26,849,606 | - | - | - | 26,849,606 | - | - | - | - | - | 26,849,606 | 26,849,606 |
| **B. Other intangible assets** | | | | | | | | | | | | |
| Computer Software | 28,803,901 | - | 23,723,399 | 896,550 | 51,630,780 | - | - | 16,688,349 | 243,740 | 16,444,609 | 35,186,171 | 28,803,901 |
| **Total (B)** | 28,803,901 | - | 23,723,399 | 896,550 | 51,630,780 | - | - | 16,688,349 | 243,740 | 16,444,609 | 35,186,171 | 28,803,901 |

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**Note-2.2 Intangibles under devolopment**

| | Computer Software | Total |
|---|---|---|
| **As at 1 April 2014** | | - |
| Additions during the year | 6,663,715 | 6,663,715 |
| Assets capitalised during the year | - | - |
| **As at 31 March 2015** | 6,663,715 | 6,663,715 |
| Additions during the year | 16,886,278 | 16,886,278 |
| Assets capitalised during the year | 19,538,343 | 19,538,343 |
| **As at 1 April 2016** | **4,011,650** | **4,011,650** |
| Additions/(Refund) during the year | **(36,120)** | **(36,120)** |
| Assets capitalised during the year | **973,250** | **973,250** |
| **As at 31 March 2017** | **3,002,280** | **3,002,280** |

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated amortisation on 1 April 2015 under the previous GAAP

**Deemed cost as on 1 April 2015**

| | Trademarks | Computer Software | Goodwill on amalgamation | Website and domain name | Non compete fees | Total |
|---|---|---|---|---|---|---|
| Gross Block as on 1 April 2015 | 125,765,760 | 238,962,493 | 67,124,054 | 9,551,536 | 31,171,875 | 472,575,718 |
| Accumulated Depreciation till 1 April 2015 | 125,765,760 | 210,158,592 | 40,274,448 | 9,551,536 | 31,171,875 | 416,922,211 |
| Net Block treated as Deemed cost upon transition | - | 28,803,901 | 26,849,606 | - | - | 55,653,507 |

(Currency : Indian rupees)

**Note 2.1 Intangible *(Continued)***

**Impairment testing of Goodwill**

For the purposes of impairment testing, goodwill has been allocated as follows:

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Acquisition of the Business Travel Division | **26,849,606** | 26,849,606 |
| Less: Impairment loss | **-** | - |
| Total | **26,849,606** | 26,849,606 |

The recoverable amount was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's

assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Discount rate | **15.80%** | 15.80% |
| Terminal value growth rate | **5%** | 5% |
| Budgeted EBITDA growth rate ( average of next 2 years) | **5%** | 5% |

The discount rate was post tax measure estimated based on the historical industry average weighted-average cost of capital, with the possible no debt leveraging and internal rate of return of 15.8% approximately

The recoverable amount of goodwill has been calculated based using the comparable company multiple method and discounted cash flow method by assigning suitable weights.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. Based on the estimate and assumptions used in arriving the value of the goodwill, no change in the inputs used is forecasted.

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| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 3** | | | |
| **Investment in subsidiaries and associate** | | | |
| **A. Investments in subsidiary companies** | | | |
| **I. Investments in equity instruments** | | | |
| **Unquoted investments** | | | |
| NIL (31 March 2016: 10,000) equity shares of Rs 10 each, fully paid-up, of SITA Travels Private Limited | **-** | 100,000 | 100,000 |
| 10,000 (31 March 2016: 10,000) equity shares of Rs 10 each, fully paid-up, of SITA Destination Management Private Limited. | **100,000** | 100,000 | 100,000 |
| 10,000 (31 March 2016: 10,000) equity shares of Rs 10 each, fully paid-up, of SITA Travels and Tours Private Limited. | **100,000** | 100,000 | 100,000 |
| 10,000 (31 March 2016: 10,000) equity shares of Rs 10 each, fully paid-up, of SITA Beach Resorts Private Limited. | **100,000** | 100,000 | 100,000 |
| 10,000 (31 March 2016: 10,000) equity shares of Rs 10 each, fully paid-up, of SITA Holiday Resorts Private Limited. | **100,000** | 100,000 | 100,000 |
| 50,000 (31 March 2016: 50,000) equity shares of Rs 10 each, fully paid-up, of SITA Incoming (India) Private Limited. | **500,000** | 500,000 | 500,000 |
| 50,000 (31 March 2016: 50,000) equity shares of Rs 10 each, fully paid-up, of SITA Holidays (India) Private Limited. | **500,000** | 500,000 | 500,000 |
| 300,000 (31 March 2016: 300,000) equity shares of Rs 10 each, fully paid-up, of Distant Frontiers Tours Private Limited. | **149,114,959** | 149,114,959 | 149,114,959 |
| 14,248 (31 March 2016: 14,248) equity shares of Nepali Rs 100 each, fully paid up, of SITA World Travel (Nepal) Private Limited (of these 3,720 equity shares were allotted as fully paid bonus shares). | **4,251,955** | 4,251,955 | 4,251,955 |
| Nil (31 March 2016: 140,000) equity shares of USD 1 each, fully paid-up, of KAT Management Consulting (Shanghai) Co. Ltd. | **-** | 5,704,294 | 5,704,294 |
| | **154,766,914** | 160,571,208 | 160,571,208 |
| **Less : Impairment loss** | **-** | 5,704,294 | 5,704,294 |
| | **154,766,914** | 154,866,914 | 154,866,914 |
| **B. Investments in associate** | | | |
| **I. Investments in equity instruments** | | | |
| **Unquoted investments** | | | |
| 438,144 (31 March 2016: Nil) equity shares of Rs 1,940 each, fully paid-up, of Travel Corporation (India) Limited. | **849,999,360** | - | - |
| 190,000 (31 March 2016: 190,000) equity shares of Sri Lankan Rs 10 each, fully paid-up, of SITA World Travel Lanka (Pvt) Limited (of theses 40,000 equity shares were allotted for consideration other than cash). | **917,178** | 917,178 | 917,178 |
| | **850,916,538** | 917,178 | 917,178 |
| | **1,005,683,452** | 155,784,092 | 155,784,092 |
| Aggregate book value of unquoted non-current investments | **1,005,683,452** | 155,784,092 | 155,784,092 |
| Aggregate impairment loss | **-** | 5,704,294 | 5,704,294 |

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 4** | | | |
| **Investments** | | | |
| **Investments in preference shares at amortised cost** | | | |
| Nil (31 March 2016: Nil) 10% Cumulative Redeemable Preference shares of Rs 10 each, fully paid-up, of VFS Global Services Private Limited. | **-** | - | 276,170,010 |
| | **-** | - | 276,170,010 |
| Aggregate book value of unquoted non-current investments | **-** | **-** | 276,170,010 |

**Note 5**
**Financial assets - Loans**
**(Unsecured, considered good unless otherwise stated)**

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| *To related parties* | | | |
| Inter-Corporate Deposit (ICD) (refer Note below) | **9,639,544** | 3,657,541 | - |
| | **9,639,544** | 3,657,541 | - |

Note : Pertains to an unsecured USD denominated Inter-Corporate Deposit given to Sita World Travel Lanka (Pvt) Limited, a associate of the Company to meet its capital expenditure and working capital requirements carrying interest at 11% (31 March 2016: 9,772,613). The ICD is payable over three annual installments commencing from 31 December 2018 or as mutually agreed between the parties. The interest is payable along with re-payment of installments.

**Note 6**
**Other non-current financial assets***
**(Unsecured, considered good unless otherwise stated)**

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Security deposits | | | |
| Considered good | **94,234,218** | 120,666,346 | 104,885,060 |
| Considered doubtful | **7,029,319** | 8,099,320 | 9,092,320 |
| | **101,263,537** | 128,765,666 | 113,977,380 |
| Less : Impairment loss | **(7,029,319)** | (8,099,320) | (9,092,320) |
| | **94,234,218** | 120,666,346 | 104,885,060 |
| Deposit accounts with more than twelve months | **-** | 3,570,221 | 1,920,530 |
| | **94,234,218** | 124,236,567 | 106,805,590 |

* Financial asset carried at amortised cost

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 8** | | | |
| **Other non-current assets** | | | |
| Capital advances | **-** | 2,138,718 | - |
| Other advances | **-** | 37,667 | - |
| Prepaid expenses | **658,220** | 862,400 | 862,400 |
| | **658,220** | 3,038,785 | 862,400 |

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 9** | | | |
| **Other tax asset** | | | |
| Advance tax | **1,499,538,530** | 1,376,954,115 | 1,152,845,548 |
| Income-tax refund receivable | **-** | - | 23,671,424 |
| | **1,499,538,530** | 1,376,954,115 | 1,176,516,972 |

**Note 10**
**Inventories**
*(Valued at the lower of cost or net realisable value)*

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Stock in trade (refer Note 44) | **1,496,185** | 3,782,905 | - |
| | **1,496,185** | 3,782,905 | - |

(Currency : Indian rupees)

**Note 11**
**Current investments**

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| *Investments in mutual funds (unquoted)* (Carried at fair value through profit or loss) | | | |
| 198,374.690 (31 March 2016: 411,388.890) units of Birla Sun Life Cash Plus - Growth Option - Direct Plan at Rs 261.309 each (31 March 2016: Rs 243.31 each) | **51,837,142** | 100,096,676 | - |
| 15,226.611 (31 March 2016: 38,050.431) units of IDFC Cash Fund-Growth Option-Direct Plan at Rs 1,975.698 each (31 March 2016: Rs 1,841.82 each) | **30,083,190** | 70,082,049 | - |
| 6,320.408 (31 March 2016: 48,847.702) units of Kotak Liquid Scheme Plan A - Growth Option - Direct Plan at Rs 3,297.477 each (31 March 2016: Rs 3,073.43 each) | **20,841,403** | 150,130,087 | - |
| 17,954.696 (31 March 2016: 48,168.209) units of L&T Liquid Fund - Growth Option - Direct Plan at Rs 2,230.083 each (31 March 2016: Rs 2,077.90 each) | **40,040,480** | 100,088,582 | - |
| 30,089.227 (31 March 2016: 42,054.856) units of SBI Premier Liquid Fund - Growth Option - Direct Plan at Rs 2,552.317 each (31 March 2016: Rs 2,380.96 each) | **76,797,268** | 100,130,833 | - |
| 27,746.215 (31 March 2016: 47,672.580) units of Axis Liquid Fund - Growth Option - Direct Plan at Rs 1,803.217 each (31 March 2016: Rs 1,679.43 each) | **50,032,457** | 80,062,670 | - |
| 18,257.889 (31 March 2016: 50,206.514) units of HDFC Liquid Fund - Growth Plan - Direct Plan at Rs 3,208.918 each (31 March 2016: Rs 2,990.20 each) | **58,588,070** | 150,127,408 | - |
| Nil (31 March 2016: 61,723.598) units of IDBI Ultra Short Term Fund - Growth Option - Direct Plan at Rs Nil (31 March 2016: Rs 1,620.125 each) | **-** | 100,000,000 | - |
| 1,323,212.230 (31 March 2016: Nil) units of IDFC Ultra Short Term Fund - Growth Option - Direct Plan at Rs 23.152 each (31 March 2016: Rs Nil) | **30,636,068** | | |
| 28,736.367 (31 March 2016: NIL) units of IDBI Liquid Fund - Dir - Growth at Rs 1741.185 each (31 March 2016: NIL) | **50,035,336** | - | - |
| 11,907.022 (31 March 2016: NIL) units of UTI Money Market -Direct- Growth at Rs 1,824.222 each (31 March 2016: NIL) | **21,721,061** | - | - |
| 42,297.683 (31 March 2016: NIL) units of Invesco India Liquid Fund at Rs 2,238.708 each (31 March 2016: NIL) | **94,692,180** | - | - |
| 29,921.227 (31 March 2016: NIL) units of Tata Money Market Fund at Rs 2563.038 each (31 March 2016: NIL) | **76,689,268** | - | - |
| 1,874,277.835 (31 March 2016: NIL) units of Sundaram Money Market at Rs 34.295 each (31 March 2016: NIL) | **64,278,726** | - | - |
| 215,158.358 (31 March 2016: NIL) units of ICICI Prudential Liquid -Direct -Growth at Rs 240.717 each (31 March 2016: NIL) | **51,792,339** | - | - |
| 7,899.864 (31 March 2016: NIL) units of LIC MF Liquid Fund Direct Growth Plan at Rs 2949.025 each (31 March 2016: NIL) | **23,296,900** | - | - |
| 126,961.072 (31 March 2016: NIL) units of Birla Sun Life Savings Fund -Growth Direct Plan at Rs 320.110 each (31 March 2016: NIL) | **40,641,610** | - | - |
| NIL (31 March 2016: 40,135.91) units of UTI Floating Rate Fund - STP -Growth Option - Direct Plan at Rs NIL (31 March 2016: Rs 2,491.534 each) | **-** | 100,000,000 | - |
| | **782,003,498** | 950,718,305 | - |

Notes:

| | | | |
|---|---|---|---|
| Aggregate book value of unquoted current investments | **782,003,498** | 950,718,305 | - |

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 12** | | | |
| **Trade receivables** | | | |
| Unsecured | | | |
| Considered good | **1,569,754,772** | 1,287,959,574 | 1,351,166,633 |
| Considered doubtful | **72,077,153** | 87,146,287 | 99,939,719 |
| | **1,641,831,925** | 1,375,105,861 | 1,451,106,352 |
| Less: Impairment loss | **(72,077,153)** | (87,146,287) | (99,939,719) |
| | **1,569,754,772** | 1,287,959,574 | 1,351,166,633 |
| **Trade receivables includes :** | | | |
| Dues from related party | **48,081,385** | 18,632,805 | 223,315,618 |
| **Note 13** | | | |
| **Cash and cash equivalents** | | | |
| Balance with banks : | | | |
| --in current account | **1,067,621,372** | 1,132,544,816 | 1,528,132,313 |
| --in deposit accounts (with original maturity of 3 months or less) | **610,712,431** | - | 300,000,000 |
| Cheques, drafts on hand | **-** | 997,687 | 2,134,463 |
| Cash on hand | **26,133,855** | 38,779,549 | 19,412,516 |
| | **1,704,467,658** | 1,172,322,052 | 1,849,679,292 |
| **Note 14** | | | |
| **Other bank balances** | | | |
| --in deposit accounts (due to mature within 12 months of the reporting date) | **3,631,143** | 25,000,000 | 598,885 |
| | **3,631,143** | 25,000,000 | 598,885 |

Deposit balances (including those disclosed under cash and cash equivalents in Note 13 and Other non-current financial assets' in Note 6) include fixed deposits under lien aggregating to Rs 3,970,578 (31 March 2016: Rs 3,507,221).

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 15** | | | |
| **Short term loans and advances** | | | |
| ***To related parties*** | | | |
| Inter-Corporate Deposit (ICD) (refer Note 5 ) | **-** | 6,115,072 | - |
| Loans and advances to employees | **194,079** | - | - |
| | **194,079** | 6,115,072 | - |

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| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 16** | | | |
| **Other current financial assets** | | | |
| *(Unsecured, considered good unless otherwise stated)* | | | |
| ***To related parties*** | | | |
| Reimbursement of expenses receivable | **-** | 2,607,559 | 26,052,377 |
| ***To parties other than related parties*** | | | |
| Security deposits-- | | | |
| Considered good | **127,794,927** | 95,740,475 | 114,659,985 |
| Considered doubtful | **11,286,985** | 26,129,326 | 23,889,658 |
| | **139,081,912** | 121,869,801 | 138,549,643 |
| Less: Impairment loss | **(11,286,985)** | (26,129,326) | (23,889,658) |
| | **127,794,927** | 95,740,475 | 114,659,985 |
| Other receivables | | | |
| Considered good | **130,847,965** | 123,489,730 | 212,975,959 |
| Considered doubtful | **37,067,009** | 37,430,549 | 34,940,891 |
| | **167,914,974** | 160,920,279 | 247,916,850 |
| Less: Impairment loss | **(37,067,009)** | (37,430,549) | (34,940,891) |
| | **130,847,965** | 123,489,730 | 212,975,959 |
| Unbilled revenue | **24,222,061** | 17,590,184 | 19,633,960 |
| Interest accrued but not due on fixed deposits with banks | **352,919** | 184,967 | 824,153 |
| Interest accrued on other deposits | **1,961,756** | 736,029 | - |
| | **285,179,628** | 240,348,944 | 374,146,434 |

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 17** | | | |
| **Derivative assets** | | | |
| Derivative assets | **47,609,730** | 33,617,831 | 73,533,602 |
| | **47,609,730** | 33,617,831 | 73,533,602 |

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 18** | | | |
| **Other current assets** | | | |
| Prepaid expenses | **26,884,218** | 28,571,600 | 33,921,558 |
| Balances with Government Authorities (VAT / Cenvat / Service tax credit receivable) | **7,431,986** | 4,667,234 | 955,657 |
| Advance paid to gratuity fund | **-** | 117,396 | 117,396 |
| Advance to vendors | | | |
| Considered good | **1,385,404,602** | 442,589,496 | 430,320,649 |
| Considered doubtful | **1,721,952** | 4,484,047 | 4,484,047 |
| | **1,387,126,554** | 447,073,543 | 434,804,696 |
| Less Impairment loss | **(1,721,952)** | (4,484,047) | (4,484,047) |
| | **1,385,404,602** | 442,589,496 | 430,320,649 |
| Staff advance | | | |
| Considered good | **73,316,597** | 60,878,196 | 48,588,235 |
| Considered doubtful | **3,953,881** | 3,953,881 | 268,770 |
| | **77,270,478** | 64,832,077 | 48,857,005 |
| Less Impairment loss | **(3,953,881)** | (3,953,881) | (268,770) |
| | **73,316,597** | 60,878,196 | 48,588,235 |
| Advances paid to vendors for future tours | **848,780,803** | 891,185,438 | 970,892,859 |
| | **2,341,818,206** | 1,428,009,360 | 1,484,796,354 |

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*as at 31 March 2017*

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| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 20** | | | |
| **Other reserves** | | | |
| **General reserve** | | | |
| At the commencement of the year | **211,600,166** | 144,393,952 | 144,393,952 |
| Add: Transfer from surplus (Profit and loss balance) | **-** | 67,206,214 | - |
| At the end of the year | **211,600,166** | 211,600,166 | 144,393,952 |
| **Capital redemption reserve** | | | |
| At the commencement and end of the year | **3,269,500** | 3,269,500 | 3,269,500 |
| **Capital reserve arising out of amalgamation** | | | |
| At the commencement and end of the year | **978,003,000** | 978,003,000 | 978,003,000 |
| | **1,192,872,666** | 1,192,872,666 | 1,125,666,452 |

**Nature and purpose of reserves**

**i. General reserve**
General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.

**ii. Capital redemption reserve**
Capital redemption reserve represents amounts set aside by the Company for future redemption of capital.

**iii. Capital reserve**
The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

# SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Notes to the financial statements *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 21** | | | |
| **Non-current financial liabilities - others** | | | |
| Security deposits | **20,560,101** | 22,060,105 | 25,378,388 |
| | **20,560,101** | 22,060,105 | 25,378,388 |
| **Note 22** | | | |
| **Long-term provisions** | | | |
| ***Provision for employee benefits*** | | | |
| Compensated absences [refer Note 48] | **-** | 19,700,975 | 19,056,220 |
| Incentive | **-** | - | 13,133,514 |
| | **-** | 19,700,975 | 32,189,734 |
| **Note 23** | | | |
| **Other non-current liabilities** | | | |
| Customer advances | **-** | 9,333,351 | 33,663,231 |
| | **-** | 9,333,351 | 33,663,231 |
| **Note 24** | | | |
| **Trade and other payables** | | | |
| Due to micro, small and medium enterprises [refer Note 42] | **-** | - | - |
| Due to others | **3,494,153,750** | 1,908,596,444 | 2,018,772,208 |
| | **3,494,153,750** | 1,908,596,444 | 2,018,772,208 |
| **Note 25** | | | |
| **Current - Other financial liabilities** | | | |
| Book overdraft | **329,560,778** | 71,911,494 | 191,499,591 |
| Accrued salary and benefits | **93,289,349** | 131,060,203 | 119,452,415 |
| Directors commission payable | **3,500,000** | 755,769 | - |
| Other financial liability | **1,186,125** | 330,756 | 3,308,529 |
| | **427,536,252** | 204,058,222 | 314,260,535 |
| **Note 26** | | | |
| **Other current liabilities** | | | |
| Unearned revenue | **30,235,853** | 27,184,042 | 21,681,380 |
| Customers advances | **1,811,650,795** | 1,617,285,013 | 1,830,606,908 |
| Current portion of rent straight-lining liability | **111,148** | 464,319 | 632,383 |
| Security deposit | **-** | - | 345,532 |
| Statutory dues | **65,145,974** | 33,882,024 | 39,281,084 |
| | **1,907,143,770** | 1,678,815,398 | 1,892,547,287 |

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 27** | | | |
| **Short term provisions** | | | |
| ***Provision for employee benefits - current*** | | | |
| Gratuity [refer Note 48] | **9,440,390** | 13,861,406 | - |
| Incentive | **-** | 4,100,112 | 11,777,920 |
| Compensated absences [refer Note 48] | **19,495,409** | 15,578,280 | 45,017,185 |
| **Other provision :** | | | |
| Provision for Income tax | **1,208,982,148** | 1,056,108,986 | 784,853,078 |
| | **1,237,917,947** | 1,089,648,784 | 841,648,183 |

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| **Note 28** | | |
| **Revenue from operations** | | |
| **(A) Sale of services** | | |
| Income from tours | **15,694,818,172** | 14,562,989,906 |
| Sale of products (traded goods) | **12,468,701** | 35,413 |
| | **15,707,286,873** | 14,563,025,319 |
| **(B) Other operating revenue** | | |
| Commission income | **539,965,441** | 500,951,709 |
| Other travel services | **91,829,547** | 41,541,280 |
| Support service income | **40,700,837** | 41,948,859 |
| Marketing fees and other incentive income | **158,120,908** | 191,421,159 |
| Franchisee and other fees | **5,573,454** | 14,213,232 |
| Unclaimed credit balances no longer required, written back | **91,425,615** | 91,717,482 |
| Excess provision written back | **23,773,331** | 277,286,401 |
| Royalty income | **3,562,752** | 1,201,830 |
| Other miscellaneous operating income | **8,067,815** | 15,988,505 |
| | **963,019,700** | 1,176,270,457 |
| | **16,670,306,573** | 15,739,295,776 |

| | | |
|---|---|---|
| **Note 29** | | |
| **Other income** | | |
| Interest on deposits and investments | **6,843,483** | 32,009,513 |
| Interest on Inter-Corporate deposits | **1,225,728** | 736,028 |
| Interest income - others | **4,552,594** | 4,565,096 |
| Interest on tax refunds | **21,969,033** | 19,759,987 |
| Dividend on preference shares - others | **-** | 27,617,001 |
| Profit on sale of fixed assets (net) | **-** | 3,623,757 |
| Profit on sale of mutual fund units | **44,065,868** | 8,417,996 |
| Exchange gain (net) (including forward foreign exchange contracts) | **34,990,118** | 148,043,165 |
| Gain/(Loss) on forward contracts | **13,991,900** | (39,915,771) |
| Net change in fair value of investment | **-** | 718,305 |
| Sharing of infrastructure and personnel cost | **-** | 23,381,992 |
| Miscellaneous income | **120,663** | 12,430 |
| | **127,759,387** | 228,969,499 |

| | | |
|---|---|---|
| **Note 30** | | |
| Cost of tours | **13,997,870,202** | 12,862,506,677 |
| | **13,997,870,202** | 12,862,506,677 |

| | | |
|---|---|---|
| **Note 31** | | |
| **Changes in inventories** | | |
| Opening inventories | **3,782,905** | - |
| Add : Purchase | **3,725,000** | 3,800,000 |
| Closing inventories | **1,496,185** | 3,782,905 |
| **(Increase)/decrease in inventories** | **6,011,720** | 17,095 |

(Currency : Indian rupees)

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Note 32** | | |
| **Employee benefits expense** | | |
| Salaries and other allowances | **1,072,596,934** | 1,157,468,155 |
| Contribution to provident fund and other funds | **60,790,556** | 63,037,651 |
| Compensated absences | **(9,393,018)** | (28,416,169) |
| Share-based payment to employees | **16,073,477** | - |
| Staff welfare | **58,959,153** | 89,096,738 |
| | **1,199,027,102** | 1,281,186,375 |

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Note 33** | | |
| **Finance costs** | | |
| Interest expense: | | |
| -- Others | **2,864,160** | 1,103,543 |
| | **2,864,160** | 1,103,543 |

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Note 34** | | |
| **Other expenses** | | |
| Legal and professional charges | **235,079,520** | 210,197,787 |
| Operational lease rentals | **208,615,918** | 193,230,523 |
| Repairs and maintenance – others | **158,736,005** | 149,044,059 |
| Advertisement and publicity | **131,762,126** | 166,776,118 |
| Communication | **73,604,654** | 81,632,656 |
| Travelling expenses | **71,596,356** | 80,984,931 |
| Electricity charges | **39,296,503** | 46,540,578 |
| Bank charges | **20,627,328** | 18,793,326 |
| Vehicle expenses | **18,691,764** | 16,455,924 |
| Sales promotion | **10,290,364** | 9,703,479 |
| Rates and taxes | **14,425,377** | 20,939,647 |
| Printing and stationery | **11,567,781** | 11,498,088 |
| Auditors' remuneration | **10,881,639** | 10,001,826 |
| Corporate social responsibility expense | **8,840,224** | 1,843,849 |
| Directors commission | **5,762,376** | 755,769 |
| Insurance | **1,828,685** | 1,410,520 |
| Subscription fees | **2,286,382** | 2,828,059 |
| Donations | **-** | 122,400 |
| Provision for doubtful debts | **(15,432,673)** | 346,929 |
| Bad debts and advance written off | **45,191,505** | 32,524,244 |
| Provision for doubtful deposits | **(15,912,341)** | (7,858,274) |
| Loss on sale of fixed assets (net) | **5,176,279** | - |
| Commission and brokerage | **93,444** | 124,010 |
| Miscellaneous expenses | **2,972,338** | 4,722,437 |
| | **1,045,981,554** | 1,052,618,885 |
| As auditor | | |
| - Statutory and group audit | **4,700,000** | 4,700,000 |
| - Tax audit | **800,000** | 2,300,000 |
| In other capacity | | |
| -- Taxation matters | **3,768,935** | 534,557 |
| -- Certification | **1,166,444** | 1,705,000 |
| -- Last year audit fee | **193,854** | - |
| -- Other matters | **24,882** | 600,000 |
| Out of pocket expenses | **227,524** | 162,269 |
| | **10,881,639** | 10,001,826 |

(Currency : Indian rupees)

**Note 7 : Income taxes**

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **A. The major component of Income tax expenses are as under:** | | |
| **(i) Income tax recognised in Statement of profit and loss** | | |
| **Current tax** | | |
| Current year | **162,377,075** | 269,780,285 |
| In respect of earlier years | **(9,503,913)** | 1,475,623 |
| **Deferred tax** | | |
| Current year | **17,048,705** | (35,614,359) |
| **Income Tax expense recognised in Statement of profit and loss** | **169,921,867** | 235,641,549 |
| **(ii) Amounts recognised in other comprehensive income** | | |
| Deferred tax expense on remeasurements of defined benefit plans | **2,719,009** | 72,575 |
| **Income tax expense recognised in OCI** | **2,719,009** | 72,575 |
| **B. Reconciliation of tax expense and the accounting profit for the year is as under :** | | |
| **Profit before tax** | **481,560,760** | 696,354,591 |
| Tax using the Company's domestic tax rate (31 March 2017: 34.61% and 31 March 2016: 34.61%) | **166,668,179** | 241,008,324 |
| Tax effect of: | | |
| Non-deductible tax expenses | **36,193,612** | 45,822,813 |
| Interest expense not deductible for tax purposes | **-** | 509,995 |
| Income exempt from income taxes | **-** | 9,558,244 |
| Others | **(40,484,716)** | (27,119,091) |
| **Total** | **162,377,075** | 269,780,285 |
| Adjustments in respect of current income tax of previous year | **(9,503,913)** | 1,475,623 |
| Adjustments in respect of deferred tax | **17,048,705** | (35,614,359) |
| **Tax expense as per Statement of profit and loss** | **169,921,867** | 235,641,549 |

(Currency : Indian rupees)

**Note 7 : Income taxes *(Continued)***

**C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:**

**31 March 2017**

| | Balance 1 April 2016 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax asset/(liabilities)** | | | | | | |
| Property, plant and equipment | 81,220,377 | (4,735,112) | | 76,485,265 | 76,485,265 | - |
| Intangible assets | (4,646,060) | 4,646,060 | | - | - | - |
| Derivatives | (11,883,050) | 7,040,453 | | (4,842,596) | - | (4,842,596) |
| Inventories | - | - | | - | - | - |
| Loans and borrowings | - | - | | - | - | - |
| Employee benefits | 18,313,426 | (10,009,603) | (2,719,009) | 5,584,814 | 5,584,814 | - |
| Equity-settled share-based payments | - | - | | - | - | - |
| Deferred income | 942,161 | (942,161) | | - | - | - |
| Provisions | 58,366,404 | (12,618,068) | | 45,748,335 | 45,748,335 | - |
| Other items | 6,023,263 | (430,272) | | 5,592,991 | 5,592,991 | - |
| **Deferred tax assets /(Liabilities)** | **148,336,521** | **(17,048,703)** | **(2,719,009)** | **128,568,809** | **133,411,406** | **(4,842,596)** |
| Set off tax | **-** | **-** | **-** | **-** | **(4,842,596)** | **-** |
| **Deferred tax assets /(Liabilities)** | **148,336,521** | **(17,048,703)** | **(2,719,009)** | **128,568,809** | **128,568,809** | **-** |

**31 March 2016**

| | Balance 1 April 2015 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | | |
| Property, plant and equipment | 69,307,685 | 11,912,692 | - | 81,220,377 | 81,220,377 | - |
| Intangible assets | - | (4,646,060) | | (4,646,060) | - | (4,646,060) |
| Derivatives | (25,448,509) | 13,565,459 | | (11,883,050) | - | (11,883,050) |
| Inventories | - | - | | - | - | - |
| Loans and borrowings | - | - | | - | - | - |
| Employee benefits | 37,382,956 | (18,996,955) | (72,575) | 18,313,426 | 18,313,426 | - |
| Equity-settled share-based payments | - | - | | - | - | - |
| Deferred income | 1,353,456 | (411,295) | | 942,161 | 942,161 | - |
| Provisions | 56,707,918 | 1,658,486 | | 58,366,404 | 58,366,404 | - |
| Other items | (26,508,768) | 32,532,031 | | 6,023,263 | 6,023,263 | - |
| **Deferred tax assets /(Liabilities)** | **112,794,738** | **35,614,358** | **(72,575)** | **148,336,521** | **164,865,631** | **(16,529,110)** |
| Set off tax | **-** | **-** | **-** | **-** | **(16,529,110)** | **-** |
| **Deferred tax assets /(Liabilities)** | **112,794,738** | **35,614,358** | **(72,575)** | **148,336,521** | **148,336,521** | **-** |

There are no tax losses that can be carried forward.

(Currency : Indian rupees)

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Note 19** | | | |
| **Share capital** | | | |
| **Authorised :** | | | |
| 16,000,000 (31 March 2016: 16,000,000) equity shares of Rs 10 each. | **160,000,000** | 160,000,000 | 160,000,000 |
| **Issued and subscribed and fully paid up:** | | | |
| 9,713,050 (31 March 2016: 9,713,050) equity shares of Rs 10 each, fully paid-up. | **97,130,500** | 97,130,500 | 97,130,500 |
| | **97,130,500** | 97,130,500 | 97,130,500 |

**a Reconciliation of number of shares outstanding at the beginning and end of the year :**

| | **31 March 2017** | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **Amount in INR** | No. of Shares | Amount in INR | No. of Shares | Amount in INR |
| At the commencement of the year | **9,713,050** | **97,130,500** | 9,713,050 | 97,130,500 | 8,023,050 | 80,230,500 |
| Add: Shares issued pursuant to the Scheme of Amalgamation and Arrangement | **-** | **-** | - | - | 1,690,000 | 16,900,000 |
| Outstanding at the end of the year | **9,713,050** | **97,130,500** | 9,713,050 | 97,130,500 | 9,713,050 | 97,130,500 |

**b Rights attached to Equity shares**

The Company has a single class of equity shares having 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 after distribution of all preferential amounts, if any. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

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 all preferential amounts in proportion to the number of equity shares held.

**c Shares held by holding company / ultimate holding company / subsidiaries of holding company**

| **Particulars** | **31 March 2017** | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **Amount in INR** | No. of Shares | Amount in INR | No. of Shares | Amount in INR |
| **Equity shares of Rs 10 each fully paid-up held by:** | | | | | | |
| Thomas Cook (India) Limited ('Holding Company') | **5,493,701** | **54,937,010** | 5,493,701 | 54,937,010 | - | - |
| Travel Corporation (India) Limited ('Subsidiary of Holding Company') | **4,219,349** | **42,193,490** | 4,219,349 | 42,193,490 | - | - |
| Kuoni Asian Investments (Mauritius) Limited ('Holding Company' till 15 December 2015) | **-** | **-** | - | - | 9,662,542 | 96,625,420 |
| Kuoni Travel Holding Limited ('Ultimate Holding Company' till 15 December 2015) | **-** | **-** | - | - | 50,508 | 505,080 |
| | **9,713,050** | **97,130,500** | 9,713,050 | 97,130,500 | 9,713,050 | 97,130,500 |

(Currency : Indian rupees)

**d Shareholders holding more than 5% shares in the company is set out below:**

| Particulars | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **No. of Shares** | **No of shares %** | No. of Shares | No of shares % | No. of Shares | No of shares % |
| ***Equity shares of Rs 10 each, fully paid-up, held by:*** | | | | | | |
| Thomas Cook (India) Limited ('Holding Company') | **5,493,701** | **56.56%** | 5,493,701 | 56.56% | - | - |
| Travel Corporation (India) Limited ('Subsidiary of Holding Company') | **4,219,349** | **43.44%** | 4,219,349 | 43.44% | - | - |
| Kuoni Asian Investments (Mauritius) Limited ('Holding Company' till 15 December 2015) | **-** | **-** | - | - | 9,662,542 | 9.95% |

**e Aggregate number of shares bought back and shares issued for consideration other than cash during the five-year period ended 31 March 2017**

During the five-year period ended 31 March 2017 (31 March 2016):

326,950 (31 March 2016: 326,950 ) equity shares of Rs 10 each, fully paid-up have been bought-back by the Company.

1,690,000 (31 March 2016: 1,690,000) equity shares of Rs 10 each, were issued by the Company pursuant to the Scheme of Amalgamation and

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## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

**Note 35**
**Earnings per share (EPS)**

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| A. Net profit for the year | **311,638,893** | 460,713,041 |
| B. Weighted average number of equity shares outstanding during the year | **9,713,050** | 9,713,050 |
| C. Basic and diluted earnings per share (A/B) | **32.08** | 47.43 |

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## Notes to the financial statements *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

**Note 36**

**1. Financial instruments – Fair values and risk management**

**A. Accounting classification and fair values**

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

| **31 March 2017** | **Carrying amount** | | | | **Fair value** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Financial instruments measured at fair value through profit or loss (FVTPL)** | **Financial instruments measured at fair value through other comprehensive income (FVTOCI)** | **Financial instruments measured at amortized cost** | **Total** | **Level 1 - Quoted price in active markets** | **Level 2 - Significant observable inputs** | **Level 3 - Significant unobservable inputs** | **Total** |
| **Financial assets measured at fair value** | | | | | | | | |
| Derivative - forwards | 47,609,730 | - | - | 47,609,730 | - | 47,609,730 | - | 47,609,730 |
| Investment in mutual funds | 782,003,498 | - | - | 782,003,498 | - | 782,003,498 | - | 782,003,498 |
| | 829,613,228 | - | - | 829,613,228 | - | 829,613,228 | - | 829,613,228 |
| **Financial assets not measured at fair value** | | | | | | | | |
| Loans & advances | | | | | | | | - |
| - Non-current | - | - | 9,639,544 | 9,639,544 | - | 9,639,544 | - | 9,639,544 |
| - Current | - | - | 194,079 | 194,079 | - | - | - | - |
| Trade receivables | - | - | 1,569,754,772 | 1,569,754,772 | - | - | - | - |
| Cash and cash equivalents | - | - | 1,704,467,658 | 1,704,467,658 | - | - | - | - |
| Other bank balances | - | - | 3,631,143 | 3,631,143 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 94,234,218 | 94,234,218 | | 94,234,218 | | 94,234,218 |
| - Current | - | - | 285,179,628 | 285,179,628 | - | - | - | - |
| | - | - | 3,667,101,042 | 3,667,101,042 | - | 103,873,762 | - | 103,873,762 |
| **Financial Liabilities not measured at fair value** | | | | | | | | |
| Trade payables | - | - | 3,494,153,750 | 3,494,153,750 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| - Non current | - | - | 20,560,101 | 20,560,101 | - | 20,560,101 | - | 20,560,101 |
| - Current | - | - | 427,536,252 | 427,536,252 | - | - | - | - |
| **Total financial liabilities** | - | - | 3,942,250,103 | 3,942,250,103 | - | 20,560,101 | - | 20,560,101 |

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## Notes to the financial statements *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

**Note 36** ***(Continued)***

**1. Financial instruments – Fair values and risk management** ***(Continued)***

| **31 March 2016** | **Carrying amount** | | | | **Fair value** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Financial instruments measured at fair value through profit or loss (FVTPL)** | **Financial instruments measured at fair value through other comprehensive income (FVTOCI)** | **Financial instruments measured at amortized cost** | **Total** | **Level 1 - Quoted price in active markets** | **Level 2 - Significant observable inputs** | **Level 3 - Significant unobservable inputs** | **Total** |
| **Financial assets measured at fair value** | | | | | | | | |
| Derivative - forwards | 33,617,831 | - | - | 33,617,831 | - | 33,617,831 | - | 33,617,831 |
| Investment in mutual funds | 950,718,305 | - | - | 950,718,305 | - | 950,718,305 | - | 950,718,305 |
| | 984,336,136 | - | - | 984,336,136 | - | 984,336,136 | - | 984,336,136 |
| **Financial assets not measured at fair value** | | | | | | | | |
| Loans & advances | | | | | | | | - |
| - Non-current | - | - | 3,657,541 | 3,657,541 | - | 3,657,541 | - | 3,657,541 |
| - Current | - | - | 240,348,944 | 240,348,944 | - | - | - | - |
| Trade receivables | - | - | 1,287,959,574 | 1,287,959,574 | - | - | - | - |
| Cash and cash equivalents | - | - | 1,172,322,052 | 1,172,322,052 | - | - | - | - |
| Other bank balances | - | - | 25,000,000 | 25,000,000 | - | - | - | - |
| Other financial assets | | | | | | | | - |
| - Non-current | - | - | 124,236,567 | 124,236,567 | - | 124,236,567 | - | 124,236,567 |
| - Current | - | - | 240,348,944 | 240,348,944 | - | - | - | - |
| | - | - | 3,093,873,622 | 3,093,873,622 | - | 127,894,108 | - | 127,894,108 |
| **Financial Liabilities not measured at fair value** | | | | | | | | |
| Trade payables | - | - | 1,908,596,444 | 1,908,596,444 | - | - | - | - |
| Other financial liabilities | | | | - | | | | - |
| - Non current | - | - | 22,060,105 | 22,060,105 | - | 22,060,105 | - | 22,060,105 |
| - Current | - | - | 204,058,222 | 204,058,222 | - | - | - | - |
| **Total financial liabilities** | - | - | 2,134,714,771 | 2,134,714,771 | - | 22,060,105 | - | 22,060,105 |

SOTC Travel Services Private Limited

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## Notes to the financial statements *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

**Note 36 *(Continued)***

**1. Financial instruments – Fair values and risk management *(Continued)***

| | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| **1 April 2015** | **Financial instruments measured at fair value through profit or loss (FVTPL)** | **Financial instruments measured at fair value through other comprehensive income (FVTOCI)** | **Financial instruments measured at amortized cost** | **Total** | **Level 1 - Quoted price in active markets** | **Level 2 - Significant observable inputs** | **Level 3 - Significant unobservable inputs** | **Total** |
| **Financial assets measured at fair value** | | | | | | | | |
| Derivative - forwards | 73,533,602 | - | - | 73,533,602 | - | 73,533,602 | - | 73,533,602 |
| Investments | - | - | - | - | - | - | - | - |
| | 73,533,602 | - | - | 73,533,602 | - | 73,533,602 | - | 73,533,602 |
| **Financial assets not measured at fair value** | | | | | | | | |
| Investments at amortised cost | - | - | 276,170,010 | 276,170,010 | - | - | - | - |
| Loans & advances | | | | - | - | - | - | - |
| - Non-current | - | - | - | - | - | - | - | - |
| - Current | - | - | - | - | - | - | - | - |
| Trade receivables | - | - | 1,351,166,633 | 1,351,166,633 | - | - | - | - |
| Cash and cash equivalents | - | - | 1,849,679,292 | 1,849,679,292 | - | - | - | - |
| Other bank balance | - | - | 598,885 | 598,885 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 106,805,590 | 106,805,590 | - | 106,805,590 | - | 106,805,590 |
| - Current | - | - | 374,146,434 | 374,146,434 | - | - | - | - |
| | - | - | 3,958,566,844 | 3,958,566,844 | - | 106,805,590 | - | 106,805,590 |
| **Financial liabilities not measured at fair value** | | | | - | | | | |
| Trade payables | - | - | 2,018,772,208 | 2,018,772,208 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| - Non current | - | - | 25,378,388 | 25,378,388 | - | 25,378,388 | - | 25,378,388 |
| - Current | - | - | 314,260,535 | 314,260,535 | - | - | - | - |
| **Total financial liabilities** | - | - | 2,358,411,131 | 2,358,411,131 | - | 25,378,388 | - | 25,378,388 |

Note: The fair value for financial instruments such as trade receivables, cash and cash equivalents, trade payables and other non current payable and receivables are repayable on demand have not been disclosed because the carrying values approximate the fair values.

SOTC Travel Services Private Limited

*(formerly known as Kuoni Travel (India) Private Limited)*

## Notes to the financial statements *(Continued)*

*as at 31 March 2017*

(Currency : Indian rupees)

**Note 36 *(Continued)***

**1. Financial instruments – Fair values and risk management *(Continued)***

**B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Forward contracts for foreign exchange contracts | Forward pricing: The fair value is determined | Not Applicable | Not Applicable |

**Transfers between levels**

There were no transfers in either direction in any of the reporting periods

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

▪ Credit risk ;

▪ Liquidity risk ; and

▪ Market risk

**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 board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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 audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(Currency : Indian rupees)

**Note 36 *(continued)***
**Financial instruments – Fair values and risk management (continued)**

**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.

The carrying amount of following financial assets represents the maximum credit exposure:

**Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.
The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.
The average credit period on sales of services is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other

| Movement in impairment on trade receivables | **31 March 2017** | 31 March 2016 | 31 March 2015 |
|---|---|---|---|
| Balance at the beginning of the year | **87,146,287** | 99,939,719 | 199,987,002 |
| Impairment | **(15,069,134)** | (12,793,432) | (100,047,283) |
| Balance at the end of the year | **72,077,153** | 87,146,287 | 99,939,719 |

**Cash and cash equivalents**

The Company held cash and cash equivalents of Rs 1,704,467,658 at 31 March 2017 (31 March 2016: Rs 1,172,322,052). Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

**Derivatives**

The derivatives are entered into with bank and financial institution counterparties, which have a low credit risk based on the external ratings

(Currency : Indian rupees)

**Note 37**

**Transition to Ind AS:**

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

**Reconciliation of equity as at 1 April 2015**

| Particulars | Footnote ref. | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **1 Non-current assets** | | | | |
| (a) Property, plant and equipment | | 112,381,999 | - | 112,381,999 |
| (b) Goodwill | *1* | 26,849,606 | - | 26,849,606 |
| (c) Other Intangible assets | | 28,803,906 | - | 28,803,906 |
| (d) Intangible assets under development | | 6,663,715 | - | 6,663,715 |
| (e) Invesments in Subsidiaries and Joint Ventures | | 155,784,091 | - | 155,784,091 |
| (f) Financial Assets | | | | |
| Investments | *2* | 50,000,000 | 226,170,010 | 276,170,010 |
| Long term loans and advances | | - | - | - |
| Others | *4* | 106,805,590 | - | 106,805,590 |
| (g) Deferred tax assets (net) | *7* | 181,654,617 | (68,859,879) | 112,794,738 |
| (h) Other non-current assets | | 862,400 | - | 862,400 |
| (i) Other tax assets | | 1,176,516,972 | - | 1,176,516,972 |
| **Total non-current assets** | | **1,846,322,896** | **157,310,131** | **2,003,633,027** |
| **2 Current assets** | | | | |
| (a) Trade and other receivables | | 1,351,166,633 | - | 1,351,166,633 |
| (b) Cash and cash equivalents | | 1,849,679,292 | - | 1,849,679,292 |
| (c) Bank balances other than (iii) above | | 598,885 | - | 598,885 |
| (d) Others | *4* | 382,466,483 | (8,320,049) | 374,146,433 |
| (e) Derivative assets - current | *8* | - | 73,533,602 | 73,533,602 |
| (f) Other current assets | *4* | 1,476,906,563 | 7,889,787 | 1,484,796,351 |
| **Total current assets** | | **5,060,817,856** | **73,103,340** | **5,133,921,196** |
| **Total assets** | | **6,907,140,752** | **230,413,471** | **7,137,554,223** |
| **EQUITY AND LIABILITIES** | | | | |
| **1 Equity** | | | | |
| (a) Equity share capital | | 97,130,500 | - | 97,130,500 |
| (b) Other Equity | 1-8 | 1,636,232,709 | 245,731,448 | 1,881,964,157 |
| **Total equity** | | **1,733,363,209** | **245,731,448** | **1,979,094,657** |
| **LIABILITIES** | | | | |
| **2 Non-Current Liabilities** | | | | |
| (a) Other financial liabilities | | 25,378,388 | - | 25,378,388 |
| (b) Long-term provisions | | 32,189,734 | - | 32,189,734 |
| (c) Other non-current liabilities | *6* | 41,620,927 | (7,957,696) | 33,663,231 |
| **Total non-current liabilities** | | **99,189,049** | **(7,957,696)** | **91,231,353** |
| **3 Current liabilities** | | | | |
| (a) Trade and other payables | | 2,018,772,208 | - | 2,018,772,208 |
| (b) Other financial liability | | 314,260,535 | - | 314,260,535 |
| (c) Other current liabilities | *5* | 1,899,907,568 | (7,360,281) | 1,892,547,287 |
| (d) Short term provisions | | 841,648,183 | - | 841,648,183 |
| **Total current liabilities** | | **5,074,588,494** | **(7,360,281)** | **5,067,228,213** |
| **Total liabilities** | | **5,173,777,543** | **(15,317,977)** | **5,158,459,566** |

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

| | | | |
|---|---|---|---|
| **Total equity and liabilities** | **6,907,140,752** | **230,413,471** | **7,137,554,223** |

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*(formerly known as Kuoni Travel (India) Private Limited)*

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

**Note 37** ***(Continued)***

**Reconciliation of equity as at 31 March 2016**

| | Footnote ref. | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **1 Non-current assets** | | | | |
| (a) Property, plant and equipment | | 79,565,803 | - | 79,565,803 |
| (d) Goodwill | *1* | 13,424,788 | 13,424,816 | 26,849,606 |
| (c) Other Intangible assets | | 35,186,173 | - | 35,186,173 |
| (d) Intangible assets under development | | 4,011,650 | - | 4,011,650 |
| (e) Invesments in Subsidiaries and Joint Ventures | | 155,784,091 | - | 155,784,091 |
| (f) Financial Assets | | | | |
| Long term loans and advances | | 3,657,541 | - | 3,657,541 |
| Others | *4* | 124,236,567 | - | 124,236,567 |
| (g) Deferred tax assets (net) | *7* | 166,158,570 | (17,749,474) | 148,409,096 |
| (h) Other non-current assets | | 1,379,992,900 | - | 1,379,992,900 |
| **Total non-current assets** | | **1,962,018,083** | **(4,324,658)** | **1,957,693,427** |
| **2 Current assets** | | | | |
| (a) Inventories | | 3,782,905 | - | 3,782,905 |
| (b) Financial Assets | | | | |
| (i) Investments | *2* | 950,000,000 | 718,305 | 950,718,305 |
| (ii) Trade and other receivables | | 1,287,959,574 | - | 1,287,959,574 |
| (iii) Cash and cash equivalents | | 1,172,322,052 | - | 1,172,322,052 |
| (iv) Bank balances other than (iii) above | | 25,000,000 | - | 25,000,000 |
| (v) Loans | | 6,115,072 | - | 6,115,072 |
| (vi) Others | *4* | 244,103,897 | (3,754,953) | 240,348,944 |
| (vii Derivative assets - current | *8* | - | 33,617,831 | 33,617,831 |
| (c) Other current assets | *4* | 1,425,139,102 | 2,870,709 | 1,428,009,811 |
| **Total current assets** | | **5,114,422,602** | **33,451,892** | **5,147,874,494** |
| **Total assets** | | **7,076,440,685** | **29,127,234** | **7,105,567,921** |
| **EQUITY AND LIABILITIES** | | | | |
| 1 **Equity** | | | | |
| (a) Equity share capital | | 97,130,500 | - | 97,130,500 |
| (b) Other Equity | *1-7* | 2,041,632,094 | 34,592,050 | 2,076,224,144 |
| **Total equity** | | **2,138,762,594** | **34,592,050** | **2,173,354,644** |
| **2 Non-Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Other financial liabilities | | 22,060,103 | - | 22,060,103 |
| (b) Long-term provisions | *3* | 19,700,975 | - | 19,700,975 |
| (c) Deferred tax liabilities (Net) | *7* | - | - | - |
| (d) Other non-current liabilities | *6* | 15,272,498 | (5,939,147) | 9,333,351 |
| **Total non-current liabilities** | | **57,033,576** | **(5,939,147)** | **51,094,429** |
| **3 Current liabilities** | | | | |
| (a) Financial Liability | | | | |
| (i) Trade and other payables | | 1,908,596,444 | - | 1,908,596,444 |
| (ii) Other financial liability | | 204,058,222 | - | 204,058,222 |
| (b) Other current liabilities | *5* | 1,678,341,064 | 474,331 | 1,678,815,395 |
| (c) Short term provisions | | 1,089,648,784 | - | 1,089,648,784 |
| **Total current liabilities** | | **4,880,644,514** | **474,331** | **4,881,118,845** |
| **Total liabilities** | | **4,937,678,090** | **(5,464,816)** | **4,932,213,274** |
| **Total equity and liabilities** | | **7,076,440,684** | **29,127,234** | **7,105,567,918** |

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## Notes to the financial statements *(Continued)*

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(Currency : Indian rupees)

**Note 37** ***(Continued)***

**Reconciliation of profit or loss for the year ended 31 March 2016**

| | | Footnote ref. | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|---|---|
| I | Revenue from operations | *5* | 14,201,806,401 | 361,218,918 | 14,563,025,319 |
| | Other operating income | | 1,207,739,441 | (31,468,984) | 1,176,270,457 |
| II | Other income | | 489,771,878 | (260,802,380) | 228,969,498 |
| III | **Total income** | | **15,899,317,720** | **68,947,554** | **15,968,265,274** |
| IV | **Expenses** | | | | |
| | Cost of tours | | 12,533,945,182 | 328,561,494 | 12,862,506,677 |
| | Changes in inventories | | 17,095 | - | 17,095 |
| | Employee benefit expenses | | 1,280,976,681 | 209,694 | 1,281,186,375 |
| | Finance costs | | 1,103,543 | - | 1,103,543 |
| | Depreciation and amortization expense | | 87,902,925 | (13,424,816) | 74,478,109 |
| | Other expenses | | 1,036,558,205 | 16,060,679 | 1,052,618,884 |
| | **Total expenses** | | **14,940,503,631** | **331,407,051** | **15,271,910,683** |
| V | **Profit before exceptional items and tax** | | **958,814,089** | **(262,459,497)** | **696,354,591** |
| VI | Exceptional Items | | - | - | - |
| VII | **Profit/(loss) before tax (V-VI)** | | **958,814,089** | **(262,459,497)** | **696,354,591** |
| VIII | **Tax Expenses:** | | | | |
| | Current tax | | 271,255,908 | - | 271,255,908 |
| | Deferred tax | | 15,496,047 | (51,110,405) | (35,614,358) |
| | Current tax expenses relating to prior years | | - | - | - |
| IX | **Profit (Loss) for the period from continuing operations (VII-VIII)** | | **672,062,134** | **(211,349,092)** | **460,713,041** |
| X | **Other Comprehensive Income** | | | | |
| A | **(i) Items that will not be reclassified to profit or loss** | | | | |
| | Remeasurements of defined benefit liability (asset) | | - | 209,694 | 209,694 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - | 72,575 |
| B | **(i) Items that will be reclassified to profit or loss** | | - | - | - |
| | (ii) Income tax relating to items that willbe reclassified to profit or loss | | - | - | - |
| | **Other comprehensive income (net of tax) (i-ii)** | | - | 209,694 | 137,119 |
| XV | **Total Comprehensive Income for the period (IX+X)** | | **672,062,134** | **(211,139,398)** | **460,850,160** |

**The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.*

(Currency : Indian rupees)

**Note 37 *(Continued)***

**Transition to Ind AS**

**Reconciliation of net worth**

| **Particulars** | Footnote ref. | As on 1 April 2015 | As on 31 March 2016 |
|---|---|---|---|
| Net worth under IGAAP | | 1,733,363,209 | 2,138,762,141 |
| **Summary of Ind AS adjustments** | | | |
| Effect of measuring investment at fair value | *2* | 226,170,010 | - |
| Mark to market gain on derivatives | *7* | 73,533,602 | 33,617,831 |
| Rent straightlining reversed due to cancellable lease terms and escalation within inflation range | *6* | 19,228,796 | 8,187,194 |
| Effect of interest accrued on security deposits - Leases | *4* | (8,320,049) | (3,754,953) |
| Lease rent recorded | *6* | 7,889,787 | 2,870,709 |
| Effect of straightlining of franchisee income. | *5* | (3,910,819) | (2,722,379) |
| Goodwill amortisation written back | *1* | - | 13,424,816 |
| Effect of measuring mutual funds at fair value through P&L | *2* | - | 718,305 |
| Deferred tax on Indexation benefit on investments | *7* | 13,922,915 | 292,310 |
| Deferred tax liability / (Deferred tax asset) impact on Ind AS adjustments | *7* | (82,782,794) | (18,114,360) |
| **Total Ind AS adjustments** | | 245,731,448 | 34,519,474 |
| **Net worth under Ind AS** | | 1,979,094,657 | 2,173,281,615 |

**Reconciliation of Comprehensive income for the year ended on 31 March 2016**

| **Particulars** | Footnote ref. | As on 31 March 2016 |
|---|---|---|
| **Profit as per Indian GAAP** | | 672,062,134 |
| **Ind AS adjustments** | | |
| **Standalone** | | |
| Effect of measuring investment at fair value | | - |
| Profit recognised on redemption of preference shares | *2* | 226,170,010 |
| Mark to market gain on derivatives | *8* | 39,915,771 |
| Rent straightlining reversed due to cancellable lease terms and escalation within inflation range | *6* | 11,041,601 |
| Effect of interest accrued on security deposits - Leases | *4* | (4,565,096) |
| Lease rent recorded | *6* | 5,019,077 |
| Effect of straightlining of franchisee income. | *5* | (1,188,440) |
| Goodwill amortisation written back | *1* | (13,424,816) |
| Actuarial losses passed through OCI | *3* | 209,694 |
| MTM gains on Mutual funds recorded - FVTPL | *2* | (718,305) |
| Deferred tax on Indexation benefit on investments | *7* | 13,630,605 |
| Deferred tax liability / (Deferred tax asset) impact on Ind AS adjustments | *7* | (64,741,010) |
| **Total adjustments** | | **211,349,092** |
| **Profit after tax as per Ind AS** | | **460,713,042** |
| **Other comprehensive income** | | **(839,266)** |
| **Total comprehensive income as per Ind AS** | | **459,873,776** |

(Currency : Indian rupees)

**Note 37 *(Continued)***
**Notes to the reconciliation:**

1 **Reversal of amortisation of goodwill:**
The adjustment arising from Business Combination that occurred before the transition date required reversal of amortisation of the goodwill recognised under the previous GAAP. Thus, the amortisation has been reversed and goodwill is tested for impairment even though no impairment indicators were identified

2 **Fair valuation of investment :**
Under Indian GAAP, the Company carried the investments at cost. Under Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries, associates and joint ventures have been fair valued. The impact arising from such classification has been recognised in the financial statements. The financial instruments such as derivatives require fair valuation under Ind AS 109. Under Indian GAAP, no such asset/ liability was recognised to reflect the change in fair value, except of amortisation of the forward basis over the tenor of the contract. The impact arising from such classification is recognised in the financial statements

3 **Employee benefits :**
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.

4 **Security deposits:**
Under the previous GAAP, interest free lease security deposits (that are refundable on the completion of the lease term) are recorded at the transaction value. Under Ind AS, all financial assets are required to recognised at the fair value. Accordingly, the Company has fair valued the deposit. Difference between the transaction value and the fair value is recognised as Prepaid Rent which is partially offset by the notional interest income on the security deposits.

5 **Deferred revenue:**
Under Ind AS, the revenue shall be recognised over the period over which the benefits from the services accrue to the service users. Under Indian GAAP, such income was recognised upfront on criteria for revenue recognition being met. Accordingly, the income from Franchise is now recognised over the contractual life of the franchise agreement. The impact of the revenue being deferred is recognised and accordingly recognised over the period of the contract

6 **Lease rentals:**
Under the previous GAAP, the lease rentals were expense on a straight line basis. Under Ind AS, the lease rentals which have escalations in line with general inflation rate, shall not be required to be straight lined. Accordingly, the Company has reversed the lease equalisation reserve recognised under the previous GAAP.

7 **Deferred tax assets (net) :**
The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

8 **Fair valuation of derivatives:**
Under Indian GAAP, the Company carried the investments at cost. Under Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries, associates and joint ventures have been fair valued.

**Note 37 *(Continued)***

**First-time adoption of Ind AS**

**A. Transition to Ind AS**

These are 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 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 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).

**B. Exemptions and exceptions availed**

**B.1 Ind AS mandatory exceptions**

**B.1.1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

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:

1. Determination of whether the company is a principal or agent
2. Fair valuation of financial instruments
3. Recognition and measurement of defined benefit obligations
4. Recognition of deferred tax assets
5. Contingencies

**B.1.2 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.

**B.1.3 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(Currency : Indian rupees)

**Note 37 *(Continued)***

**B.2 Ind AS optional exemptions**

**B.2.1 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 and Other Intangible assets 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.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**B.2.2 Deemed cost for investments in subsidiaries, joint ventures and associates**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value of its investments in subsidiaries, joint ventures and associates as recognised in the financial statements as at the date of transition to Ind AS.

Accordingly, the Company has elected to measure all its investments in subsidiaries, joint ventures and associates at their previous GAAP carrying value.

**B.2.3 Business Combinations**

A first-time adopter may elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs). Accordingly, the company has not restated any of the past business combinations. for business combinations prior to 1 April 2015, goodwill represents amount recognised under the previous GAAP subject to adjustments as prescribed under Ind AS 101

(Currency : Indian rupees)

**Note 38**
**Contingent liabilities and commitments (to the extent not provided for)**

| | **31 March 2017** | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Contingent liabilities** | | | |
| a. Claims against the Company not acknowledged as debts | **78,638,446** | 51,077,144 | 54,493,750 |
| b. Taxes that may arise in respect of which the Company / the Income-tax department is in appeal (in respect of some earlier years, appeals covering the same issues have been decided in favor of the Company by the appellate authorities) | **50,256,907** | 47,799,400 | 46,709,026 |
| c. Service tax liability on rented premises | **-** | - | 10,037,297 |
| d. Service tax - Matters relating assessable value of service and availment of exemption | **411,946,141** | 411,946,141 | 127,710,399 |
| e. Service tax that may arise in respect of which the Service tax department is in appeal (in respect of some earlier years, appeals covering the same issues have been decided in favor of the Company by the appellate authorities) | **41,220,105** | 41,220,105 | 39,291,570 |
| **Commitments** | | | |
| a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances | **-** | 2,410,968 | 5,765,377 |

**Note 39**
**Corporate social responsibility**

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Amount required to be spent as per section 135 of the Act: | **8,758,466** | 1,923,588 |
| Fairfax india charitable foundation | **4,325,320** | - |
| Eco village - hyderabad | **10,967** | - |
| Literacy India - Recycled hand-made paper bags purchase | **352,538** | 328,849 |
| Literacy India - Project karigari women empowerment | **800,000** | 795,000 |
| Fairfax foundation -11 dialysis machines | **3,001,399** | - |
| Rajiv neelu kachwaha public chartable trust-grant for education and welfare of children | **250,000** | 250,000 |
| Action for ability development and inciusion - for disable people | **100,000** | - |
| Stop paedophilia - children's rights in Goa | **-** | 470,000 |
| **Total** | **8,840,224** | 1,843,849 |

**Note 40**
**Subsequent events**

The Board of Directors of Company on 1st july 2016 had approved a Composite Scheme of Arrangement and Amalgamation ("Composite Scheme"), pursuant to which the "outbound business" of SOTC Travel Services Private Limited would be transferred to SOTC Travel Private Limited (formerly known as SITA Travels Private Limited) by way of slump exchange and thereafter, the residual SOTC Travel Services Private Limited (having the "inbound business") 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) would be amalgamated into Travel Corporation (India) Limited. In consideration of both the slump exchange and the amalgamation, it is proposed that preference shares would be issued.

The Composite Scheme has been approved by National Company Law Tribunal, Mumbai Bench on 19 April 2017. However, up to the date of preparation of these financial statements, the Company has not received the order of the National Company Law Tribunal, Mumbai Bench and accordingly, the Scheme is not yet effective. Hence, these financial statements have been prepared without considering the effect of the Scheme. The said Composite Scheme is within the Thomas Cook Group as all entities are direct or indirect subsidiaries of Thomas Cook (India) Limited.

**Note 41**
**Transfer pricing**

The Company's international transactions with associated enterprises are at arm's length as per the independent accountant's report in this regard, for the year ended 31 March 2016. Management believes that the Company's international with associated enterprises post 31 March 2016 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements, particularly on the amount of the tax expense for the period and the amount of the provision for taxation at the period end.

(Currency : Indian rupees)

**Note 42**
**Micro, Small and Medium Enterprises**

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, there are no parties registered as Micro and Small Enterprises.

| **Particulars** | **31 March 2017** | 31 March 2016 |
|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year. | | |
| -- Principal | - | - |
| -- 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. | - | - |

**Note 43**
**Dividend remittances in foreign currency**

| Particulars | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Year to which the dividend relates | **-** | 2015 - 2016 |
| Amount remitted during the year | **-** | 221,554,671 |
| Number of non-resident shareholders | **-** | 2 |
| Number of shares on which dividend was due | **-** | 9,713,050 |

**Note 44**
**Inventory**

| **Particulars** | **1 April 2016** | | | | | | **31 March 2017** | |
|---|---|---|---|---|---|---|---|---|
| | **Opening stock** | | **Purchases** | | **Sales** | | **Closing stock** | |
| | **Qty (Nos.)** | **Rs** | **Qty (Nos.)** | **Rs** | **Qty (Nos.)** | **Rs** | **Qty (Nos.)** | **Rs** |
| Holiday Essential Kit | 1,928.00 | 3,782,905.00 | 1350 | 3,725,000 | 1,861 | 6,011,720 | 1,417 | 1,496,185 |

**Note 45**
**Segment reporting**

The Company is in the business of providing travel and related services to its retail and corporate customers which is considered by management as the only reportable business segment taking into account the nature of the business, the risk and returns, the organisation structure and internal reporting system. The travel and related services includes tour operations and travel management services, arranging air tickets, hotels, sightseeing, visa and other related services.

Further, the Company provides services within similar economic environments considering the origin of services and risks and rewards being similar across the said markets / environment, there are no separate reportable geographical segments. Accordingly, these financial statements are reflective of the information required by the Indian Accounting Standard 108.

**Note 46**
**Details of specified bank note (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 is provided in table below :**

| **Particulars** | **Specified Bank Notes (SBN)** | **Other denomination notes** | **Total** |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 17,880,000 | 27,273,507 | 45,153,507 |
| (+) Permitted receipts | - | 308,984,623 | 308,984,623 |
| (-) Permitted payments | 1,635,500 | 274,806,135 | 276,441,635 |
| (-) Amount deposited in Banks | 16,240,000 | 36,819,599 | 53,059,599 |
| Closing cash in hand as on 30.12.2016* | **4,500** | **24,632,396** | **24,636,896** |

* The SBNs held on 30 December 2016 were in soiled condition and written off from books before 31 March 2017.

**Note 47**
**Capital Management**

The Company considers the following components of its Balance Sheet to be managed capital:
Total equity – retained profit, other reserves, share capital, share premium

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

(Currency : Indian rupees)

**Note 48**
**Employee benefits**

The Company contributes to the following post-employment defined benefit plans in India.

**(i) Defined Contribution Plans:**
The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Employee State Insurance Corporation, Labour Welfare Fund and National Pension Scheme which is a defined contribution plan. 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.

Amount contributed to defined contribution plan and recognised as an expense in the Statement of profit and loss are as under:

| **Particulars** | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Employer's contribution to provident fund | **44,113,933** | 47,551,772 |
| Employee's State Insurance Corporation | **369,303** | 157,615 |
| National pension scheme | **180,087** | 1,102,533 |
| Labour welfare fund | **75,922** | 133,348 |

**(ii) Defined Benefit Plan:**
**Gratuity Plan**

The Company provides for gratuity using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date, based on legislations as enacted up to the balance sheet date. Actuarial gains and losses are recognised in full in the Statement of profit and loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested.

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act,1972 or as per the Company's scheme, whichever is more beneficial.

**Compensated absences and leave encashment**
Effective 1 January 2017 there has been a change in the Leave Policy as a part of a Group alignment initiative. As per the new leave policy, every employee will be allotted 30 days of leave in the first week of January. No leaves can be carried forward to the next year whereby, the leave balance left unutilized on 31 December shall lapse. During the year, a sum aggregating to Rs (9,390,918) (31 March 2016: Rs 28,416,169 ) has been recognised as an (income)/expense in the Statement of profit and loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| **Gratuity** | | |
| Defined benefit asset-Gratuity Plan | **82,484,355** | 74,718,579 |
| Defined benefit liability | **91,924,746** | 88,579,985 |
| Net defined benefit liability | **9,440,391** | 13,861,406 |
| **Compensated absence** | | |
| Liability for compensated absences | **19,495,409** | 35,279,255 |
| - Non-current | **-** | 19,700,975 |
| - Current | **19,495,409** | 15,578,280 |
| **Total employee benefit liabilities** | **28,935,800** | 49,140,661 |

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**B. Movement in net defined benefit (asset) liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

| | **Defined benefit obligation** | | **Fair value of plan assets** | | **Net defined benefit (asset) liability** | |
|---|---|---|---|---|---|---|
| | **31 March 2017** | 31 March 2016 | **31 March 2017** | 31 March 2016 | **31 March 2017** | 31 March 2016 |
| Opening balance | **88,579,985** | 91,423,502 | **74,718,579** | 91,916,913 | **13,861,406** | (493,411) |
| Included in profit or loss | **-** | - | **-** | - | **-** | - |
| Current service cost | **15,377,983** | 13,835,869 | **-** | - | **15,377,983** | 13,835,869 |
| Adjustment to opening fair value of plan assets | **-** | - | **-** | - | **-** | - |
| Expected return on plan assets | **-** | - | **-** | - | **-** | - |
| Past service cost | **-** | - | **-** | - | **-** | - |
| Interest cost (income) | **6,609,361** | 6,510,171 | **6,002,439** | 6,520,101 | **606,922** | (9,930) |
| Settlements / benefits paid | **-** | - | **-** | - | **-** | - |
| | **21,987,344** | 20,346,040 | **6,002,439** | 6,520,101 | **15,984,905** | 13,825,939 |
| Included in OCI | | | | | | |
| Remeasurement loss (gain): | **-** | - | **-** | - | **-** | - |
| Actuarial loss (gain) | **(6,716,627)** | (3,096,823) | **-** | - | **(6,716,627)** | (3,096,823) |
| Return on plan assets excluding interest income | **-** | - | **1,139,508** | (2,887,128) | **(1,139,508)** | 2,887,128 |
| | **(6,716,627)** | (3,096,823) | **1,139,508** | (2,887,128) | **(7,856,135)** | (209,695) |
| **Other** | | | | | | |
| Contributions paid by the employer | **-** | - | **12,549,785** | (738,573) | **(12,549,785)** | 738,573 |
| Benefits paid | **(11,925,956)** | (20,092,734) | **(11,925,956)** | (20,092,734) | **-** | - |
| Closing balance | **91,924,746** | 88,579,985 | **82,484,355** | 74,718,579 | **9,440,391** | 13,861,406 |
| **Represented by** | | | | | | |
| Defined benefit asset | - | - | **-** | - | **82,484,355** | 74,718,579 |
| Defined benefit liability | **-** | **-** | **-** | **-** | **91,924,746** | 88,579,985 |
| Net defined benefit liability | - | - | **-** | - | **9,440,391** | 13,861,406 |

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**C. Plan assets**

Plan assets comprise the following

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Investment in Gratuity Fund** | **82,484,355** | 74,718,579 |

**D. Defined benefit obligations**

**i. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Discount rate | **6.84%** | 8% |
| Salary escalation rate | **5%** | 5% |
| Mortality rate | **IALM (2006-08) Ult** | IALM (2006-08) Ult |
| Employee Attrition Rate | | |
| Upto Age 30 | **40.00%** | 40.00% |
| Age 31-34 | **30.00%** | 30.00% |
| Age 35-44 | **10.00%** | 10.00% |
| Age 45 and above | **5.00%** | 5.00% |

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows

**ii. 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.

| | 31 March 2017 | |
|---|---|---|
| | Increase | Decrease |
| Discount rate (1% movement) | **(85,025,139)** | **99,857,209** |
| Future salary growth (1% movement) | **97,562,309** | **(86,463,570)** |
| Future pension growth (1% movement) | **-** | **-** |
| Medical cost trend rate (1% movement) | **-** | **-** |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions

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**Note 49**
**Share-based payment arrangements**:

**A. Description of share-based payment arrangements**

**i. Share option programmes (equity-settled)**
Thomas Cook India Limited, the parent company has granted Employee Stock Options to the Company's employees on 7 November 2016. Under this plan, the holder of the vested options are entitled to purchase the shares of the holding company at exercise price of Re 1 at the respective date of grant of the options.

The key terms and conditions related to the grants under these plans are as follows;
All options are to be settled by the delivery of shares.

| Plan | Grant date | No. of options | Exercise price | Vesting period |
|---|---|---|---|---|
| GT07NOV2016 | 7 November 2016 | 753,192 | vest at the end of the 4 years i.e. 7-Nov-2020 | 4 years |

**B. Measurement of fair values**

i. Equity-settled share-based payment arrangements
The fair value of the employee share options has been measured using the Black-Scholes formula. The Black- Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, etc for the calculation of the fair value of the option. These variables significantly influence the fair value and any changes in these variables could significantly affect the fair value of the option.

| | **Key management personnel** |
|---|---|
| | 7-Nov-16 |
| Fair value at grant date | 213.04 |
| No of options | 753,192 |
| Share price at grant date | 218.55 |
| Exercise price | 1.00 |
| Expected volatility (weighted-average) | 45.34% |
| Expected life (weighted-average) | 14.01 |
| Expected dividends yield | 0.17% |
| Risk-free interest rate (based on government bonds) | 7.09% |

**C. Reconciliation of outstanding share options**

The number and weighted-average exercise prices of share options under the share option programmes were as follows:

| Particulars | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
|---|---|---|---|---|
| | **31 March 2017** | **31 March 2017** | 31 March 2016 | 31 March 2016 |
| Options outstanding as at the beginning of the year | - | - | - | - |
| Add: Options granted during the year | **753,192** | **753,192** | - | - |
| Less: Options lapsed/ forfeited during the year | - | - | - | - |
| Less: Options exercised during the year | - | - | - | - |
| Options outstanding as at the year end | **753,192** | **753,192** | - | - |

The amount of the employee stock option expense charged during the year is Rs 16,073,477 (31 March 2016 Rs NIL) and Rs 144,386,547 is the unamortised expense over the remaining vesting period.

(Currency : Indian rupees)

**Notes to the financial statements**

**Note 50**
**Operating leases**

**A. Leases as lessee**

a) The Company procures office premises under operating leases. The initial tenure of the lease is generally between 12 months to 60 months.

The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

**i. Future minimum lease payments**

At March 31, the future minimum lease payments under non-cancellable leases were Payable as follows.

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Less than one year | **143,603,897** | 108,404,937 |
| Between one and five years | **186,934,243** | 190,934,845 |
| More than five years | | - |
| | **330,538,140** | 299,339,782 |

**ii. Amounts recognised in profit or loss**

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Lease expense | **208,615,918** | 193,230,523 |
| | **208,615,918** | 193,230,523 |

(Currency : Indian rupees)

**Note 51**
**Related party transactions**

**(A) Names of related parties by whom control exists**

| Name of the parties | Relationships |
|---|---|
| Fairfax Financial Holding Limited, Canada | Ultimate Holding Company (from 15 December 2015) |
| Thomas Cook (India) Limited | Holding Company (holds 56.56% of the equity share capital as at 31 March 2016) |
| Kuoni Asian Investments (Mauritius) Limited., Mauritius | Holding Company (held 99.48% of the equity share capital up to 15 December 2015) |
| Kuoni Travel Holding Limited, Zurich | Ultimate Holding Company (held 0.52% of the equity share capital up to 15 December 2015) |

**(B) Parties over whom control exists**

| Relationships | Name of the parties |
|---|---|
| Wholly owned subsidiary companies of SOTC Travel Services Private Limited | Distant Frontiers Tours Private Limited |
| | KAT Management Consulting (Shanghai) Co. Ltd. ( Liquidated on 17 January 2017) |
| | Kuoni South Asia and Middle East-FZ-LLC (up to 28 September 2015) |
| | SITA Beach Resorts Private Limited |
| | SITA Destination Management Private Limited |
| | SITA Holiday Resorts Private limited |
| | SITA Holidays (India) Private Limited |
| | SITA Incoming (India) Private Limited |
| | SOTC Travel Management Private Limited (Formerly known as SITA Travels and Tours Private Limited) |
| | SOTC Travel Private Limited (Formaly known as SITA Travels Private Limited) |
| Other subsidiary companies of SOTC Travel Services Private Limited | SITA World Travel (Nepal) Private Limited (63.32% of the equity shares are held by the Company) |

**(C) Fellow Subsidiaries with whom transactions have taken place during the year**

| Relationships | Name of the parties |
|---|---|
| Fellow subsidiaries | Allied Tpro Inc., New York |
| (up to 15 December 2015) | Donvand Ltd T/A GTA India |
| | VFS Data Processing Pvt Ltd |
| | Private Safaris (E.A.) IN |
| | Kuoni Reisen AG, Zurich |
| | Kuoni Scandinavia, Sweden |
| | VFS Global Services Private Limited |
| Fellow subsidiaries | |
| (From 15 December 2015) | TC Visa Services (India) Limited |
| | Fairfax India Charitable Foundation |
| | Sterling Holiday Resorts (India) Limited |
| | Luxe Asia (Private) Limited |

## Notes to the financial statements *(Continued)*
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(Currency : Indian rupees)

**Related party transactions *(Continued)***

**(C) Fellow Subsidiaries with whom transactions have taken place during the year**

| Relationships | Name of the parties |
|---|---|
| Fellow subsidiaries | Kuoni Private Safaris (Pty) Ltd., Cape Town |
| (up to 15 December 2015) | Voyages Jules Verne Ltd., London |
| | Voyages Kuoni S.A., Paris |
| | Avontuur.nu. |
| | Asia 365, Zurich, Switzerland |

**(D) Associate with whom transactions have taken place during the year**

| Relationships | Name of the parties |
|---|---|
| Associate | Travel Corporation (India) Limited |
| (From 15 December 2015) | SITA World Travel Lanka (Pvt) Limited |

**(D) Key Management Personnel**

| Particulars | Name of the key management personnel |
|---|---|
| **Managing Director** | Mr. Vishal Suri (appointed with effect from 4 January 2016) |
| | Mr. Rajeev Wagle (resigned with effect from 4 January 2016) |
| **Directors of the Company** | Mr. Madhavan Menon (appointed with effect from 16 December 2015) |
| | Mr. Harsha Raghavan (appointed with effect from 16 December 2015) |
| | Mr. Nilesh Vikamsey (appointed with effect from 27 January 2016) |
| | Mrs.Kishori Udeshi (appointed with effect from 27 January 2016) |
| | Mr. Rahul Bhagat (appointed with effect from 27 January 2016) |
| | Mr. Peter Meier (resigned with effect from 23 November 2015) |
| | Mr. Rolf Schafroth (resigned with effect from 16 December 2015) |
| | Mr. Brijesh Modi (resigned with effect from 4 January 2016) |
| | Mr. Rajiv Duggal (resigned with effect from 6 August 2012) |
| **Members of Management Council** | Mr. Rajeev Wagle (resigned with effect from 4 January 2016) |
| | Mr. Vishal Suri |
| | Mr. Manoj Chacko |
| | Ms. Alpana Banerjee (resigned with effect from 30 September 2015) |
| | Mr. Brijesh Modi |
| | Mr. Nishant Kolgaonkar |
| | Mr. Sanjay Shroff |
| | Mr. Dipak Deva |
| | Mr. Ernest Dias |
| | Mr. Seraj Anwar |
| | Mr. Neeraj Bhatt |
| | Mr. Vineet Mohindro |

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**Related party transactions** ***(Continued)***

**(E)** ***Related parties with whom transactions have taken place during the year***

| Particulars | Year | Holding Company | Ultimate Holding Company | Subsidiaries | Fellow subsidiaries | Associates |
|---|---|---|---|---|---|---|
| **Income from tours** | **2017** | **4,615,491** | **2,342,844** | **16,265,521** | **12,081,250** | **43,787,819** |
| | 2016 | 117,100 | - | 17,710,697 | 343,870,594 | 3,285,694 |
| **Cost of tours & related services*** | **2017** | **480,909,744** | **-** | **45,169,164** | **18,402,816** | **16,557,379** |
| | 2016 | - | - | 50,556,451 | 1,690,577,606 | 26,307,587 |
| **Royalty income** | **2017** | - | **-** | **3,562,752** | **-** | - |
| | 2016 | - | - | 1,201,830 | - | - |
| **Expenses reimbursed** | **2017** | **19,126,256** | **7,326,719** | **1,482,968** | **-** | **12,977,194** |
| | 2016 | - | 34,949,815 | 99,350 | 5,795,689 | - |
| **Expenses recovered** | **2017** | **821,406** | **-** | **13,988,137** | **-** | **3,757,637** |
| | 2016 | - | 43,021,704 | 25,933,116 | 5,799,991 | 1,100 |
| **Inter-Corporate Deposit given** | **2017** | - | **-** | **-** | **-** | - |
| | 2016 | - | - | - | - | 9,772,613 |
| **Interest income on Inter-Corporate Deposit given** | **2017** | - | - | **-** | - | **1,225,728** |
| | 2016 | - | - | | - | 736,028 |
| **Sale of Investment** | **2017** | **100,000** | - | - | - | - |
| | 2016 | - | - | - | - | - |
| **Investment in Equity Shares** | **2017** | - | - | - | **849,999,360** | - |
| | 2016 | - | - | - | - | - |
| **Directors deposit fees paid** | **2017** | - | - | **1,500,000** | - | - |
| | 2016 | - | - | - | - | - |
| **Directors deposit fees received** | **2017** | **600,000** | - | - | - | - |
| | 2016 | - | - | - | - | - |
| **Preference dividend received** | **2017** | - | **-** | **-** | **-** | - |
| | 2016 | - | - | - | 27,617,001 | - |
| **Dividend paid** | **2017** | **-** | **-** | - | **-** | - |
| | 2016 | 220,402,583 | 1,152,088 | - | **-** | - |
| **Proceeds from redemption of Preference shares** | **2017** | - | - | - | - | - |
| | 2016 | - | - | - | 276,170,010 | - |
| **Receivables** | **2017** | **-** | **544,859** | **14,696,425** | **-** | **27,507,429** |
| | 2016 | - | - | 18,632,805 | - | 3,285,964 |
| **Inter-Corporate Deposit receivable** | **2017** | - | - | **-** | - | **9,565,375** |
| | 2016 | - | - | - | - | 9,772,613 |
| **Interest accrued but not due on Inter-Corporate Deposit given** | **2017** | - | - | **-** | - | **1,961,756** |
| | 2016 | - | - | - | - | 736,028 |
| **Payables** | **2017** | **35,016,907** | **-** | **8,249,274** | **1,398,019** | **-** |
| | 2016 | - | - | 1,857,516 | 117,100 | - |

* does not include visa facilitation fees on services provided by VFS Global Services Private Limited, since the amount is not ascertainable.

SOTC Travel Services Private Limited
*(formerly known as Kuoni Travel (India) Private Limited)*

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

**Related party transactions *(Continued)***

**(F)** Names of parties (subsidiaries and fellow subsidiaries) having related party transactions in excess of 10% in line transactions:

| Particulars | Fellow subsidiaries | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| **Income from tours** | TC Visa Services (India) Limited | **12,065,650** | 1,290,475 |
| | Sterling Holiday Resorts (India) Limited | **15,600** | - |
| | Kuoni Reisen AG, Zurich | **-** | 32,813,494 |
| | Kuoni Travel Limited, United Kingdom | **-** | 62,929,591 |
| | Kuoni Scandinavia, Sweden | **-** | 16,970,723 |
| | Voyages Jules Verne Ltd., London | **-** | 72,206,673 |
| | Allied Tpro Inc., New York | | 5,978,869 |
| | Avontuur.nu. | **-** | 66,146,599 |
| | Asia 365, Zurich, Switzerland | **-** | 41,795,946 |
| | Travel Corporation (India) Limited | **-** | 3,285,694 |
| **Cost of tours and related services *** | Luxe Asia (Private) Limited | **15,829,006** | - |
| | Sterling Holiday Resorts (India) Limited | **2,573,810** | |
| | Kuoni Reisen AG, Zurich | **-** | 17,750,463 |
| | Allied Tpro Inc., New York | **-** | 290,173,520 |
| | Kuoni Private Safaris (Pty) Ltd., Cape Town | **-** | 9,198,144 |
| | Donvand Ltd T/A GTA India | **-** | 1,314,147,224 |
| **Expenses reimbursed** | VFS Global Services Private Limited | **-** | 3,385,867 |
| | Private Safaris (E.A.) IN | **-** | 2,156,226 |
| **Expenses recovered** | VFS Global Services Private Limited | **-** | 844,997 |
| | VFS Data Processing Pvt Ltd | **-** | 4,877,374 |
| **Purchase of fixed assets** | VFS Global Services Private Limited | | |
| **Investment in Equity Shares** | Sterling Holiday Resorts (India) Limited | **849,999,360** | - |
| **Preference dividend** | VFS Global Services Private Limited | **-** | 27,617,001 |
| **Proceeds from redemption of Preference shares** | VFS Global Services Private Limited | **-** | 276,170,010 |
| **Premium on Redemption of Preference Shares** | VFS Global Services Private Limited | **-** | - |
| **Payables** | Luxe Asia (Private) Limited | **1,356,069** | - |
| | Sterling Holiday Resorts (India) Limited | **40,500** | |
| | TC Visa Services (India) Limited | **1,450** | 117,100 |

* does not incliude visa facilitation fees on services provided by VFS Global Services Private Limited, since the amount is not ascertainable

SOTC Travel Services Private Limited
*(formerly known as Kuoni Travel (India) Private Limited)*

## Notes to the financial statements *(Continued)*
*as at 31 March 2017*

(Currency : Indian rupees)

**Related party transactions *(Continued)***

| **Particulars** | **Subsidiaries** | **31 March 2017** | 31 March 2016 |
|---|---|---|---|
| **Income from tours** | Distant Frontiers Tours Private Limited | **16,265,521** | 17,500,611 |
| **Royalty income** | Sita World Travel (Nepal) Private Limited | **3,562,752** | 1,201,830 |
| **Cost of tours and related services** | Sita World Travel (Nepal) Private Limited | **45,169,164** | 23,366,692 |
| **Expenses reimbursed** | Distant Frontiers Tours Private Limited | **1,482,968** | 99,350 |
| **Expenses recovered** | Distant Frontiers Tours Private Limited | **13,972,570** | 25,887,467 |
| | Sita World Travel (Nepal) Private Limited | **15,567** | - |
| **Directors deposit fees paid** | Distant Frontiers Tours Private Limited | **100,000** | |
| | SITA Beach Resorts Private Limited | **200,000** | |
| | SITA Destination Management Private Limited | **200,000** | |
| | SITA Holiday Resorts Private limited | **200,000** | |
| | SITA Holidays (India) Private Limited | **200,000** | |
| | SITA Incoming (India) Private Limited | **200,000** | |
| | SOTC Travel Management Private Limited | **200,000** | |
| | SOTC Travels Private Limited | **200,000** | |
| **Dividend income from long-term investments** | Distant Frontiers Tours Private Limited | **-** | - |
| | Sita World Travel (Nepal) Private Limited | **-** | - |
| **Receivables** | Distant Frontiers Tours Private Limited | **10,937,723** | 7,742,000 |
| | Sita World Travel (Nepal) Private Limited | **3,758,702** | 10,890,805 |
| **Payables** | Sita World Travel (Nepal) Private Limited | **7,786,310** | 1,295,342 |
| **Particulars** | **Associates** | | |
| **Income from tours** | Travel Corporation (India) Limited | **43,787,819** | 3,285,694 |
| **Cost of tours and related services** | Sita World Travel Lanka (Pvt) Limited | **16,557,379** | 26,307,587 |
| **Expenses reimbursed** | Travel Corporation (India) Limited | **12,820,671** | |
| | Sita World Travel Lanka (Pvt) Limited | **156,523** | - |
| **Expenses recovered** | Travel Corporation (India) Limited | **3,757,637** | 1,100 |
| **Inter-Corporate Deposit given** | Sita World Travel Lanka (Pvt) Limited | **-** | 9,772,613 |
| **Interest income on Inter-Corporate Deposit given** | Sita World Travel Lanka (Pvt) Limited | **1,225,728** | 736,028 |
| **Inter-Corporate Deposit receivable** | Sita World Travel Lanka (Pvt) Limited | **9,565,375** | 9,772,613 |
| **Interest accrued but not due on Inter - Corporate Deposit given** | Sita World Travel Lanka (Pvt) Limited | **1,961,756** | 736,028 |
| **Payables** | Sita World Travel Lanka (Pvt) Limited | **462,964** | 562,174 |
| **Receivable** | Travel Corporation (India) Limited | **27,507,429** | 3,285,964 |
| **Particulars** | **Holding and Ultimate Holding Company** | | |
| **Income from tours** | Thomas Cook (India) Limited | **4,615,491** | - |
| | Fairfax Financial Holdings Ltd. | **2,342,844** | - |
| | Kuoni Travel Holding Limited | **-** | 1,407,575 |
| **Cost of tours and related services** | Thomas Cook (India) Limited | **480,909,744** | - |
| **Expenses reimbursed** | Fairfax India Charitable Foundation | **7,326,719** | - |
| | Thomas Cook (India) Limited | **19,126,256** | - |
| | Kuoni Travel Holding Limited, Zurich | **-** | 34,949,815 |
| **Expenses recovered** | Thomas Cook (India) Limited | **821,406** | - |
| | Kuoni Travel Holding Limited, Zurich | **-** | 43,021,704 |
| **Sale of Investment** | Thomas Cook (India) Limited | **100,000** | - |

# THOMAS COOK (MAURITIUS) HOLDING COMPANY LIMITED

## Contents

## THOMAS COOK (MAURITIUS) HOLDING COMPANY LIMITED

### Corporate data

| | | | Date appointed | Date resigned |
|---|---|---|---|---|
| **Directors** | : | Mr Madhavan Menon | 19 November 2001 | - |
| | | Mr Mahesh Chandran Iyer | 04 January 2013 | - |
| | | Mr Harsha Raghavan | 04 January 2013 | 24 March 2017 |
| | | Mr Mohinder Dyall | 04 September 2013 | - |
| | | Mr Ramakrishna Sithanen | 19 January 2016 | - |
| | | Mr Mathew John Lamport | 19 January 2016 | - |
| | | Mr Shibani Phadkar | 19 January 2016 | 01 September 2016 |
| | | Mr Rajeev Hasnah | 24 April 2016 | - |

**Administrator and Secretary** : CIM Global Administrator Ltd
Les Cascades Building
Edith Cavell Street
Port Louis
Republic of Mauritius

**Registered office** : C/o CIM Global Administrator Ltd
Les Cascades Building
Edith Cavell Street
Port Louis
Republic of Mauritius

**Auditors** : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

**Banker** : The Mauritius Commercial Bank Ltd
Sir William Newton Street
Port Louis
Republic of Mauritius

# THOMAS COOK (MAURITIUS) HOLDING COMPANY LIMITED

## Annual report

The directors have pleasure in submitting their annual report together with the audited financial statements of Thomas Cook (Mauritius) Holding Company Limited, the "Company", for the year ended 31 March 2017.

## Principal activity

The principal activity of the Company is to hold investments.

## Results and dividends

The results for the year are as shown on page 11.

The directors did not recommend the payment of a dividend for the year under review.

## 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 judgments and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") 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 have confirmed 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 International Financial Reporting Standards. 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) HOLDING COMPANY LIMITED

### Annual report (Contd)

### Directors' remuneration

| | 2017<br>USD | 2016<br>USD |
|---|---|---|
| Directors' remuneration including sitting fees | **6,188** | 563 |

### Auditors

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. The fees of USD 3,508 (including VAT) payable to the auditors are exclusively for audit services.

Director

Director

Date: 2 3 MAY 2017

**THOMAS COOK (MAURITIUS) HOLDING COMPANY LIMITED**

## Certificate from the Secretary to the member of Thomas Cook (Mauritius) Holding Company Limited

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) Holding Company Limited,** under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 31 March 2017.

*for* **CIM Global Administrator Ltd**
**Company Secretary**

**Registered office:**

Les Cascades Building
Edith Cavell Street
Port Louis
Republic of Mauritius

**Date:** 23 MAY 2017

Grant Thornton

**Independent auditors' report**
**To the member of Thomas Cook (Mauritius) Holding Company Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Thomas Cook (Mauritius) Holding 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 10 to 23 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.

Grant Thornton

**Independent auditors' report (Contd)**
**To the member of Thomas Cook (Mauritius) Holding Company Limited**

## Report on the Audit of the Financial Statements (Contd)

### Other Matter

The financial statements of Thomas Cook (Mauritius) Holding Company Limited 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.

### 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.

Grant Thornton

**Independent auditors' report (Contd)**
**To the member of Thomas Cook (Mauritius) Holding Company Limited**

## Report on the Audit of the Financial Statements (Contd)

### Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

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.

- 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.

Grant Thornton

**Independent auditors' report (Contd)**
**To the member of Thomas Cook (Mauritius) Holding Company Limited**

## 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.

## 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) HOLDING COMPANY LIMITED**

# Statement of financial position as at 31 March

| | Notes | 2017 USD | 2016 USD |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 7 | **1,596,417** | 1,596,417 |
| **Current** | | | |
| Prepayments | | **-** | 1,189 |
| Cash and cash equivalents | 8 | **53,822** | 72,166 |
| **Current assets** | | **53,822** | 73,355 |
| **Total assets** | | **1,650,239** | 1,669,772 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Stated capital | 9 | **1,655,500** | 1,655,500 |
| (Accumulated losses)/retained earnings | | **(12,384)** | 3,721 |
| **Total equity** | | **1,643,116** | 1,659,221 |
| **Current liabilities** | | | |
| Payables and accruals | 10 | **7,123** | 10,551 |
| **Total liabilities** | | **7,123** | 10,551 |
| **Total equity and liabilities** | | **1,650,239** | 1,669,772 |

Approved by the Board of Directors on 23 MAY 2017 and signed on its behalf by:

Director

Director

The notes on pages 14 to 23 form an integral part of these financial statements.

**THOMAS COOK (MAURITIUS) HOLDING COMPANY LIMITED**

# Statement of comprehensive income for the year ended 31 March

| | Notes | 2017 USD | 2016 USD |
|---|---|---|---|
| **INCOME** | | | |
| Dividend income | | - | 242,850 |
| | | | |
| **EXPENDITURE** | | | |
| Licence fees | | **64** | 2,441 |
| Secretarial fees | | **2,640** | 1,500 |
| Directors' fees | | **6,188** | 563 |
| Professional fees | | **2,205** | 3,400 |
| Accountancy fees | | - | 1,250 |
| Audit fees | | **3,508** | 8,000 |
| Taxation fees | | **1,150** | 1,280 |
| Bank charges | | **118** | 57 |
| Disbursements | | **132** | 100 |
| Realised loss on exchange | | **100** | - |
| **Total expenditure** | | **16,105** | 18,591 |
| | | | |
| **Operating (loss)/profit** | | **(16,105)** | 224,259 |
| | | | |
| Impairment loss | 7 | - | (52,150) |
| **(Loss)/profit before tax** | | **(16,105)** | 172,109 |
| | | | |
| Tax expense | 11 | - | - |
| **(Loss)/profit for the year** | | **(16,105)** | 172,109 |
| | | | |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | - | - |
| **Items that will be reclassified subsequently to profit or loss** | | - | - |
| | | | |
| **Other comprehensive income for the year, net of tax** | | - | - |
| **Total comprehensive (loss)/income for the year** | | **(16,105)** | 172,109 |

The notes on pages 14 to 23 form an integral part of these financial statements.

**THOMAS COOK (MAURITIUS) HOLDING COMPANY LIMITED**

# Statement of changes in equity for the year ended 31 March

| | Stated capital USD | Foreign currency translation reserve USD | (Accumulated losses)/Retained earnings USD | Total USD |
|---|---|---|---|---|
| **At 01 April 2016** | **1,655,500** | **-** | **3,721** | **1,659,221** |
| **Loss for the year** | **-** | **-** | **(16,105)** | **(16,105)** |
| **Other comprehensive income** | **-** | **-** | **-** | **-** |
| **Total comprehensive loss for the year** | **-** | **-** | **(16,105)** | **(16,105)** |
| **At 31 March 2017** | **1,655,500** | **-** | **(12,384)** | **1,643,116** |
| At 01 April 2015 | 1,655,500 | 37,807 | (206,195) | 1,487,112 |
| Profit for the year | - | - | 172,109 | 172,109 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | - | - | 172,109 | 172,109 |
| Transfer to retained earnings | - | (37,807) | 37,807 | - |
| At 31 March 2016 | 1,655,500 | - | 3,721 | 1,659,221 |

The notes on pages 14 to 23 form an integral part of these financial statements.

**THOMAS COOK (MAURITIUS) HOLDING COMPANY LIMITED**

# Statement of cash flows for the year ended 31 March

| | Notes | 2017 USD | 2016 USD |
|---|---|---|---|
| **Operating activities** | | | |
| (Loss)/profit before tax | | **(16,105)** | 172,109 |
| *Adjustments for:* | | | |
| Impairment of investment | | - | 52,150 |
| Dividend income | | - | (242,850) |
| **Total adjustments** | | - | (190,700) |
| *Net changes in working capital:* | | | |
| Change in prepayments | | **1,189** | 1,169 |
| Change in accruals | | **(3,797)** | (35) |
| **Total changes in working capital** | | **(2,608)** | 1,134 |
| **Net cash used in operating activities** | | **(18,713)** | (17,457) |
| **Investing activities** | | | |
| Impairment loss | 7 | - | (52,150) |
| Dividend received | | - | 242,850 |
| **Net cash from investing activities** | | - | 190,700 |
| **Financing activities** | | | |
| Receipt from/(repayment to) subsidiary | 10 | **369** | (106,679) |
| **Net cash from financing activities** | | **369** | (106,679) |
| **Net change in cash and cash equivalents** | | **(18,344)** | 66,564 |
| Cash and cash equivalents, beginning of the year | | **72,166** | 5,602 |
| **Cash and cash equivalents, end of year** | | **53,822** | 72,166 |

Cash and cash equivalents made up of:

| | | | |
|---|---|---|---|
| **Cash at bank** | 8 | **53,822** | 72,166 |

The notes on pages 14 to 23 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) Holding Company Limited, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 20 December 1994 as a private company with liability limited by shares. The Company's registered office is C/o CIM Global Administrator Ltd, Les Cascades Building, Edith Cavell Street, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("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 interpretations 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 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 and are measured initially at fair value adjusted for transaction costs except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset 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, other than those designated and effective as hedging instruments, are classified into loans and receivables.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any 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.

# Notes to the financial statements

**For the year ended 31 March 2017**

## 3. Summary of accounting policies (Contd)

### 3.2 Financial instruments (Contd)

**Classification and subsequent measurement of financial assets (Contd)**

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 cash equivalents 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 company will default.

**Classification and subsequent measurement of financial liabilities**

The Company's financial liabilities include payables and accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

**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.

### 3.3 Investments in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated at cost less impairment. Where an indication of impairment exists, the recoverable amounts of the investments are assessed. Where the carrying amounts of the investments are greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to statement of comprehensive income. On disposal of the investments, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

The Company does not present consolidated financial statements as it is wholly-owned by a parent company (see note 7 (iii)).

# Notes to the financial statements

**For the year ended 31 March 2017**

## 3. Summary of accounting policies (Contd)

### 3.4 Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

### 3.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits 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 change in value.

### 3.6 Equity and reserves

Stated capital is determined using the nominal value of shares that have been issued.

(Accumulated losses)/retained earnings include all current and prior years' results.

### 3.7 Foreign currency

*Functional and presentation currency*

The financial statements are presented in currency United State Dollar ("USD"), which is also the functional currency of the Company.

*Foreign currency translations and balances*

Foreign currency transactions are translated into the functional currency of the Company, 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 year-end exchange rates are recognised in profit or loss.

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.

### 3.8 Revenue

Dividend income is recognised when the right to receive payment is established.

# Notes to the financial statements

**For the year ended 31 March 2017**

## 3. Summary of accounting policies (Contd)

### 3.9 Impairment of assets

At each reporting year, 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.

### 3.10 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.

### 3.11 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.

### 3.12 Expense recognition

All expenses are accounted for on the accrual basis.

### 3.13 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 3.14 Significant management judgements 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.

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

**3. Summary of accounting policies (Contd)**

**3.14 Significant management judgements in applying accounting policies and estimation uncertainty (Contd)**

**Significant management judgement (Contd)**

*Recognition of deferred tax assets*

The extent to which the deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised.

*Impairment of investments in subsidiaries*

The determination of impairment of investments in subsidiaries requires significant judgement. In making this judgement, management evaluates, among other factors, the duration and extent to which the fair value of an investments are less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

*Going concern assumption*

The directors have exercised judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability and financial support from related parties.

**Estimation uncertainty**

At 31 March 2017, there were no estimates and assumptions that would have a significant effect on the recognition and measurement of assets, liabilities, income and expenses.

**4. Financial instrument risk**

**Risk management objectives and policies**

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is carried out under policies approved by the Board of Directors and focuses on securing the Company's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the Company is exposed are described below:

**4.1 Market risk analysis**

**Foreign exchange sensitivity**

The Company is not exposed to foreign currency risk at the reporting date as all transactions are carried out in USD.

# 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)

**Interest rate sensitivity**

The exposure to interest rates for the Company's cash and bank balances is considered immaterial.

### 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 financial assets that potentially expose the Company to credit risk consist only of cash and cash equivalents.

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<br>USD | 2016<br>USD |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **53,822** | 72,166 |

The credit risk for the bank balance is considered negligible since the Company transacts with a reputable bank.

### 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.

As of 31 March 2017, its main liability was for accrued expenses and an amount payable to a subsidiary.

## 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 Company monitors capital on the basis of the gearing ratio. The Company was not geared 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

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 prepayments.

For non-financial assets, the fair value measured is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

The Company did not have any non-financial liabilities at the reporting date.

## 7. Investments in subsidiaries

### (i) Unquoted and at cost:

| | 2017<br>USD | 2016<br>USD |
|---|---|---|
| At 01 April | **1,596,417** | 1,648,567 |
| Impairment loss (Note (iv)) | - | (52,150) |
| At 31 March | **1,596,417** | 1,596,417 |

### (ii) Details of the investments are as follows:

| Name of investee company | Country of incorporation | Type of investment | % holding |
|---|---|---|---|
| Thomas Cook (Mauritius) Operations Company Limited | Republic of Mauritius | Ordinary shares | 100 |
| Thomas Cook (Mauritius) Holidays Ltd | Republic of Mauritius | Ordinary shares | 100 |

(iii) No consolidated financial statements are presented as the Company's immediate holding company, Thomas Cook (India) Limited, will present consolidated financial statements under IFRS. The registered office of Thomas Cook (India) Limited, is A Wing, 11th Floor, Marathon Futurex, N.M. Joshi Marg, Lower Parel, Mumbai, 400 013.

(iv) The investment in Thomas Cook (Mauritius) Travel Ltd was fully impaired during the financial year 2016.

(v) The directors have carried out an impairment assessment on the investments and concluded that the invesments have not impaired at the reporting date.

# Notes to the financial statements

**For the year ended 31 March 2017**

## 8. Cash and cash equivalents

| | 2017<br>USD | 2016<br>USD |
|---|---|---|
| Cash at bank | **53,822** | 72,166 |

## 9. Stated capital

| | 2017<br>USD | 2016<br>USD |
|---|---|---|
| 1,655,500 ordinary shares of USD 1 each | **1,655,500** | 1,655,500 |

## 10. Payables and accruals

| | 2017<br>USD | 2016<br>USD |
|---|---|---|
| Accruals | **5,868** | 9,665 |
| Payable to a subsidiary (Note (i)) | **1,255** | 886 |
| **Total** | **7,123** | 10,551 |

(i) The amount due to the subsidiary is unsecured, interest free and repayable on demand.

## 11. 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 **USD 88,593** (2016: USD 72,488) carried forward.

### (ii) Income tax reconciliation

The income tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the effective tax rate is as follows:

| | 2017<br>USD | 2016<br>USD |
|---|---|---|
| (Loss)/profit before tax | **(16,105)** | 172,109 |
| Tax at effective rate of 15% | **(2,416)** | 25,816 |
| Exempt income | **-** | (36,427) |
| Non-allowable expenses | **-** | 10,611 |
| Deferred tax asset not recognised | **2,416** | - |
| Tax expense | **-** | - |

# Notes to the financial statements

**For the year ended 31 March 2017**

## 11. 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.

## 12. Related party transactions

For the year ended 31 March 2017, the Company had transactions with its related parties. The nature, volume of transactions and the balances are as follows:

| Nature of relationship | Nature of transactions | Volume of transactions USD | Credit balance at 31 March 2017 USD | Credit balance at 31 March 2016 USD |
|---|---|---|---|---|
| Subsidiary | Amount payable | **369** | **1,255** | 886 |
| Key management personnel | Director fees | **6,188** | - | 563 |

The amount due to the subsidiary is unsecured, interest free and repayable on demand.

## 13. Holding companies

The directors consider Thomas Cook (India) Limited, a company listed on the Bombay Stock Exchange, India, as the immediate holding company and Fairfax Financial Holdings Limited, a company listed on the Toronto Stock Exchange, Canada, as the ultimate holding company.

Thomas Cook (India) Limited holds 100% of the shares of Thomas Cook (Mauritius) Holding Company Limited.

Fairbridge Capital (Mauritius) Limited ("Fairbridge"), a subsidiary of Fairfax Financial Holdings Limited (the "ultimate parent"), Canada and its affiliates, held 248,153,725 equity shares of INR 1 each corresponding to 67.82% stake in Thomas Cook (India) Limited as on 31 March, 2016. As at the financial year ended 31 March 2017, Fairbridge held 248,153,725 equity shares of INR 1 each corresponding to 67.66% stake in Thomas Cook (India) Limited.