Independent Auditor's Report
To the Members of
M/s Aravon Services Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying StandaloneInd AS financial statements of **M/s Aravon Services Private Limited** ('the Company') which comprise the Balance Sheet as at **31st March 2018**, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equityfor the year then ended,and notes to the financial statements 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 Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

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

Auditor's Responsibility

Our responsibility is to express an opinion on thesestandalone 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, the Rules made thereunder and the Order issued under Section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2018 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

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

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 knowledge and belief were necessary for the purposes of our audit.

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

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

d. In our opinion, the aforesaid standalone Ind ASfinancial 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 March 31, 2018, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls 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 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 knowledge and belief and according to the information and 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 28.1 to the standalone Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018 for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

For **Vasan&Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bangalore 9/5/2018
Date:

Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standaloneInd AS financial statements for the year ended 31 March 2018, we report that:

1) a. The Company has maintained proper records showing full particulars, including quantitative detailsand situation of fixed assets.

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

   c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not hold any immovable properties as at 31st March 2018.

2) Physical verification of inventory has been conducted by the company during the year. The discrepancies noticed on such verification between the physical stock and the book records were not material and these have been properly dealt with in the books of account.

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

4) The Company has not made any loans and investments, covered by provisions of Section 185 and 186 of the Act, and accordingly the related clause does not apply.

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

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

7) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-Tax, Sales tax, Value Added Tax, Duty of customs, Service Tax, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. There were no other outstanding statutory dues as on 31st March 2018 which were due for more than 6 months from the day they became payable except for the ones stated below:

Name of the statute	Nature of Dues	Amount (Rs)	Period to which the amount relates
The Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975	Professional Tax	80,404	2007-08
	Professional Tax	1,02,315	2008-09
	Professional Tax	8,170	2010-11
	Professional Tax	14,573	2011-12
	Professional Tax	47,867	2016-17

b) According to the information and explanations given to us,there are no dues of Income Tax, Service Tax, Goods and Service Tax,Sales Tax/Value Added Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	62,88,410	2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Penalty	55,70,336	2008-09	Commissioner of Income Tax (Appeals)
Maharashtra Value Added Tax, 2002	Penalty	4,98,879	2008-09	Deputy Commissioner of Sales Tax
Finance Act, 1994	Service Tax	5,34,20,738	2009-14	Commissioner of Service Tax (Appeals)

8) According to the information and explanations give to us and based on our examination of the records of the Company ,the Company has not defaulted in repayment of dues to any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

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

10) According to the information and explanations given to us, no 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.

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

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

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

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

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

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

*For***Vasan& Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE INDIA

(Unnikrishnan Menon)
Partner
Membership number: 205703

Place: Bangalore
Date: 9/5/2018

Annexure - B to the Independent Auditor's Report - 31 March 2018

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 M/s. Aravon Services Private Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Vasan&Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE INDIA

(Unnikrishnan Menon)
Partner
Membership No. 205703

9/5/2018

Place: Bangalore
Date:

Aravon Services Private Limited

Balance Sheet
as at 31 March 2018

(Amount in Rs.)

Particulars	Note	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	8,538,596	5,832,028
Intangible assets	4	299,091	909,505
Financial assets			
-Other financial assets	5	717,050	3,867,634
Deferred tax assets	6	96,329,606	20,513,424
Income tax assets	6	35,255,443	49,900,923
Other non-current assets	7	-	122,928
Total non-current assets		**141,139,786**	**81,146,442**
Current assets			
Inventories	8	4,216,730	5,071,903
Financial assets			
-Trade and other receivables	9	196,758,029	111,181,722
-Cash and cash equivalents	10	66,761,313	36,734,423
-Bank balances other than above	11	1,617,909	1,418,750
-Other financial assets	12	1,125,944	1,351,002
Other current assets	13	23,217,358	30,958,501
Total current assets		**293,697,283**	**186,716,301**
Total assets		**434,837,069**	**267,862,743**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	394,115,570	394,115,570
Other equity	15	(146,230,741)	(283,032,455)
		247,884,829	**111,083,115**
Liabilities			
Non-current liabilities			
Provisions	16	61,435,323	58,294,374
Total non-current liabilities		**61,435,323**	**58,294,374**
Current liabilities			
Financial liabilities			
-Trade payables	17	6,431,474	12,225,271
-Other financial liabilities	18	72,729,292	65,477,104
Other current liabilities	19	42,488,419	16,448,066
Provisions	20	3,867,732	4,334,813
Total current liabilities		**125,516,917**	**98,485,254**
Total liabilities		**186,952,240**	**156,779,628**
Total equity and liabilities		**434,837,069**	**267,862,743**

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

For **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No.: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 203703

Place: Bangalore
Date: 09/05/18

For and on behalf of Board of Directors of
Aravon Services Private Limited
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02334000

Nupur Singh
Secretary
Membership No.: A36306

Place: Bangalore
Date: 09/05/18

Aravon Services Private Limited

Statement of Profit and Loss

for the year ended 31 March 2018

(Amount in Rs.)

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	21	735,674,056	659,997,376
Other income	22	1,308,405	1,436,227
Total Income		**736,982,461**	**661,433,603**
Expenses			
Cost of material consumed	23	98,575,693	98,709,752
Employee benefits expense	24	507,556,948	450,852,215
Finance costs	25	352,399	2,342,486
Depreciation and amortization expense	26	6,566,924	9,962,917
Other expenses	27	46,902,537	50,721,534
Total expenses		**659,954,500**	**612,588,904**
Profit/(loss) before tax		77,027,961	48,844,699
Tax credit/(expense)	6		
Current tax		(14,980,000)	-
Deferred tax		75,816,182	20,513,424
Income tax expense		**60,836,182**	**20,513,424**
Profit/(loss) for the year		**137,864,143**	**69,358,123**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		(1,412,429)	(2,629,785)
Income tax relating to items that will not be reclassified to profit and loss		-	-
Other comprehensive income for the year (net of tax)		**(1,412,429)**	**(2,629,785)**
Total comprehensive income for the year (net of tax)		**136,451,714**	**66,728,338**
Earnings per equity share (face value of Rs. 10 each)	28.7		
Basic (Rs.)		3.50	1.76
Diluted (Rs.)		3.50	1.76

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

As per our report of even date attached.

For **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No: : 004542S/S200070

Unnikrishnan Menon
Partner
Membership No: 205703

9/5/18

Place: Bangalore
Date: 09/05/2018

For and on behalf of Board of Directors of
Aravon Services Private Limited
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Nupur Singh
Secretary
Membership No: A36306

Place: Bangalore
Date: 09/05/2018

Aravon Services Private Limited

Statement of Cash Flow

for the year ended 31 March 2018

(Amount in Rs)

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Profit/(loss) before tax	77,027,961	48,844,699
Adjustments for:		
Depreciation and amortization expense	6,566,924	9,962,917
(Profit) / Loss on sale of fixed assets, net	(53,871)	1,516,429
Liabilities no longer required written back	(197,742)	(169,252)
Allowance for credit loss	866,807	1,277,265
Allowance for bad and doubtful deposits	-	129,000
Interest income on term deposits	(87,846)	(211,410)
Finance costs	352,399	2,342,486
Operating cash flows before working capital changes	**84,474,631**	**63,692,134**
Decrease / (Increase) in inventories	855,173	(17,118)
Increase in trade and other receivable	(86,443,114)	(2,201,250)
Increase in other financial assets	3,359,934	1,327,863
Decrease / (Increase) in other assets	7,980,737	(17,946,250)
(Decrease) / Increase in trade payables	(5,596,055)	1,249,948
Increase in other financial liabilities	8,174,826	8,187,020
Increase in other liabilities	26,040,353	3,176,904
Increase in provisions	1,261,439	1,600,327
Cash generated from /(used in) operations	**40,107,924**	**59,069,578**
Income taxes paid, net of refund	(334,520)	(12,718,496)
Net cash generated from/ (used in) operating activities (A)	**39,773,404**	**46,351,082**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets, net of sale proceeds	(9,531,845)	(1,106,709)
Bank deposits (having original maturity of more than three months)	(199,159)	29,936,069
Interest income on term deposits	103,555	215,318
Net cash used in investing activities (B)	**(9,627,449)**	**29,044,678**
Cash flows from financing activities		
(Repayment of)/proceeds from borrowings	-	(43,598,281)
Finance cost paid	(119,065)	(2,109,152)
Net cash (used in) / generated from financing activities (C)	**(119,065)**	**(45,707,433)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	30,026,890	29,688,327
Cash and cash equivalents at the beginning of the year	36,734,423	7,046,096
Cash and cash equivalents at the end of the year (refer note 10)	**66,761,313**	**36,734,423**

As per our report of even date attached.

For **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No: : 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bangalore
Date: 09/05/18

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Place: Bangalore
Date: 09/05/18

For and on behalf of Board of Directors of
Aravon Services Private Limited
CIN: U93000MH2007FTC172493

Subrata Nag
Director
DIN : 02234000

Nupur Singh
Secretary
Membership No.: A36306

Aravon Services Private Limited

Statement of Changes in Equity
for the year ended 31 March 2018

(Amount in Rs)

Particulars	Share Capital	Other Equity				Total Equity attributable to Equity holders of the Company
		Reserves and Surplus			Other Comprehensive Income	
		Securities Premium	Retained Earnings	Other reserves	Items of Other comprehensive Income	
Balance as of 1 April 2016	**394,115,570**	**331,791,080**	**(682,251,873)**	**350,000**	-	**44,004,777**
Add: Increase in Share Capital	-	-	-	-	-	-
Add: Loss for the year	-	-	69,358,123	-		69,358,123
Add: Other comprehensive income for the year						
Remeasurement loss on defined benefit plan	-	-	(2,629,785)	-	-	(2,629,785)
Add: Fair value of financial guarantee received	-	-	-	350,000	-	350,000
Balance as of 31 March 2017	**394,115,570**	**331,791,080**	**(615,523,535)**	**700,000**	-	**111,083,115**
Balance as of 1 April 2017	**394,115,570**	**331,791,080**	**(615,523,535)**	**700,000**	-	**111,083,115**
Add: Increase in Share Capital	-	-	-	-	-	-
Add: Profit for the year	-	-	137,864,143	-	-	137,864,143
Add: Other comprehensive income for the year						
Remeasurement loss on defined benefit plan (net of tax)	-	-	(1,412,429)	-	-	(1,412,429)
Add: Fair value of financial guarantee received	-	-	-	350,000	-	350,000
Balance as at 31 March 2018	**394,115,570**	**331,791,080**	**(479,071,821)**	**1,050,000**	-	**247,884,829**

As per our report of even date attached.

For **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No: : 004542S/S200070

9/5/18

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bangalore
Date: 09/05/2018

For and on behalf of Board of Directors of
Aravon Services Private Limited
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Place: Bangalore
Date: 09/05/2018

Subrata Nag
Director
DIN : 02234000

Nupur Singh
Secretary
Membership No.: A36306

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

(Amount in Rs)

1. Company overview

Aravon Services Private Limited (formerly known ARAMARK India Private Limited) ('Aravon' or 'the Company') domiciled in India was incorporated on 19 July 2007 under the provisions of Companies Act 1956, applicable in India. The Company became wholly owned subsidiary of Quess Corp Limited ("Holding Company") w.e.f. 1 April 2015 pursuant to a share purchase agreement dated 12 February 2015 entered into between the Company, its erstwhile shareholders (Aramark Senior Notes Co. and Aramark India Holdings LLC.) and Quess Corp Limited. The Company is engaged in rendering integrated food and facility management services to corporate customers in India, predominantly in the areas of housekeeping services and guest house management services. The registered office of the Company is situated at Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru - 560103, Karnataka, India.

1.1 Going Concern

As at 31 March 2018, the accumulated losses have substantially eroded the net worth of the Company. However the Company has no intention of discontinuing its core business of facility management nor does the Company have any plans that may materially affect the carrying value or classification of assets and liabilities. The Management of the Company believes that the Company will be able to continue to operate as a going concern and meet all its liabilities as they fall due for payment based on its cash flow projections and unconditional financial support from Quess Corp Limited, the holding company as on date. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets or to amounts and classification of liabilities that may be necessary, if the Company is unable to continue as a going concern.

2.1 Significant accounting policies

2.1.1 Basis of preparation

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

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

2.1.2 Basis of measurement

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

2.1.3 Use of estimates and judgment

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

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

VASAN & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE INDIA

ARAVON SERVICES PRIVATE LIMITED

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

(Amount in Rs)

2.1 Significant accounting policies *(Continued)*

2.1.3 Use of estimates and judgment *(Continued)*

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

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

iii) *Deferred tax:* Availability of future taxable profit against which tax losses carried forward can be used.

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

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

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

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

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

2.1.4 Current - non current classification

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

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

Notes to the financial statements

for the year ended 31 March 2018

(Amount in Rs)

2.1 Significant accounting policies *(Continued)*

2.1.4 Current - non current classification *(Continued)*

Liabilities

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

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

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

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

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

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

All other liabilities are classified as non-current.

Operating cycle

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

2.1.5 Foreign currency transactions and balances

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

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

2.1.6 Financial instruments

2.1.6.1 Initial recognition

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

2.1.6.2 Subsequent measurement

Non- derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it meets both the following conditions and is not designated as at FVTPL:

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

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ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements

for the year ended 31 March 2018

(Amount in Rs)

2.1 Significant accounting policies (Continued)

2.1.6 Financial instruments *(Continued)*

2.1.6.2 Subsequent measurement *(Continued)*

Non- derivative financial instruments *(Continued)*

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

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

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

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

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

(v) Financial liabilities

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

(vi) Financial guarantee contracts

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

2.1.6.3 Derecognition of financial assets and liabilities

A financial asset is derecognized only when

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

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

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

2.1.6.4 Impairment of financial assets

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

2.1.6.5 Offsetting

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

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ARAVON SERVICES PRIVATE LIMITED

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

(Amount in Rs)

2.1 Significant accounting policies (Continued)

2.1.7 Property, plant and equipment

a Tangible assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on the straight line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Based on the techincal evaluation and consequent advice, the management beleives that its estimates of useful lives as given below best represent the period over which management expects to use these assets. The useful lives are as below: -

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

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

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

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

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

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

b Intangible assets

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

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

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

c Impairment of property, plant and equipment and intangible assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.
If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation

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

Notes to the financial statements

for the year ended 31 March 2018

(Amount in Rs)

2.1 Significant accounting policies (Continued)

2.1.7 Leases

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

Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

2.1.8 Employee benefit

(a) Defined benefit plans

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

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

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

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

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

(c) Compensated absences

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

(d) Short term employee benefits

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

2.1.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

(Amount in Rs)

2.1 Significant accounting policies (Continued)

2.1.10 Revenue

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

2.1.11 Other income

Other income is comprised primarily of interest income and profit from sale of fixed assets. Interest income is recognized using the effective interest method.

2.1.12 Inventories

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

2.1.13 Cost recognition

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

2.1.14 Finance costs

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

2.1.15 Income tax

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

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

Deferred tax assets -unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

2.1.16 Equity

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

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ARAVON SERVICES PRIVATE LIMITED

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Notes to the financial statements

for the year ended 31 March 2018

(Amount in Rs)

2.1 Significant accounting policies (Continued)

2.1.17 Cash flow statement

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

2.1.18 Earnings per share

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

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

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ARAVON SERVICES PRIVATE LIMITED ★

Notes to the financial statements *(Continued)*
as at 31 March 2018

(Amount in Rs.)

3 Property, plant and equipment

Particulars	Leasehold	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Computer equipment	Total
Cost / Deemed cost (gross carrying value)							
As at 1 April 2016	1,960,670	243,988	1,326,533	1,695,031	17,482,577	4,202,833	26,911,632
Additions	-	3,400	-	31,322	1,888,112	158,757	2,081,591
Disposals	1,960,670	5,951	-	179,113	4,105	6,665	2,156,504
As at 31 March 2017	-	**241,437**	**1,326,533**	**1,547,240**	**19,366,584**	**4,354,925**	**26,836,719**
Additions	-	32,725	-	138,875	8,478,728	12,844	8,663,172
Disposals	-	42,314	382,634	-	2,041,174	513,759	2,979,881
As at 31 March 2018	-	**231,848**	**943,899**	**1,686,115**	**25,804,138**	**3,854,010**	**32,520,010**
Accumulated depreciation							
As at 1 April 2016	251,345	59,899	433,704	408,119	9,849,992	1,947,134	12,950,193
Charge for the year	241,973	67,162	391,242	430,407	6,128,804	1,418,015	8,677,603
Disposals	493,318	3,142	-	121,329	4,104	1,212	623,105
As at 31 March 2017	-	**123,919**	**824,946**	**717,197**	**15,974,692**	**3,363,937**	**21,004,691**
Charge for the year	-	70,506	293,368	374,468	4,556,184	661,984	5,956,510
Disposals	-	42,314	382,593	-	2,041,139	513,741	2,979,787
As at 31 March 2018	-	**152,111**	**735,721**	**1,091,665**	**18,489,737**	**3,512,180**	**28,981,414**
Net Block							
As at 31 March 2018	-	**79,737**	**208,178**	**594,450**	**7,314,401**	**341,830**	**8,538,596**
As at 31 March 2017	-	**117,518**	**501,587**	**830,043**	**3,391,892**	**990,988**	**5,832,028**

Note:
All fixed assets except leasehold improvements are subject to first charge to secure the cash credit facility availed from bank.

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ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*
as at 31 March 2018

(Amount in Rs.)

4 Intangible assets

Particulars	Computer software	Total
Cost / Deemed cost (gross carrying value)		
As at 1 April 2016	3,282,883	3,282,883
Additions	-	-
Disposals	-	-
As at 31 March 2017	**3,282,883**	**3,282,883**
Additions	-	-
Disposals	-	-
As at 31 March 2018	**3,282,883**	**3,282,883**
Accumulated depreciation		
As at 1 April 2016	1,088,064	1,088,064
Charge for the year	1,285,314	1,285,314
Disposals	-	-
As at 31 March 2017	**2,373,378**	**2,373,378**
Charge for the year	610,414	610,414
Disposals	-	-
As at 31 March 2018	**2,983,792**	**2,983,792**
Net Block		
As at 31 March 2018	**299,091**	**299,091**
As at 31 March 2017	**909,505**	**909,505**

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*
as at 31 March 2018

(Amount in Rs.)

5 Other non-current financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
(Unsecured and considered good, unless otherwise stated)		
Security deposits		
Considered good	717,050	3,866,484
Doubtful	129,000	129,000
Less: Allowance for bad and doubtful deposits	(129,000)	(129,000)
Interest accrued but not due	-	1,150
	717,050	3,867,634

6 **Taxes**

A **Amount recognised in profit or loss**

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax:		
In respect of the current period	14,980,000	-
Excess provision related to prior years (refer note (i) below)	-	-
Deferred tax:		
Attributable to:		
Origination and reversal of temporary differences	60,836,182	20,513,424
Increase/ reduction of tax rate	(14,980,000)	-
Income tax expense reported in the Statement of Profit and Loss	**60,836,182**	**20,513,424**

B **Reconciliation of effective tax rate**

(Amount in Rs)

Particulars	31 March 2018 Rate	31 March 2018 Amount	31 March 2017 Rate	31 March 2017 Amount
Profit before tax		77,027,961		48,844,699
Tax using the Company's domestic tax rate	33.06%	25,465,444	33.06%	16,148,057
Effect of:				
Tax exempt income	0.00%	-	0.00%	-
Non-deductible expenses	0.00%	-	-	-
Unrecognised tax losses	-13.61%	(10,485,444)	-33.06%	(16,148,057)
Deferred tax credit	-98.43%	(75,816,182)	-	-
Effective tax rate	**-78.98%**	**(60,836,182)**	**0.00%**	-
Less: Excess provision related to prior years	-	-	0.00%	-
Income tax expense reported in the Statement of Profit and Loss	**-78.98%**	**(60,836,182)**	**0.00%**	-

The tax rates under Indian Income Tax Act, for the year ended March 31, 2018 and March 31, 2017 is 33.06%.

C **The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2018, 31 March 2017**

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	50,235,443	49,900,923
Income tax liabilities	(14,980,000)	-
Net income tax assets at the end of the year	**35,255,443**	**49,900,923**

D **Deferred tax**

Deferred tax relates to the following:

(Amount in Rs)

	Balance sheet As at 31 March 2018	Balance sheet As at 31 March 2017	Statement of profit and loss For the year ended 31 March 2018	Statement of profit and loss For the year ended 31 March 2017
Property, plant and equipment	16,514,207	-	16,514,207	-
Provision for doubtful receivables/deposits	12,370,682	-	12,370,682	-
Provision for compensated absences	1,312,549	1,433,219	(120,670)	1,433,219
Provision for gratuity	2,684,272	222,937	2,461,335	222,937
Provision for bonus	9,463,743	3,374,042	6,089,701	3,374,042
Provision for disputed tax claims	17,594,328	-	17,594,328	-
Losses available for offsetting against future taxable	17,171,526	11,856,605	5,314,921	11,856,605
Others	4,238,299	3,626,621	611,677	3,626,621
MAT Credit entitlement	14,980,000	-	14,980,000	-
Deferred tax assets	**96,329,606**	**20,513,424**	**60,836,182**	**20,513,424**
Net deferred tax assets recognized	**96,329,606**	**20,513,424**	**75,816,182**	**20,513,424**

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ARAVON SERVICES PRIVATE LIMITED

Aravon Services Private Limited

Notes to the financial statements *(Continued)*
as at 31 March 2018

(Amount in Rs.)

7 Other non-current assets

Particulars	As at 31 March 2018	As at 31 March 2017
Prepaid expenses	-	122,928
	-	122,928

8 Inventories

Particulars	As at 31 March 2018	As at 31 March 2017
(Valued at lower of cost and net realizable value)		
Consumables	4,216,730	5,071,903
	4,216,730	5,071,903

9 Trade receivables

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured		
Considered good	196,758,029	111,181,722
Doubtful	33,589,210	32,722,055
Less: Allowance for credit loss	(33,589,210)	(32,722,055)
	196,758,029	111,181,722

10 Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks		
In current accounts *	65,701,324	36,018,170
Cash in hand	1,059,989	716,253
	66,761,313	36,734,423

* Current accounts includes CC account of yes bank balance Rs. 5,65,15,238 (in 31 march 2017: Rs. 3,31,59,244)

11 Other bank balances

Particulars	As at 31 March 2018	As at 31 March 2017
In deposit accounts #	1,617,909	1,418,750
	1,617,909	1,418,750

Fixed deposit under lien for the guarantees issued by the bank to government authorities and customers includes Term deposit for Margin M

12 Other financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
Interest accrued but not due	6,058	20,617
Security deposits		
Considered good	1,119,885	1,330,385
Doubtful	3,697,274	3,697,274
Less: Allowance for bad and doubtful deposits	(3,697,274)	(3,697,274)
	1,125,944	1,351,002

13 Other current assets

Particulars	As at 31 March 2018	As at 31 March 2017
(Unsecured and considered good)		
Advances other than capital advances		
Advances to suppliers	247,097	69,057
Advances to employees	593,409	193,778
(Unsecured and considered good, unless otherwise stated)		
Prepaid expenses	1,574,467	1,907,037
Unbilled revenue	20,802,385	28,788,629
	23,217,358	30,958,501

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

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Notes to the financial statements *(Continued)*
as at 31 March 2018

(Amount in Rs.)

14 Share capital

	As at 31 March 2018	As at 31 March 2017
Authorized		
45,000,000 (As at 31 March 2017: 45,000,000) equity shares of Rs. 10 each	450,000,000	450,000,000
	450,000,000	450,000,000
Issued, subscribed and fully paid-up		
39,411,557 (As at 31 March 2017: 39,411,557) equity shares of Rs. 10 each	394,115,570	394,115,570
	394,115,570	394,115,570

Refer note 14.1 to 14.4 below

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Equity shares				
At the beginning of the year	39,411,557	394,115,570	39,411,557	394,115,570
Issued during the year	-	-	-	-
Outstanding at the end of the year	39,411,557	394,115,570	39,411,557	394,115,570

14.2 Shares held by the holding company

Particulars	As at 31 March 2018				As at 31 March 2017	
	Number of shares	Amount in Rs.			Number of shares	Amount in Rs.
Equity shares of Rs. 10 each fully paid up						
Quess Corp Limited, the holding company	39,411,547	394,115,470			39,411,547	394,115,470
	39,411,547	394,115,470	-	-	39,411,547	394,115,470

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding in class	Number of shares	% holding in class
Equity shares of Rs 10 each fully paid up				
Quess Corp Limited	39,411,547	99.99%	39,411,547	99.99%

14.4 Rights, preferences and restrictions attached to equity shares

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

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*
as at 31 March 2018

(Amount in Rs.)

15 Other equity

Particulars	As at 31 March 2018	As at 31 March 2017
Retained earnings	(479,071,821)	(615,523,535)
Other reserves		
Securities premium reserve	331,791,080	331,791,080
Other reserves	1,050,000	700,000
	(146,230,741)	(283,032,455)
Securities premium account		
At the beginning of the year	331,791,080	331,791,080
Add: Premium received on issue of equity shares	-	-
At the end of the year	331,791,080	331,791,080
Retained earnings		
At the beginning of the year	(615,523,535)	(682,251,873)
Profit / (Loss) for the year	137,864,143	69,358,123
Other comprehensive income for the year arising from remeasurement of defined benefit obligation	(1,412,429)	(2,629,785)
At the end of the year	(479,071,821)	(615,523,535)
Other reserves		
At the beginning of the year	700,000	350,000
Add: Financial guarantee issued by the holding company	350,000	350,000
At the end of the year	1,050,000	700,000
	(146,230,741)	(283,032,455)

15 Other equity *(Continued)*

Nature and purpose of other reserves

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

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

16 Non-current provisions

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for compensated absences	102,111	203,379
Provision for gratuity	8,118,657	4,876,440
	8,220,768	5,079,819
Others		
Provision for disputed claims (refer note 28.1 and 28.6)*	53,214,555	53,214,555
	53,214,555	53,214,555
	61,435,323	58,294,374

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

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Notes to the financial statements *(Continued)*
as at 31 March 2018

(Amount in Rs.)

17 Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017
Payable to related parties	-	6,440
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,431,474	12,218,831
	6,431,474	12,225,271

18 Other current financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Capital creditors	106,445	1,029,083
Other Payables		
Accrued salaries and benefits	72,604,347	64,423,521
Uniform deposits	18,500	24,500
	72,729,292	65,477,104

19 Other current liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for Expenses	23,061,591	8,894,382
Balances payable to government authorities	19,426,827	7,553,684
	42,488,419	16,448,066

20 Current provisions

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for compensated absences	3,867,732	4,334,813
	3,867,732	4,334,813

VASAN & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE INDIA

ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*

for the year ended 31 March 2018

(Amount in Rs.)

21 Sale of services

Particulars	For the year ended 31 March 18	For the year ended 31 March 17
Food Services	131,735,006	109,643,994
Housekeeping and manpower services	603,939,050	550,353,382
	735,674,056	659,997,376

22 Other income

Particulars	For the year ended 31 March 18	For the year ended 31 March 17
Interest received on financial assets- carried at amortized cost		
- Interest on bank deposits	87,846	211,410
- Income tax refund	966,131	-
- Others	-	313,580
Rental Income (refer note 28.5)	-	730,747
Profit on sale of fixed assets	53,871	-
Liabilities no longer required written back	197,742	169,252
Miscellaneous income	2,815	11,238
	1,308,405	1,436,227

23 Cost of material consumed

Particulars	For the year ended 31 March 18	For the year ended 31 March 17
Inventory at the beginning of the year	5,071,903	5,054,785
Add: Purchases during the year	97,720,520	98,726,870
Less: Inventory at the end of the year	4,216,730	5,071,903
Cost of materials consumed	98,575,693	98,709,752
Break-up of cost of materials consumed		
Food services	74,060,210	76,871,796
Housekeeping and manpower services	17,666,258	16,241,987
Rebillables and others	6,849,225	5,595,969
	98,575,693	98,709,752
Details of inventory		
Consumables		
Food Services	2,526,272	2,431,062
Housekeeping and manpower services	1,690,458	2,640,841
	4,216,730	5,071,903

24 Employee benefits expense

Particulars	For the year ended 31 March 18	For the year ended 31 March 17
Salaries and wages	441,247,894	388,095,288
Contribution to provident and other funds	49,787,854	43,821,944
Compensated absences	10,921,151	10,730,440
Staff welfare expenses	5,600,049	8,204,543
	507,556,948	450,852,215

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*

for the year ended 31 March 2018

(Amount in Rs.)

25 Finance costs

Particulars	For the year ended 31 March 18	For the year ended 31 March 17
Interest expense	352,399	2,342,486
	352,399	**2,342,486**

26 Depreciation and amortization expense

Particulars	For the year ended 31 March 18	For the year ended 31 March 17
Depreciation and amortization	6,566,924	9,962,917
	6,566,924	**9,962,917**

27 Other expenses

Particulars	For the year ended 31 March 18	For the year ended 31 March 17
Power and fuel	403,237	786,487
Outsourced Manpower expenses	948,060	423,447
Laundry expenses	154,074	232,857
Travelling and conveyance	8,905,148	9,499,794
Rent	13,018,437	16,159,196
Auditors' remuneration	667,252	2,584,469
Communication expenses	1,577,352	2,143,491
Printing and stationery	859,037	1,064,539
Legal and professional fees	5,754,414	1,871,250
Repairs and maintenance		
- Customer equipment maintenance charges	2,800,748	2,584,321
- Others	1,855,122	1,588,522
Water and electricity charges	679,943	1,544,507
Brokerage expenses	89,075	66,150
Office expenses	1,512,595	1,551,115
Rates and taxes	123,070	1,790,297
Insurance	4,112,028	2,801,885
Bad debts written off	554,611	-
Allowance for credit loss	866,807	1,277,265
Allowance for bad and doubtful deposits	-	129,000
Recruitment cost	11,249	221,250
Loss on fixed assets discarded (net)	-	1,516,429
Miscellaneous expenses	2,010,279	885,263
	46,902,537	**50,721,534**
Payment to auditors (net of Service Tax / GST)		
As auditor		
Statutory audit	500,000	1,950,000
Tax audit	167,252	450,000
Reimbursement of expenses	-	184,469
	667,252	2,584,469

(Amount in Rs)

28 Notes to accounts

28.1 Contingent liabilities

(a) Contingent liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Notice of demand received under Section 156 of the Income-tax Act, 1961 pursuant to order passed under Section 144 of the Act for assessment year 2009-10, Income tax appellate tribunal upheld the best judgment assessment. The Company has filed a miscellaneous application for the rectification of order issued by the Income Tax Appellate Tribunal.	6,288,410	6,288,410
(The Company is contesting the demand and the Management, including its Tax Advisor, believes that the demand is likely to be cancelled by the Income Tax Appellate Tribunal on the basis of miscellaneous application and accordingly no provision has been made.)		
Notice of demand received under Section 271 of the Income-tax Act, 1961 in respect of assessment year 2009-10, matter is pending with Commissioner of Income Tax (Appeals).	5,570,336	5,570,336
(The Company is contesting the demand and the Management, including its Tax Advisor, believes that the demand is likely to be cancelled and accordingly no provision has been made.)		
Disputed Service Tax demand pending with the Commissioner of Service Tax.		
- From October 2007 till March 2012 *	97,234,488	97,234,488
- From April 2012 till September 2013 *	-	-
* Of the aggregate amount of Rs.147,736,173 disclosed as contingent liability as at 1 April 2015, the Company has made a provision of Rs. 50,406,030 during the previous year, out of abundant caution and further based on the consideration that the grounds of appeal for the said period are subject to interpretation of law. A sum of Rs 95,655 demanded by the Service Tax Department for the services rendered to EOU's during the period October 2007 till March 2012 was paid by the Company subsequent to receiving the demand in October 2012 and the same was charged to the statement of profit and loss during the year ended 31 March 2013.The balance amount of Rs.97,234,488 has been disclosed as contingent liability as at 31 March 2016. The same represents the payment of Rs. 97,234,488 made during the period October 2007 till March 2012 towards service tax collected from customers duly paid by the Company to the service tax authorities, which has inadvertently not been considered by the service tax department.		

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

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

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Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

28.2 *Employee benefits*

(i) *Defined contribution plans*

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employees' State Insurance, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident fund for the year is Rs. 33,028,442 (31 March 2017: Rs. 30,280,999).

(ii) *Defined benefit plan*

Gratuity Plan
In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's defined portion of last salary and the years of employment with the Company. The Company contributes each year to a gratuity fund administered by Life Insurance Corporation of India. The amount recognized as a expense in the statement of profit and loss including other comprehensive income towards gratuity is Rs. 5,525,001 (31 March 2017: Rs. 7,075,467).

(iii) *Long term employment benefits*

Compensated Absences
Eligible employees can carry forward their leave balances as per the terms of employment and encash leave on superannuation, death or permanent disablement during employment and resignation. The amount recognized as an expense in the statement of profit and loss for the year towards compensated absences is Rs. 10,921,151 (31 March 2017: Rs. 10,730,440).

Assumptions

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	6.90%	6.56%
Salary growth	12% for associates and 10% for core	12% for associates and 10% for core
Attrition rate	42% for associates and 25% for core employees	42% for associates and 25% for core employees
Retirement age	60 years	60 years

The following table sets out the funded status of the gratuity plan and the amounts recognized in the financial statements as at 31 March 2018 and 31 March 2017:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Change in defined benefit obligation		
Obligation at the beginning of the year	17,576,108	12,878,099
Current service cost	5,205,332	4,362,282
Interest cost	1,152,178	944,582
Benefit paid	(2,995,972)	(3,064,401)
Re-measurement (gain) / loss	660,744	2,455,546
Obligation at end of the year	**21,598,390**	**17,576,108**
Change in plan assets		
Plan assets at beginning of the year, at fair value	12,699,668	11,741,058
Interest income on plan assets	832,509	861,182
Re-measurement (gain) / loss	(751,685)	(174,239)
Employer's contributions	3,695,212	3,336,069
Benefit paid	(2,995,972)	(3,064,402)
Plan assets at end of year, at fair value	**13,479,732**	**12,699,668**

Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

28.2 *Employee benefits (Continued)*

(iv) *Defined benefit plan (Continued)*

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

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of the defined benefit obligations at the end of the year	21,598,390	17,576,108
Fair value of plan assets at the end of the year	(13,479,732)	(12,699,668)
Net liability recognized in the balance sheet (deficit)	8,118,658	4,876,440
Current	-	-
Non-current	8,118,658	4,876,440

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	5,205,332	4,362,282
Net interest expense	319,669	83,400
Components of defined benefit plan recognized in the profit or loss	5,525,001	4,445,682
Re-measurement (gain) / loss arising from:		
-change in demographic assumptions	-	97,856
- change in financial assumptions	(221,387)	405,962
- experience variance (actual experience vs assumptions)	882,131	1,951,728
Return on plan assets, excluding amount recognized in net interest expense	751,685	174,239
Components of defined benefit plan recognized in other comprehensive income	1,412,429	2,629,785
Total	6,937,430	7,075,467

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

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	20,971,160	22,261,616	17,035,101	18,149,963
Attrition Rate(50% movement)	17,726,805	30,128,489	14,100,957	25,333,396
Mortality Rate(10% movement)	21,599,391	21,597,388	17,576,949	17,575,267
Salary growth(1% movement)	22,226,351	20,992,374	18,118,349	17,054,340

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

Asset Liability Matching Strategies

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

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ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

28.3 *Employee benefits (Continued)*

(iv) Defined benefit plan (Continued)

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

Particulars	As at 31 March 2018	As at 31 March 2017
Funds managed by insurer	100%	100%

Assumptions

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest rate	7.30%	7.30%
Discount rate	6.90%	6.56%
Estimated rate of return on plan assets	6.90%	6.56%
Salary growth	12% for associates and 10% for core employees	12% for associates and 10% for core
Attrition rate	42% for associates and 25% for core employees	42% for associates and 31% for core employees
Retirement age	60 years	60 years

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

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

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

Expected Contribution during the next annual reporting period

Particulars	31 March 2018	31 March 2017
The Company's best estimate of contribution during the next year	13,037,755	9,608,023

Maturity profile of defined benefit obligation

Particulars	31 March 2018	31 March 2017
Weighted average duration (based on discounted cash flows)	3 years	3 years

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

Particulars	31 March 2018	31 March 2017
Within 1 year	6,401,616	4,645,832
2-5 years	15,593,917	12,790,831
6-10 years	4,301,944	3,826,384
More than 10 years	794,283	833,676

(vi) Description of Risk Exposures

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:
Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

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Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

28.2 Employee benefits (Continued)

(vi) Description of Risk Exposures (Continued)

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

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

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

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

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

28.3 Due to micro and small suppliers

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

Particulars	As at 31 March 2018	As at 31 March 2017
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	-	-

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Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

28.4 *Operating lease obligations*

The Company is obligated under non-cancellable leases primarily for office premises which are renewable thereafter as per the term of the respective agreements. Rental payments under operating leases during the year aggregating Rs. 13,018,437 (31 March 2017: Rs. 16,159,196) has been charged to the statement of profit and loss.

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

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than one year	-	7,952,621
Later than one year and not later than five years	-	665,359
Total	-	8,617,980

28.5 *Operating lease: Company as a sub-lessor*

The Company has subleased one of its office premises taken on lease untill FY 16-17. The rental income recorded for the same in previous year was Rs. 730,747. The same is NIL in current year.

Sub-lease income has been included under 'Rental income' in the statement of profit and loss. Rs. Nil (31 March 2017: Rs. 730,747).

28.6 *Movement in provision*

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

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

28.7 *Computation of Earnings per share (EPS)*

Particulars	For the year ended 31 March	For the year ended 31 March
Net profit/ (loss) attributable to equity shareholders	137,864,143	69,358,123
Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	39,411,557	39,411,557
Equity shares issued during the year	-	-
Number of equity shares at the end of the year	39,411,557	39,411,557
Weighted average number of equity shares outstanding during the year	39,411,557	39,411,557
Basic and diluted earnings per share (Rs.)	3.50	1.76

VARMA & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE INDIA

ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 **Notes to accounts *(Continued)***

28.8 Related party disclosures

I. Related party relationships

A. Parties where control exists

- Entity having interest in the Company
Quess Corp Limited (from 1 April 2015)

Ultimate Holding Company of Entity having interest in the Company
Fairfax Financial Holdings Limited

Fellow Subsidiaries of Entity having interest in the Company
Coachieve Solutions Private Limited
MFX Infotech Private Limited
Brainhunter Systems Limited, 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)
Ikya Business Services (Private) Limited
MFXchange Holdings Inc, Canada
MFXchange (Ireland) Limited
MFXchange US Inc.
MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015)
Quess Corp Lanka Private Limited (Formerly known as Ranstad Lanka private Limited)
Dependo Logistics Solutions Private Limited
Inticore VJP Advanced Solutions Private Limited
Comtel Solutions Pte Ltd
CentreQ Business Services Private Limited
Excelus Learning Solutions Private Limited
ConnectQ Business Services Private Limited (Formerly known as Tata Business Support Services Private Limited)
Vedang Cellular Services Private Limited
Trimax IT Infrastructure & Services Private Limited
Master Staffing Solutions Private Limited
Golden Star Facilities and Services Private Limited
Comtelpro Pte. Ltd
Comtelink Sdn. Bhd
Monster.com.SG PTE Limited
Monster.com.HK Limited
Monster Malaysia SDN. BHD
Monster.com (India) Pvt Ltd
National Collateral Management Services Limited

Associates of the Entity having interest in the Company
Simpliance Technologies Private Limited
Terrier Security Services India Pvt. Ltd.
Heptagon Technologies Pvt Ltd

Joint Ventures of Quess Corp Ltd
Himmer Industrial Services (M) Sdn Bhd

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ARAVON SERVICES PRIVATE LIMITED

Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 **Notes to accounts *(Continued)***

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

Particulars	31 March 2018	31 March 2017
Holding Company		
Rental income		
- Quess Corp Limited		730,747
Interest expenses		
- Quess Corp Limited	-	-
Recovery of expenses from		
- Quess Corp Limited	-	270,785
Reimbursement of expenses to		
- Quess Corp Limited	408,294	289,560
Fair value of financial guarantee		
- Quess Corp Limited	350,000	350,000
Finance cost on corporate guarantee		
- Quess Corp Limited	-	261,780
Background verification expenses		
- Co Achieve Solutions Private Limited	10,753	117,173
- Terrier Security Services India Pvt. Ltd.	21,240	-
Short term advance taken		
- Quess Corp Limited	-	-
Short term advance repaid (including interest net of TDS)		
- Quess Corp Limited		
Financial guarantee issued by Quess Corp Limited in favour of the Company to Yes Bank Ltd. for a sanctioned credit limit of Rs. 70,000,000 (31 March 2017: Rs 70,000,000).		
Key management personnel		
Closing balance		
Holding Company		
Quess Corp Limited (unbilled revenue)	-	-
Fair value of financial guarantee		
- Quess Corp Limited	1,050,000	117,923
Fellow subsidiary with whom the Company has transactions		
- Co Achieve Solutions Private Limited	-	6,440

Terms and conditions of transactions with related parties

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

28.9 **Basis of recognition of Deferred tax asset for current financial year**

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

Company has turned profitable during the last 2 years and estimates that the it will have taxable profits to set off unabsorbed losses in future. During the current year, the Company has recognized deferred tax assets on unabsorbed losses to the extent that it is probable that taxable profit will be available against which unabsorbed losses can be utilized. Further, the Company has recognized deferred tax on deductible temporary differences to the extent it believes economic benefits in the form of reductions in tax payments will flow to the Company from taxable profits against which the deductions can be offset.

28.10 ***Segment reporting***

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

Other segment information

a) Revenue from major services

	For the year ended 31 March 2018	For the year ended 31 March 2017
Food Services	131,735,006	109,643,994
Housekeeping and manpower services	603,939,050	550,353,382
	735,674,056	659,997,376

b) Geographical information

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

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ARAVON SERVICES PRIVATE LIMITED

2&12 **Financial instruments-fair value and risk management**
Accounting classification and fair values

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.
The following table shows the carrying amount and fair value of financial assets and financial liabilities, classified under Level

The carrying value and fair value of financial instruments by categories as at 31 March 2018, 31 March 2017 are as follows:

As at 31 March 2018

Particulars	Carrying Amount	Fair value		
	March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	196,758,029	-	-	196,758,029
Cash and cash equivalents	66,761,313	-	-	66,761,313
-Bank balances other than above	1,617,909	-	-	1,617,909
Other financial assets	1,842,994	-	-	1,842,994
Unbilled revenue	20,802,385	-	-	20,802,385
Total financial assets	**287,782,629**	-	-	**287,782,629**
Financial liabilities measured at amortised cost				
Trade payables	6,431,474	-	-	6,431,474
Other liabilities	72,729,292	-	-	72,729,292
Total financial liabilities	**79,160,766**	-	-	**79,160,766**

As at 31 March 2017

Particulars	Carrying Amount	Fair value		
	March 2017	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	111,181,722	-	-	111,181,722
Cash and cash equivalents	36,734,423	-	-	36,734,423
-Bank balances other than above	1,418,750	-	-	1,418,750
Other assets	5,218,636	-	-	5,218,636
Unbilled revenue	28,788,629	-	-	28,788,629
Total financial assets	**183,342,160**	-	-	**183,342,160**
Financial liabilities measured at amortised cost				
Trade payables	12,225,271	-	-	12,225,271
Other liabilities	65,477,104	-	-	65,477,104
Total financial liabilities	**77,702,375**	-	-	**77,702,375**

Fair value hierarchy

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference shares, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values

A Financial Assets:

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.

B Financial Liabilities:

1 **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.

2 **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.

3 **Borrowings:** It includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

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ARAVON SERVICES PRIVATE LIMITED

Aravon Services Private Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

28.13 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 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and current asset. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

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 its customer. 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 credit worthiness 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 31 March 2016, 31 March 2017 and 31 March 2018 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 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.

Notes to the financial statements *(Continued)*

for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

The Company has taken cash credit and overdraft facilities having interest rate of 3 months MCLR+0.81%. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the current assets of the Company on both present and future and collateral by way of pari passu first charge on the movable assets of the Company (excluding charge on vehicles/equipments purchased /to be purchased under lease agreements/ hire purchase agreements) both present and future of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2018, 31 March 2017: The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018

(Amount in Rs)

Particulars		Contractual cash flows			
	Carrying amount	0-1 year	1-2 years	2-5 years	5 years and above
Borrowings	-	-	-	-	-
Trade payables	6,431,474	6,431,474	-	-	-
Other financial liabilities	72,729,292	72,729,292	-	-	-

As at 31 March 2017

(Amount in Rs)

Particulars		Contractual cash flows			
	Carrying amount	0-1 year	1-2 years	2-5 years	5 years and above
Borrowings	-	-	-	-	-
Trade payables	12,218,831	12,218,831	-	-	-
Other financial liabilities	65,477,104	65,477,104	-	-	-

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.. The Company is not exposed to significant market risk as the Company does not have long term debt or foreign currency transactions.

Currency risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Even though the company has a cash credit facility, since during the current year, the facility was mostly not utilised, there is no significant exposure to this risk.

***28.14* Capital management**

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

The Company 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, current borrowing, current maturities of long-term borrowings and current maturities of finance lease obligations less cash and cash equivalents.

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Gross debt	-	-
Less: Cash and cash equivalents	66,761,313	36,734,423
Adjusted net debt	**(66,761,313)**	**(36,734,423)**
Total equity	247,884,829	111,083,115
Less: Effective portion of cash flow hedges and cost of hedging	-	-
Total equity	**247,884,829**	**111,083,115.00**
Net debt to equity ratio	**(0.27)**	**(0.33)**

Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

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

As at 31 March 2018

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	150,319,520	0.70%	1,058,857	No	149,260,663
Past due 1-90 days	46,200,476	4.92%	2,271,477	No	43,928,999
Past due 91-180 days	4,148,057	26.07%	1,081,436	No	3,066,621
Past due 181-270 days	1,045,499	52.01%	543,753	No	501,746
Past due 271-360 days	1,192,943	100.00%	1,192,943	Yes	-
Above 360 days	27,440,744	100.00%	27,440,744	Yes	-
	230,347,238		**33,589,210**		**196,758,028**

As at 31 March 2017

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	83,713,809	1.84%	1,542,009	No	82,171,800
Past due 1-90 days	26,128,197	8.77%	2,290,791	No	23,837,406
Past due 91-180 days	5,301,642	34.96%	1,853,297	No	3,448,345
Past due 181-270 days	2,272,002	71.32%	1,620,346	No	651,656
Past due 271-360 days	1,275,690	100.00%	1,275,690	Yes	-
Above 360 days	24,139,921	100.00%	24,139,921	Yes	-
	142,831,261		**32,722,054**		**110,109,207**

Financial risk management *(Continued)*

Movement in the expected credit loss allowance: *(Amount in Rs)*

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Balance at the beginning of the year	32,722,054	31,444,786
Impairment loss allowance recognised/(reversed)	867,157	1,277,268
Balance at the end of the year	**33,589,210**	**32,722,054**

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 deposit. 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.

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ARAVON SERVICES PRIVATE LIMITED *

Notes to the financial statements *(Continued)*
for the year ended 31 March 2018

(Amount in Rs)

28 Notes to accounts *(Continued)*

28.14 **Recent accounting pronouncements**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies(Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)
The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

28.15 **Approval of financial statements**

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors on May 9, 2018. The Management and authorities have the power to amend the Financial Statements in accordance with Section 130 and 131 of the Companies Act, 2013.

For Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No.: 004542S/S200070

For and on behalf of Board of Directors of
Aravon Services Private Limited
CIN: U93000MH2007FTC172493

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

9/5/18 Bangalore

Date: 09/05/2018

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Place:- Bangalore
Date: 09/05/2018

Subrata Nag
Director
DIN: 02234000

Nupur Singh
Secretary
Membership No: A36306

Independent Auditors' Report

To,
The Members
CentreQ Business Services Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **CentreQ Business Services Private Limited** ('the Company'), which comprise the Balance Sheet as at **March 31, 2018**, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

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

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

2) As required by Section 143 (3) of the Act, we report that;
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   e. on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

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

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

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

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

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Bengaluru
May 9, 2018

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2018, we report that:

i. The Company did not have any fixed assets during the year ended March 31, 2018. Consequently, comment on clause (i) of the order is not applicable;

ii. The Company's operations does not involve inventory. Consequently, comment on clause (ii) of the order is not applicable;

iii. The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Consequently, comment on clause (iii) of the order is not applicable;

iv. The Company has not made any loans and investments, covered by provisions of Section 185 and 186 of the Act. Consequently, comment on clause (iv) of the order is not applicable;

v. The Company has not accepted any deposits from the public. Consequently, comment on clause (v) of the order is not applicable;

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Consequently, comment on clause (vi) of the order is not applicable;

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 income-tax, service tax, goods and services tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any undisputed amounts outstanding as at last day of the financial year for a period of more than six months from the date they became payable except for income tax deducted at source amounting to Rs.9,600;

b. According to the information and explanations given to us, there are no statutory dues on account of dispute;

viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Consequently, comment on clause (viii) of the Order is not applicable;

ix. 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. Consequently, comment on clause (ix) of the Order is not applicable;

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

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

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Consequently, comment on clause (xii) of the Order is not applicable;

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

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

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. Consequently, comment on clause (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. Consequently, comment on clause (xvi) of the Order is not applicable.

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP * CHARTERED ACCOUNTANTS * BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Bengaluru
May 9, 2018

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **CentreQ Business Services Private Limited** ("the Company") as of **March 31, 2018** in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP
BANGALORE INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Bengaluru
May 9, 2018

CentreQ Business Services Private Limited

(Amount in INR)

Balance Sheet as at	Note	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Financial assets			
Income tax assets (net)	3	3,87,859	-
		3,87,859	-
Current Assets			
Financial assets			
Trade receivables	4	7,45,337	1,03,500
Cash and cash equivalents	5	27,56,611	1,00,000
Other current assets	6	4,32,705	-
		39,34,653	2,03,500
Total Assets		43,22,512	2,03,500
EQUITY AND LIABILITIES			
Equity			
Share Capital	7	1,00,000	1,00,000
Other equity	8	18,375	6,910
		1,18,375	**1,06,910**
Current liabilities			
Financial liabilities			
Other current liabilities	9	41,95,847	93,500
Provisions	10	8,290	3,090
		42,04,137	**96,590**
Total Equity and Liabilities		43,22,512	2,03,500
		-	-

Company overview and Significant accounting policies 1 & 2

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

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

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

Subrata Kumar Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 09 May 2018

Ranjit Nair
Director
DIN: 07086634

CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

CentreQ Business Services Private Limited

(Amount in INR)

Statement of Profit and Loss	Note	For the year ended 31 March 2018	For the period ended 31 March 2017
Income			
Revenue from operations	11	48,85,455	90,000
Total Income		**48,85,455**	**90,000**
Expenses			
Other expenses	12	48,68,790	80,000
Total expenses		**48,68,790**	**80,000**
Profit before tax		**16,665**	**10,000**
Tax expense			
Current tax		(5,200)	(3,090)
Profit for the year/period		**11,465**	**6,910**
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans		-	-
Other comprehensive income for the year/ period		-	-
Total comprehensive income for the year/ period		**11,465**	**6,910**
Earnings per equity share (face value of Rs 10 each)			
Basic		1.15	0.69
Diluted		1.15	0.69

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

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

VASAN & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

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

Subrata Kumar Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 09 May 2018

Ranjit Nair
Director
DIN: 07086634

CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

CentreQ Business Services Private Limited
Cash Flow Statement

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Cash flow from operating activities		
Profit before tax	16,665	10,000
Operating cash flows before working capital changes	**16,665**	**10,000**
Changes in Trade receivables	(6,41,837)	(1,03,500)
Changes in Loans, other financial assets and other assets	(4,32,705)	-
Changes in other liabilities and provisions	41,02,347	93,500
Cash generated from operations	**30,44,470**	-
Direct taxes paid, net of refund	(3,87,859)	-
Net cash (used in) / provided by operating activities (A)	**26,56,611**	-
Cash flows from investing activities		
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	-	
Net cash (used in) / provided by investing activities (B)	-	-
Cash flows from financing activities		
Proceeds from issue of equity shares, net of issue expenses	-	1,00,000
Net cash (used in) / provided by financing activities (C)	-	**1,00,000**
Net increase in cash and cash equivalents (A+B+C)	26,56,611	1,00,000
Cash and cash equivalents at the beginning of the year	1,00,000	-
Cash and cash equivalents at the end of the year/ period	**27,56,611**	**1,00,000**

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

VASAN & SAMPATH LLP • BANGALORE INDIA • CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

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

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

Place: Bengaluru
Date: 09 May 2018

CentreQ Business Services PrivatdLimited
Notes to the Financial Statements for the year ended 31 March 2018

1. Company overview

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

2.1 Significant accounting policies

2.1.1 Basis of preparation

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

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

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

2.1.2 Basis of measurement

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

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

2.1.3 Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounnts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

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

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

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

2.1.4 Current - non current classification

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

Assets

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

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Liabilities

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

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

Operating cycle

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

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.
Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

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

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

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

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

(v) Financial liabilities

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

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(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

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

2.2.3 Fair Value of Financial Instruments

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

2.2.4 Property, plant and equipment

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

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

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

2.2.5 Intangible assets

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

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

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

2.2.7 Impairment

a. Financial assets

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

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CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

b. Non-financial assets

Intangible assets and property, plant and equipment

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

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

2.2.8 Employee benefit

(a) Defined benefit plans

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

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

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

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

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

(c) Compensated absences

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

2.2.9 Provisions

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

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

CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

CentreQ Business Services PrivatdLimited
Notes to the Financial Statements for the year ended 31 March 2018

2.2.10 Revenue

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

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

Deferred revenue represents amounts billed in excess of revenue earned. Unbilled revenue represents revenue earned in excess of amounts billed.

2.2.11 Other income

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

2.2.12 Cost recognition

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

2.2.13 Finance costs

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

2.2.14 Income tax

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

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

2.2.15 Cash flow statement

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

2.2.16 Earnings per share

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

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

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3 Income tax assets (net)

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Advance income tax	387,859	-
	387,859	**-**

4 Trade receivables

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Unsecured		
Considered good	745,337	103,500
	745,337	**103,500**

5 Cash and cash equivalents

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
In current accounts	2,756,611	100,000
	2,756,611	**100,000**

6 Other current assets

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Other advance	14,000	-
Unbilled revenue	418,705	-
	432,705	**-**

7 Share capital

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Authorised		
10,000 (10,000) equity shares of par value of Rs 10 each	100,000	100,000
	100,000	**100,000**
Issued, subscribed and paid-up		
10,000 (10,000) equity shares of par value of Rs 10 each, fully paid u	100,000	100,000
	100,000	**100,000**

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

Particulars	31 March 2018	31 March 2017
Equity shares		
At the commencement of the year/ period	10,000	-
Shares issued during the year/ period	-	10,000
At the end of the year/ period	10,000	10,000

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7.2 Shares held by Holding Company

Equity shares	31 March 2018	31 March 2017
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited	9,999	9,999

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

Equity shares	% of Holding	31 March 2018	31 March 2017
Equity shares of par value Rs 10 each			
Quess Corp Limited	99.99%	9,999	9,999

7.4 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.

8 Other equity

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Retained earnings*	18,375	6,910
	18,375	**6,910**

* For detailed movement of retained earnings refer Statement of changes in Equity

9 Other current liabilities

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Accrued Liabilities	34,82,840	75,500
Balances payable to government authorities	4,89,202	18,000
Amount payable to related party		
Quess Corp Limited	2,23,805	-
	41,95,847	**93,500**

10 Provisions

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Provision for tax	8,290	3,090
	8,290	**3,090**

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CentreQ Business Services Private Limited
Notes to the financial statements for the year ended 31 March 2018

11 Sale of services

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Rendering of payroll related services	48,85,455	90,000
	48,85,455	**90,000**

12 Other expenses

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Rates and taxes	20,092	-
Legal and professional fees*	48,48,698	80,000
	48,68,790	**80,000**

*Payment to auditors (net of Goods and service tax; included in legal and professional fees)

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Statutory audit fees	45,000	45,000
	45,000	**45,000**

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13 *Contingent liabilities and Commitments*

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Contingent liabilities		
Claims against company not acknowledged as Debts	-	-
Commitments		
Estimated amount of contracts remaining to be executed on capital	-	-

14 **Earnings per share**

(Amount in INR except number of shares)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Nominal value of equity shares	1,00,000	1,00,000
Net profit after tax for the purpose of earnings per share	11,465	6,910
Weighted average number of shares used in computing basic earnings per share	10,000	10,000
Basic earnings per share	1.15	0.69
Weighted average number of shares used in computing diluted earnings per share	10,000	10,000
Diluted earnings per share	1.15	0.69

Computation of weighted average number of shares

(Figures in numbers)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Number of equity shares outstanding at beginning of the year/ period	10,000	-
Number of equity shares outstanding at beginning of the previous year after	-	-
Add: Weighted average number of equity shares issued during the year	-	10,000
Weighted average number of shares outstanding at the end of year for computing basic earnings per share	10,000	10,000
Add: Impact of potentially dilutive equity shares	-	-
Weighted average number of shares outstanding at the end of year for computing diluted earnings per share	**10,000**	**10,000**

15 **Related party disclosures**

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
-Immediate Holding Company	Thomas Cook (India) Limited
- Fellow subsidiaries	MFX Infotech Private Limited, India Brainhunter Systems Limited, Canada Mindwire Systems Limited, Canada (formerly known as Zylog Systems (Ottawa) Limited) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC (USA) Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited, Srilanka MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange US, Inc. MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) Quess Corp 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, Singapore Excelus Learning Solutions Private Limited Vedang Cellular Services, India Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) Golden Star Facilities and Services Private Limited Master Staffing Solutions Private Limited Comtelpro Pte. Limited, Singapore

Bangalore

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- Fellow subsidiaries	Comtelink Sdn. Bhd., Malaysia MFX Chile SpA, Chile Monster.com (India) Private Limited Monster.com.sg Pte. Limited, Singapore Monster.com.HK Limited, Hongkong Monster Malaysia Sdn. Bhd., Malaysia
- Associates of the holding company	Terrier Security Services (India) Private Limited Simpliance Technologies Pvt Ltd Heptagon Technologies Pvt Ltd Quess Recruit, Inc, Philippines
- Joint Venture of Holding Company	Trimax Smart Infraprojects Private Limited
- Joint Venture of Fellow Subsidiary	Himmer Industrial Services (M) SDN BHD
- Fellow subsidiary of the holding company	National Collateral Management Services Limited
- Entity having common directors	Quess Corp Limited Quess (Philippines) corp Quess Corp (USA) Inc. IKYA Business Sevices (Private) Limited MFX Infotech Private Limited Hofincons Infotech & Industrial Services Private Limited Brainhunter systems Limited, Canada MFXChange Holdings Inc, Canada Aravon Services Private Limited Quesscorp Holdings Pte. Ltd., Singapore MFXChange Inc, USA Dependo Logistics Services Private Limited Comtel Solutions Pte. Ltd. Conneqt Business Solutions Limited Monster.Com (India) Pvt Ltd Comtel Pro.Pte. Ltd. Coachieve Solutions Private Limited Inticore Vjp Advance Systems Private Limited Excelus Learning Solutions Private Limited Go Digit Infoworks Service Private Limited Go Digit General Insurance Limited
- Entities in which key managerial personnel have significant influence	Quess Corp Limited Co-achieve Solutions Private Limited Quess (Philippines) Corp Quess Corp (USA) Inc. IKYA Business Sevices (Private) Limited MFX Infotech Private Limited Hofincons Infotech & Industrial Services Private Limited Brainhunter systems Limited, Canada MFXChange Holdings Inc, Canada Aravon Services Private Limited Quesscorp Holdings Pte. Ltd., Singapore MFXChange Inc, USA Dependo Logistics Services Private Limited Comtel Solutions Pte. Ltd. Conneqt Business Solutions Limited Monster.Com (India) Pvt Ltd Comtel Pro.Pte. Ltd. Inticore Vjp Advance Systems Private Limited Excelus Learning Solutions Private Limited

Key executive management personnel

Name	**Designation**
Subrata Kumar Nag	Director
Ranjit Nair	Director

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(ii) **Related party transactions during the year**

Particulars		For the year ended 31 March 2018	For the period ended 31 March 2017
Revenue from Operations			
	Go Digit General Insurance Limited	8,46,535	-
	Go Digit Infoworks Services Pvt Ltd	2,35,000	-
Payment made by related parties on behalf of the Company			
	Quess Corp Limited	2,23,805	-
Professional fees			
	Quess Corp Limited	32,50,000	-

(iii) **Balance receivable from and payable to related parties as at the balance sheet date:**

Particulars		31 March 2018	31 March 2017
Other payables	Quess Corp Limited	34,73,805	-

(iv) **Compensation of key managerial personnel***

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Ranjit Nair	-	-
Subrata Nag	-	-
	-	-

16 **Dues to micro, small and medium enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

17 **Comparability with previous period**

Current year figures pertain to the operations for the year 01 April 2017 to 31 March 2018. Previous period figures relate to a period from 9 Nov 2016 to 31 March 2017. As such, current year figures are not comparable with those of the previous period. Previous year's figures have been regrouped/ reclassified to make them comparable with those of current year.

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VARSAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

18 Taxes

A Amount recognised in profit or loss

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Current tax:		
In respect of the current year	5,200	3,090
Excess provision related to prior years	-	-
Deferred tax:		
Attributable to:		
Origination and reversal of temporary differences	-	-
Increase/ reduction of tax rate	-	-
Income tax expense reported in the Statement of Profit and Loss	**5,200**	**3,090**

B Reconciliation of effective tax rate

(Amount in INR)

Particulars	For the year ended 31 March 2018		For the period ended 31 March 2017	
	Rate	Amount	Rate	Amount
Profit before tax		16,665		10,000
Tax using the Company's domestic tax rate	30.90%	5,200	30.90%	3,090
Effect of:				
Tax exempt income	0.00%	-	0.00%	-
Non-deductible expenses	0.00%	-	-	-
Unrecognised tax losses	0.00%	-	-	-
Deferred tax credit for earlier periods	0.00%	-	-	-
Difference in enacted tax rate	0.00%	-	-	-
Effective tax rate	**30.90%**	**5,200**	**30.90%**	**3,090**
Less: Excess provision related to prior years	-	-	0.00%	-
Income tax expense reported in the Statement of Profit and Loss	**30.90%**	**5,200**	**0.00%**	**3,090**

C The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017

Non-current tax assets (net)

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	3,87,859	-
Income tax liabilities	-	-
Net income tax assets at the end of the year/ period	**3,87,859**	**-**

Current tax liabilities (net)

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	-	-
Income tax liabilities	-	-
Net income tax liabilities at the end of the year/ period	-	-

D Deferred tax assets, net

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset and liabilities are attributable to the following:		
Deferred tax assets:		
Impairment loss allowance on financial assets	-	-
Provision on employee benefits- Gratuity & Compensated absences	-	-
Deffered Tax on Bonus	-	-
Provision for disputed Claims	-	-
Interest on Service Tax	-	-
Provision for rent Escalation	-	-
Present Valuation of Financial Instruments	-	-
Deferred Tax others	-	-
Deffered tax on fixed assets	-	-
Minimum alternate tax credit entitlement	-	-
Net deferred tax assets	-	-

E Recognised deferred tax assets and liabilities

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

(Amount in INR)

For the year ended 31 March 2018	Opening balance	Additions through business combinations	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-
Provision for disputed claims	-	-	-	-	-
Provision for rent escalation	-	-	-	-	-
Others	-	-	-	-	-
Business loss cureent year and carried forwrad	-	-	-	-	-
Unabosrbed Depreciation CY and carried forward	-	-	-	-	-
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	-	-	-	-	-
Net deferred tax assets	-	-	-	-	-

(Amount in INR)

For the year ended 31 March 2017	Opening balance	Additions through business combinations	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-
Provision for disputed claims	-	-	-	-	-
Provision for rent escalation	-	-	-	-	-
Others	-	-	-	-	-
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	-	-	-	-	-
Net deferred tax assets	-	-	-	-	-

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CENTERQ BUSINESS SERVICE PVT. LTD. Bangalore

19 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 INR)

Particulars	Carrying amount	Fair value		
	31-Mar-18	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	7,45,337	-	7,45,337	-
Cash and cash equivalents including other bank balances	27,56,611	-	27,56,611	-
Other financial assets	-	-	-	-
Unbilled revenue	4,18,705	-	4,18,705	-
Financial assets measured at fair value				
Investment in preference shares	-	-	-	-
Other non-current investments	-		-	-
Total financial assets	**39,20,653**	**-**	**39,20,653**	**-**
Financial liabilities measured at amortised cost				
Non-convertible debentures	-	-	-	-
Finance lease obligations	-	-	-	-
Borrowings other than above	-	-	-	-
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
Financial liabilities measured at fair value				
Contingent consideration	-	-	-	-
Financial liability towards put option	-	-	-	-
Financial liability	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

(Amount in INR)

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	-	-	-	-
Cash and cash equivalents including other bank balances	1,00,000	-	1,00,000	-
Other financial assets	-	-	-	-
Unbilled revenue	-	-	-	-
	-			
Financial assets measured at fair value	-			
Other non-current investments	-	-	-	-
Total financial assets	**1,00,000**	**-**	**1,00,000**	**-**

(Amount in INR)

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Finance lease obligations	-	-	-	-
Borrowings other than above	-	-	-	-
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
	-			
Financial liabilities measured at fair value	-			
Contingent consideration	-	-	-	-
Non-controlling interests put option	-	-	-	-
Financial liability	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

** The fair value of these financial instruments is determined by using level 3 inputs of the fair value hierarchy*

Fair value hierarchy

Level 1: Quoted Price (Unadjusted) in active markets for identical assets or liabilities

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

Level 3: Inputs for the assets or liabilities that are not based unobservable market data (Unobservable inputs)

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CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

CentreQ Business Services Private Limited
Notes to the financial statements for the year ended 31 March 2018

20 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
• Credit risk;
• Liquidity risk; and
• Market risk

Risk management framework

The Board of Directors of CentreQ Business Services Private Limited 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.

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and current asset. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

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 its customer. 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 credit worthiness 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 31 March 2018 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 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 2018

(Amount in INR)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	-	-	-	No	-
Past due 1–90 days	7,45,337	-	-	No	7,45,337
Past due 91–180 days	-	-	-	No	-
Past due 181–270 days	-	-	-	No	-
Past due 271–360 days	-	-	-	No	-
Above 360 days	-	-	-	Yes	-
	7,45,337	-	-		**7,45,337**

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Cash and cash equivalents includes investment in fixed deposits with banks.

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 liabilties 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 deposit. 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.

VASAN & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE INDIA

CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

CentreQ Business Services Private Limited
Notes to the financial statements for the year ended 31 March 2018

i) Financing arrangement
The Company maintains the following line of credit:
(i) The Company has not taken any loan as at 31 March 2018

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017.The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018 *(Amount in INR)*

Particulars		Contractual cash flows			
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	-	-	-	-	-
Trade payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-

As at 31 March 2017 *(Amount in INR)*

Particulars		Contractual cash flows			
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	-	-	-	-	-
Trade payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-

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.

iv) 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, bill discounting and term loan facilities and loans from related parties which carries variable rate of interest.

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

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	-	-
Fixed rate borrowings	-	-
Total borrowings	-	-

(b) Sensitivity

(Amount in INR)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2018				
Variable rate borrowings	-	-	-	-
31 March 2017	-			
Variable rate borrowings	-	-	-	-

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

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

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

CENTREQ BUSINESS SERVICE PVT. LTD. Bangalore

Place: Bengaluru
Date: 09 May 2018

Independent Auditor's Report

To,
The Members
CoAchieve Solutions Private Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **CoAchieve Solutions Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2018**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (Herein after referred to as "Standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

Auditor's Responsibility

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

In conducting 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 and the Order issued under section 143(11) of the Act.

Vasan & Sampath LLP (LLPIN: AAJ-7762)
Formerly Vasan & Sampath, Chartered Accountants, converted to a Limited Liability Partnership on 22 June 2017

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 state of affairs of the Company as at 31 March 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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e. on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

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

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

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

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 09th May 2018

ANNEXURE A - to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and regulatory Requirements' section of our report to the members of CoAchieve Solutions Private Limited of even date)

1)
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

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

2) The Company is in the business of rendering compliance services & background verification. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

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

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

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

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

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7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income-tax, service tax, goods and services tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. There were no outstanding statutory dues as on 31st March 2018 which were due for more than 6 months from the day they became payable.

b. According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, or goods or services tax, which has not been deposited with the respective authority on account of any dispute.

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

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

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

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

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

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

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

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

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

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

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Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 09th May 2018

ANNEXURE - B to the Independent Auditors' Report

(Referred to in the paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to Members of CoAchieve Solutions Private Limited of even date)

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

We have audited the internal financial controls over financial reporting of **CoAchieve Solutions Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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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 authorizations of management and directors of the company; and
3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 09th May 2018

Coachieve Solutions Private Limited
Balance Sheet

	Note	As at 31 March 2018	As at 31 March 2017
			(Amount in Rs)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,088,706	345,975
Intangible assets	4	210,301	166,186
Deferred tax assets (net)	5	1,421,665	-
Income tax assets (net)	5	14,498,785	8,060,365
Other non-current assets	6	45,000	276,250
		17,264,456	**8,848,776**
Current Assets			
Financial assets			
Trade and other receivables	7	13,107,236	9,630,020
Cash and cash equivalents	8	6,267,728	1,249,696
Current loans	9	855,000	855,000
Unbilled revenue	10	32,132,593	2,544,742
Other current assets	11	4,194,572	1,521,619
		56,557,129	**15,801,077**
Total Assets		**73,821,585**	**24,649,853**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	31,100,000	31,100,000
Other equity	13	(73,026,437)	(74,619,739)
Total Equity		**(41,926,437)**	**(43,519,739)**
Liabilities			
Non-current liabilities			
Non- current provisions	14	5,235,277	3,424,689
		5,235,277	**3,424,689**
Current liabilities			
Financial liabilities			
Borrowings	15	92,930,644	48,265,050
Trade payables	16	2,303,815	2,329,211
Other financial liabilities	17	11,263,603	8,207,612
Other current liabilities	18	3,165,597	5,383,143
Current provisions	19	849,086	559,887
		110,512,745	**64,744,903**
Total Equity and Liabilites		**73,821,585**	**24,649,853**

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No.: 004542S/ S200070

VASAN & SAMPATH LLP • BANGALORE INDIA • CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

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

Ranjit Nair
Director
DIN: 07086634

Subrata Kumar Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 09 May 2018

Coachieve Solutions Private Limited
Statement of profit and loss

(Amount in Rs)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	20	117,384,125	82,141,456
Other income	21	-	346,427
Total Income		**117,384,125**	**82,487,883**
Expenses			
Employee benefits expense	22	76,997,435	57,186,288
Finance costs	23	5,339,984	4,839,546
Depreciation and amortisation expense	24	309,206	149,181
Other expenses	25	34,726,496	23,724,842
Total expenses		**117,373,121**	**85,899,857**
Profit/(loss) before tax		**11,004**	**(3,411,974)**
Tax expense	5		
Current tax		(149,802)	-
Adjustments of tax relating to earlier periods		1,664,948	-
Deferred tax		149,802	-
Profit/(loss) for the year		**1,675,952**	**(3,411,974)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(82,653)	(71,343)
Deferred tax		-	-
Other comprehensive income for the year		**(82,653)**	**(71,343)**
Total comprehensive income for the year		**1,593,299**	**(3,483,317)**
Earnings per equity share (face value of Rs 10 each)	30.5		
Basic		0.54	(1.10)
Diluted		0.54	(1.10)

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No.: 004542S/ S200070

Unnikrishnan Menon
Partner
Membership No: 205703

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

Ranjit Nair
Director
DIN: 07086634

Subrata Kumar Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 09 May 2018

Place: Bengaluru
Date: 09 May 2018

Coachieve Solutions Private Limited
Statement of Changes in Equity

(Amount in Rs)

Particulars	Share Capital	OTHER EQUITY			Total Equity attributable to Equity holders of the Company
		Reserves and Surplus		Other Comprehensive Income	
		Securities Premium	Retained Earnings	Remeasurement of the net defined benefit liability/ (asset)	
Balance as at 1 April 2016	**31,100,000**	-	**(70,803,607)**	**(332,815)**	**(40,036,422)**
Add: Loss for the year	-	-	(3,411,974)	-	(3,411,974)
Add: Other comprehensive income for the year					
Remeasurement gain/ (loss) on defined benefit plan	-	-	-	(71,343)	(71,343)
Balance as at 31 March 2017	**31,100,000**	-	**(74,215,581)**	**(404,158)**	**(43,519,739)**
Balance as at 1 April 2017	**31,100,000**	-	**(74,215,581)**	**(404,158)**	**(43,519,739)**
Add: Profit for the year	-	-	1,675,952	-	1,675,952
Add: Other comprehensive income for the year					
Remeasurement gain/ (loss) on defined benefit plan	-	-	-	(82,653)	(82,653)
Balance as at 31 March 2018	**31,100,000**	-	**(72,539,629)**	**(486,811)**	**(41,926,440)**

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No.: 004542S/ S200070

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Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

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

Ranjit Nair
Director
DIN: 07086634

Subrata Kumar Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 09 May 2018

Coachieve Solutions Private Limited
Statement of Cash Flows

(Amount in Rs)

	For the year ended	
	31 March 2018	**31 March 2017**
Cash flows from operating activities		
Profit/(loss) for the year	**1,593,299**	**(3,483,317)**
Adjustments for:		
Depreciation and amortisation expense	309,206	149,181
Bad debts written off	1,256,579	326,880
Allowance for credit loss	2,140,055	2,127,357
Deposits/ advances written-off	231,250	
Finance costs	5,339,984	4,839,546
Operating cash flows before working capital changes	**10,870,373**	**3,959,647**
Working capital adjustments:		
Changes in:		
Trade and other receivables	(6,873,849)	(9,249,229)
Other financial assets	(29,587,851)	(470,972)
Other assets	(2,672,953)	(1,332,065)
Trade payables	(25,396)	1,615,288
Other financial liabilities	3,055,991	6,165,673
Other liabilities	(2,217,542)	4,851,813
Provisions	2,099,787	1,497,750
Cash generated from operations	**(25,351,440)**	**7,037,905**
Income taxes paid, net of refund	(7,860,085)	(6,254,174)
Net cash (used in) / provided by operating activities (A)	**(33,211,525)**	**783,731**
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangible net of sale proceeds	(1,096,052)	(463,168)
Net cash used in investing activities (B)	**(1,096,052)**	**(463,168)**
Cash flows from financing activities		
Proceeds from borrowings	44,665,594	4,048,905
Finance cost paid	(5,339,984)	(4,839,546)
Net cash provided by/ (used in) financing activities (C)	**39,325,610**	**(790,641)**
Net increase in cash and cash equivalents (A+B+C)	5,018,033	(470,078)
Cash and cash equivalents at the beginning of the year	1,249,696	1,719,774
Cash and cash equivalents at the end of the year (refer note 8)	**6,267,729**	**1,249,696**

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No.: 004542S/ S200070

VASAN & SAMPATH LLP · BANGALORE INDIA · CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

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

Ranjit Nair
Director
DIN: 07086634

Subrata Kumar Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 09 May 2018

Coachieve Solutions Private Limited
Notes to the financial statements for the year ended 31 March 2018

1. Company overview
CoAchieve Solutions Private Limited ('CoAchieve' or 'the Company') was incorporated on 8 August 2007 under the provisions of Companies Act, 1956, with its registered office in Bengaluru, India. The Company is engaged in the business of rendering Compliance management and background verification services.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

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

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

2.1.2 Basis of measurement

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

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);

ii. Defined benefit and other long-term employee benefits;

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

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

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

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

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

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

CoAchieve Solutions Pvt. Ltd.

2.1.4 Current - non current classification

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

Assets

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

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

Liabilities

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

a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Operating cycle

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

2.2.1 Foreign currency transactions and balances

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Coachieve Solutions Pvt. Ltd.

2.2.2 Measurement of fair values

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

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

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

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

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

2.2.3 Financial instruments

2.2.3.1 Initial recognition

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

2.2.3.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

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

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

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

(v) Financial liabilities

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

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(b) Share Capital
Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

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

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

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

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

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

2.2.6 Intangible assets

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

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

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2.2.7 Leases

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

2.2.8 Impairment

a. Financial assets

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

b. Non-financial assets

Intangible assets and property, plant and equipment

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

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

2.2.9 Employee benefit

(a) Defined benefit plans

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

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

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

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

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(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund and employee state insurance to government administered provident fund and ESI scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

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

2.2.10 Provisions (other than employee benefits)

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

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

2.2.11 Revenue

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

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

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

2.2.12 Other income

Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.

2.2.13 Cost recognition

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

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2.2.14 Finance costs

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

2.2.15 Income tax

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

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

2.2.16 Cash 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

2.2.17 Cash flow statement

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

2.2.18 Earnings per share

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

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

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3 Property, plant and equipment *(Amount in Rs)*

Particulars	Office equipment	Computer equipment	Total
Gross block			
As at 1 April 2016	**309,144**	**234,602**	**543,746**
Additions during the year	61,055	-	**61,055**
Disposals for the year	-	-	-
As at 31 March 2017	**370,199**	**234,602**	**604,801**
Additions during the year	961,158	-	961,158
Disposals for the year	-	-	-
As at 31 March 2018	**1,331,357**	**234,602**	**1,565,959**
Accumulated depreciation			
As at 1 April 2016	**63,377**	**50,945**	**114,322**
Depreciation for the year	66,375	78,129	144,504
Accumulated depreciation on deletions	-	-	-
As at 31 March 2017	**129,752**	**129,074**	**258,826**
Depreciation for the year	140,297	78,130	218,427
Accumulated depreciation on deletions	-	-	-
As at 31 March 2018	**270,049**	**207,204**	**477,253**
Net Block :			
As at 31 March 2018	**1,061,308**	**27,398**	**1,088,706**
As at 31 March 2017	**240,447**	**105,528**	**345,975**

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4 Intangible assets

(Amount in Rs)

Particulars	Computer software	Total
Gross block		
As at 1 April 2016	-	-
Additions during the year	170,863.00	170,863.00
Disposals for the year	-	-
As at 31 March 2017	**170,863**	**170,863.00**
Additions during the year	134,894	134,894.00
Disposals for the year	-	-
As at 31 March 2018	**305,757**	**305,757**
Accumulated amortisation		
As at 1 April 2016	-	-
Amortisation for the year	4,677	4,677
Accumulated amortisation on deletions	-	-
As at 31 March 2017	**4,677**	**4,677**
Amortisation for the year	90,779	**90,779**
Accumulated amortisation on deletions	-	-
As at 31 March 2018	**95,456**	**95,456**
Net Block		
As at 31 March 2018	**210,301**	**210,301**
As at 31 March 2017	**166,186**	**166,186**

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5 A Amount recognised in profit or loss

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Current tax:		
In respect of the current period	(149,802)	-
Adjustments of tax relating to earlier periods (refer note (i) below)	1,664,948	-
Deferred tax:		
Attributable to:		
Origination and reversal of temporary differences	149,802	-
Increase/ reduction of tax rate	-	-
Income tax income/ (expense) reported in the Statement of profit and loss	**1,664,948**	-

(i) The Company pays tax as per the provisions of section 115JB of the Income Tax Act, 1961 where the applicable tax rate is 19.055%

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

(Amount in Rs)

Particulars	For the year ended			
	31 March 2018		31 March 2017	
	Rate	Amount	Rate	Amount
Profit before tax		11,004		(3,411,974)
Tax using the Company's domestic tax rate	-25.75%	(2,833)	30.90%	1,054,300
Effect of:				
Tax exempt income	0.00%	-	-	-
Deferred tax on carry forward losses	25.75%	2,833	-30.90%	(1,054,300)
Effective tax rate	**0.00%**	-	-	-
Less: Excess provision related to prior years reversed		1,664,948		
Income tax income/ (expense) reported in the Statement of profit and loss	**0.00%**	**1,664,948**	-	-

The tax rates under Indian Income Tax Act, for the year ended 31 March 2018 and 31 March 2017 is 25.75% and 30.90% respectively.

* Deferred tax represents MAT expenses

B Deferred tax

Deferred tax relates to the following: *(Amount in Rs)*

Particulars	Balance sheet		Statement of profit and loss	
	As at	As at	For the year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
MAT credit availed	1,421,665		-	-
	1,421,665	-	-	-
Net deferred tax assets/ (liabilities)*	**1,421,665**	-	-	-

* The company has not recognised deferred tax asset as at 31 March 2018 and 31 March 2017, due to absense of reasonable certainty of set off of unabsorbed losses against taxable profits in the forseeable future. However, Company has recognised MAT credit entitlement.

The Company has not created deferred tax assets on the following: *(Amount in Rs)*

Particulars	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment	(12,999)	(23,893)
Provision for doubtful receivables/deposits	1,820,121	1,269,057
Provision for compensated absence	505,431	372,698
Provision for gratuity	1,061,292	653,330
Losses available for offsetting against future taxable income	12,209,178	13,512,098
Others	-	26,941
	15,583,024	**15,810,231**

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

(Amount in Rs)

Particulars	31 March 2018	31 March 2017
Deferred Tax assets	1,421,665	-
Deferred Tax Liabilities	-	-
Net deferred tax assets/ (liability) at the end of the year	**1,421,665**	-

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

(Amount in Rs)

Particulars	31 March 2018	31 March 2017
Income tax assets	14,498,785	8,060,365
Income tax liabilities	-	-
Net income tax assets at the end of the year	**14,498,785**	**8,060,365**

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6 Other non-current assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
(Unsecured and considered good)		
Capital advances	45,000	276,250
	45,000	**276,250**

7 Trade receivables

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured		
Considered good (refer note 30.6)	13,107,235	9,630,020
Considered doubtful	7,068,432	4,928,378
Less: allowances for credit losses (refer note 28)	(7,068,432)	(4,928,378)
	13,107,236	**9,630,020**

8 Cash and cash equivalents

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	6,267,728	1,249,696
	6,267,728	**1,249,696**

9 Current loans

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
(Unsecured and considered good)		
Security deposits	855,000	855,000
	855,000	**855,000**

10 Unbilled revenue

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unbilled revenue (refer note 30.6)	32,132,593	2,544,742
	32,132,593	**2,544,742**

11 Other current assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
(Unsecured and considered good)		
Advances other than capital advances		
Advances to suppliers	552,638	4,437
Advances to employees	3,500,913	1,454,186
Others		
Prepaid expenses	21,359	62,996
Balances receivable from government authorities	119,662	-
	4,194,572	**1,521,619**

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12 Equity share capital

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised		
3,300,000 equity shares of par value of Rs 10 each	33,000,000	33,000,000
	33,000,000	**33,000,000**
Issued, subscribed and paid-up		
3,110,000 equity shares of par value of Rs 10 each, fully paid up	31,100,000	31,100,000
	31,100,000	**31,100,000**

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
Equity shares				
At the commencement of the year	3,110,000	31,100,000	3,110,000	31,100,000
Shares issued during the year	-	-	-	-
At the end of the year	**3,110,000**	**31,100,000**	**3,110,000**	**31,100,000**

12.2 Shares held by holding company

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	3,109,999	31,099,990	3,109,999	31,099,990
	3,109,999	**31,099,990**	**3,109,999**	**31,099,990**

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	3,109,999	99.99%	3,109,999	99.99%
	3,109,999		**3,109,999**	

12.4 Rights, preferences and restrictions attached to equity shares

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

13 Other equity

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Retained earnings	(72,539,626)	(74,215,581)
Other comprehensive income	(486,811)	(404,158)
	(73,026,437)	**(74,619,739)**

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14 Non-current provisions

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefit		
Provision for gratuity (refer note 30.2)	3.804.702	2.360.526
Provision for compensated absences (refer note 30.4)	1,430,575	1,064,163
	5,235,277	**3,424,689**

15 Current borrowings

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Loan from related parties, unsecured		
From Quess Corp Limited (refer note 30.6)	92,930,644	48,265,050
	92,930,644	**48,265,050**

Loan from Quess Corp Limited carrying an interest rate equal to that of 10 year government bond. on a monthly basis, on actual amount utilised, and is repayable on demand.

16 Trade payables

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Dues to micro, small and medium enterprises (refer note 30.3)	-	-
Dues to other than micro, small and medium enterprises	2,303,815	2,329,211
	2,303,815	**2,329,211**

As on 31 March 2018 and 31 March 2017, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

17 Other current financial liabilities

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Other Payables		
Accrued salaries and benefits	6,284,189	4,708,327
Accrued expenses	4,979,414	3,499,285
	11,263,603	**8,207,612**

18 Other current liabilities

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balances payable to government authorities	3,165,597	5,383,143
	3,165,597	**5,383,143**

19 Current provisions

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity (refer note 30.2)	316,822	176.679
Provision for compensated absences (refer note 30.4)	532,264	383,208
	849,086	**559,887**

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20 Sale of services

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Compliance management fees (refer note 30.6)	112,652,569	69,678,442
Background verification fees (refer note 30.6)	4,731,556	12,463,014
	117,384,125	**82,141,456**

21 Other income

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on tax refunds	-	166,387
Miscellaneous income	-	180,040
	-	**346,427**

22 Employee benefits expense

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	70,874,621	51,400,336
Contribution to provident and other funds	3,781,888	3,674,413
Gratuity (refer note 30.2)	1,501,666	924,967
Compensated absences (refer note 30.4)	515,468	536,157
Staff welfare expenses	323,792	650,415
	76,997,435	**57,186,288**

23 Finance costs

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense (refer note 30.7)	5,339,984	4,839,546
	5,339,984	**4,839,546**

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24 Depreciation and amortisation expense

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 3)	218,427	144,504
Amortisation of intangible assets (refer note 4)	90,779	4,677
	309,206	**149,181**

25 Other expenses

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Verification/ compliance management expenses	9,740,456	8,129,332
Travelling and conveyance	9,085,152	6,541,576
Legal and professional fees*	4,341,310	3,170,162
Allowance for credit loss (refer note 28)	2,140,055	2,127,357
Rent (refer note 30 7)	1,448,750	1,449,166
Power and fuel	410,190	381,470
Bad debts written off	1,256,579	326,880
Business promotion expenses	279,500	-
Communication expenses	255,002	349,155
Deposits/ advances written-off	231,250	-
Insurance	68,460	55,325
Printing and stationery	421,372	197,456
Rates and taxes	442,066	93,847
Repairs & Maintenance		
- buildings	618,874	384,834
- others	856,975	464,461
Miscellaneous expenses	3,130,505	53,821
	34,726,496	**23,724,842**

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fees	200,000	200,000
Tax audit fees	-	-
Other services	58,000	-
	258,000	200,000

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26 Financial instruments - fair value and risk management

Accounting classification and fair value

The carrying value and fair value of financial instruments by categories as at 31 March 2018 and 31 March 2017 are as follows:

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.

As at 31 March 2018 *(Amount in Rs)*

Particulars	Carrying value	Fair value		
Financial assets	**31 March 2018**	**Level 1**	**Level 2**	**Level 3**
Amortised cost				
Trade receivable	13,107,236	-	-	13,107,236
Cash and cash equivalents	6,267,728	-	-	6,267,728
Current loans	855,000	-	-	855,000
Unbilled revenue	32,132,593	-	-	32,132,593
Total financial assets	**52,362,557**	-	-	**52,362,557**
Financial liabilities				
Amortised cost				
Borrowings	92,930,644	-	-	92,930,644
Trade payables	2,303,815	-	-	2,303,815
Other financial liabilities	11,263,603	-	-	11,263,603
Total financial liabilities	**106,498,062**	-	-	**106,498,062**

As at 31 March 2017 *(Amount in Rs)*

Particulars	Carrying value	Fair value		
Financial assets	**31 March 2017**	**Level 1**	**Level 2**	**Level 3**
Amortised cost				
Trade receivable	9,630,020	-	-	9,630,020
Cash and cash equivalents	1,249,696	-	-	1,249,696
Current loans	855,000	-	-	855,000
Unbilled revenue	2,544,742	-	-	2,544,742
Total financial assets	**14,279,458**	-	-	**14,279,458**
Financial liabilities				
Amortised cost				
Borrowings	48,265,050	-	-	48,265,050
Trade payables	2,329,211	-	-	2,329,211
Other financial liabilities	8,207,612	-	-	8,207,612
Total financial liabilities	**58,801,873**	-	-	**58,801,873**

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

The fair value of the financial assets and liabilities are 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.

27 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.

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

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

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

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. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry in which the customer operates, also has an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

Expected credit loss assessment for corporate customers as at 1 April 2016, 31 March 2017 and 31 March 2018 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 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.

Expected credit loss for trade receivables:

As at 31 March 2018 *(Amount in Rs)*

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	7,809,238	9.90%	773,317	No	7,035,921
Past due 1–90 days	6,633,518	25.13%	1,667,182	No	4,966,337
Past due 91–180 days	1,838,293	52.58%	966,503	No	871,790
Past due 181–270 days	843,333	72.35%	610,145	No	233,188
Past due 271–360 days	1,555,439	100.00%	1,555,439	Yes	-
Above 360 days	1,495,846	100.00%	1,495,846	Yes	-
	20,175,668		**7,068,432**		**13,107,236**

As at 31 March 2017 *(Amount in Rs)*

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	10,395,678	16.01%	1,664,801	No	8,730,877
Past due 1–90 days	1,102,617	46.54%	513,204	No	589,413
Past due 91–180 days	767,064	73.53%	564,029	No	203,035
Past due 181–270 days	936,828	88.61%	830,133	No	106,695
Past due 271–360 days	233,905	100.00%	233,905	Yes	-
Above 360 days	1,122,306	100.00%	1,122,306	Yes	-
	14,558,398		**4,928,378**		**9,630,020**

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 Rs)

Particulars	31 March 2018	31 March 2017
Balance as at the beginning of the year	**4,928,378**	**2,801,020**
Impairment loss allowances recognised/ (reversed)	2,140,055	2,127,357
Balance as at the end of the year	**7,068,432**	**4,928,377**

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ii) Liquidity risk

The Company's principal source of liquidity are cash and cash equivalents and financial support from the holding company (refer note 15). Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017:

As at 31 March 2018 *(Amount in Rs)*

Particulars	Contractual cash flows			
	Carrying amount	Less than 1 year	1-2 years	2 years and above
Borrowings	92,930,644	92,930,644	-	-
Trade payables	2,303,815	2,303,815	-	-
Other financial liabilities	11,263,603	11,263,603	-	-

As at 31 March 2017 *(Amount in Rs)*

Particulars	Contractual cash flows			
	Carrying amount	Less than 1 year	1-2 years	2 years and above
Borrowings	48,265,050	48,265,050	-	-
Trade payables	2,329,211	2,329,211	-	-
Other financial liabilities	8,207,612	8,207,612	-	-

iii) Market risk

Market risk is the risk that changes in market prices, will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including payables and long term debt. Since the major customer of the Company is its holding company, Companys exposure to market risk is significantly lower.

i) Currency risk

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

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 borrowings as at 31 March 2018 comprises only loan from holding company, which do not expose it to significant interest rate risk.

(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 Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	92,930,644	48,265,050
Total borrowings	**92,930,644**	**48,265,050**

(b) Sensitivity *(Amount in Rs)*

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
31 March 2018				
Variable rate borrowings	(929,306)	929,306	(929,306)	929,306
31 March 2017				
Variable rate borrowings	(482,651)	482,651	(482,651)	482,651

29 Capital management

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

Consistent with others in the industry, the company monitors capital on the basis of following gearing ratio:

Net debt (total liabilities net of cash and cash equivalent) divided by Total equity (as shown in balance sheet date)

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Total External Liabilities	115,748,022	68,169,592
Less: Cash and cash equivalent	6,267,728	1,249,696
Adjusted net debt (borrowings net of cash and cash equivalent)	**109,480,294**	**66,919,896**
Total equity	(41,926,437)	(43,519,739)
Net debt (Total external liabilities) to equity ratio	(2.61)	(1.54)

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30 Notes to accounts

***30.1* Capital Commitments** *(Amount in Rs)*

Particulars	As at 31 March 2018	As at 31 March 2017
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	45,000	276,250
	45,000	**276,250**

Contingent liabilities and Commitments

Particulars	As at 31 March 2018	As at 31 March 2017
Contingent liabilities		
Claims against company not acknowledged as Debts	-	-
	-	-

***30.2* Assets and liabilities relating to employee benefits**

A The Company operates post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The Scheme is not funded. The Company accrued gratuity under the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and the maximum payment is restricted to Rs 20 lakhs.

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability, gratuity plan	4,121,524	2,537,205
Liability for compensated absences	1,962,839	1,447,371
Total employee benefit liability	6,084,363	3,984,576
Current	849,086	559,887
Non- Current	5,235,277	3,424,689
	6,084,363	3,984,576

For details about employee benefit expenses, see note 2.2.9

B Reconciliation of net defined benefit liability/ asset

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ asset and its components:

(Amount in Rs)

Particulars	31 March 2018	31 March 2017
Change in defined benefit obligation		
Obligation at the beginning of the year	2,537,205	1,575,612
Current service cost	1,323,485	802,157
Past service cost	703	-
Interest cost	177,478	122,810
Curtailment cost/(credit)		
Liabilities assumed on acquisition/ (settled on divestiture)		
Plan amendment cost		
Benefit settled	-	(34,717)
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	302,366	(88,556)
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	(219,713)	159,899
Obligation at the end of the year	**4,121,524**	**2,537,205**

C i) Expense recognised in profit or loss *(Amount in Rs)*

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	1,323,485	802,157
Interest cost	177,478	122,810
Net gratuity cost	**1,500,963**	**924,967**

ii) Remeasurement recognised in other comprehensive *(Amount in Rs)*

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Remeasurement of the net defined benefit liability	82,653	71,343
Remeasurement of the net defined benefit asset	-	-
	82,653	**71,343**

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Coachieve Solutions Pvt. Ltd.

D Plan assets

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Funds managed by insurer	-	-
	-	-

E Defined benefit obligation - Actuarial Assumptions

Particulars	31 March 2018	31 March 2017
Discount rate	7.65%	7.00%
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Average duration of defined benefit obligation (in years)	8 Years	8 Years

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

The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

F Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant acturial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

Particulars	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	3,817,248	4,468,104	2,339,804	2,763,281
Future salary growth(1% movement)	4,460,204	3,818,173	2,756,294	2,341,515
Attrition rate (1% movement)	3,766,874	4,644,783	2,268,195	2,965,337

Maturity profile of defined benefit obligation

(Amount in Rs)

Particulars	31 March 2018	31 March 2017
Within 1 year	316,822	176,679
2-5 years	1,727,661	992,683
6-10 years	2,257,570	1,358,129
More than 10 years	4,408,318	2,636,393

30.3 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

30.4 Leave encashment

The Company has accounted the cost of leave encashment based on the acturial valuation report obtained on 31 March 2018 and has estimated a leave encashment liability of Rs 1,962,839 (Previous year, Rs 1,447,371) under projected unit credit method as per Ind AS 19. During the year, the Company accounted incremental liability as compared to liability accounted in previous year in statement of profit and loss for the year.

Key assumptions used in the valuation of leave encashment Liability are as given below:

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Discount rate	7.65%	7.00%
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Mortality rate	LIC (2006-08) published table of mortality rates	LIC (2006-08) published table of mortality rates

30.5 Computation of Earnings per share (EPS)

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Nominal value of equity shares	10	10
Net profit after tax for the purpose of earnings per share	1,675,952	(3,411,974)
Weighted average number of shares used in computing basic earnings per share	3,110,000	3,110,000
Basic earnings per share	**0.54**	**(1.10)**
Weighted average number of shares used in computing diluted earnings per share	3,110,000	3,110,000
Diluted earnings per share	**0.54**	**(1.10)**

Computation of weighted average number of shares

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Number of equity shares outstanding at beginning of the year	3,110,000	3,110,000
Add: Weighted average number of equity shares issued during the year	-	-
Weighted average number of shares outstanding at the end of year for computing basic and diluted earnings per share	3,110,000	3,110,000

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Coachieve Solutions Pvt. Ltd.

30.6 *Related party disclosures*

I. Related party relationships

- Ultimate holding company	Fairfax Financial Holdings Limited
- Intermediate holding company	Thomas Cook (India) Limited
- Holding company	Quess Corp Limited
- Fellow subsidiaries	MFX Infotech Private Limited, India
	Brainhunter Systems Limited, Canada
	Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED)
	Brainhunter Companies Canada Inc, Canada
	Brainhunter Companies LLC (USA)
	Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines)
	Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc)
	Quesscorp Holdings Pte Ltd, Singapore
	Quessglobal (Malaysia) SDN BHD (formerly known as Brainhunter SDN BHD., Malaysia)
	Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
	Ikya Business Services (Private) Limited, Srilanka
	MFXchange Holdings Inc, Canada
	MFXchange (Ireland) Limited
	MFXchange US, Inc.
	MFX Roanoke Inc, USA (merged with MFXchange US, Inc effective 31 December 2015)
	Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited)
	Dependo Logistics Solutions Private Limited
	Inticore VJP Advanced Solutions Private Limited
	Comtel Solutions pte Ltd, Singapore
	CentreQ Business Services Private Limited
	Excelus Learning Solutions Private Limited
	Vedang Cellular Services, India
	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
	Golden Star Facilities and Services Private Limited
	Master Staffing Solutions Private Limited
	Comtelpro Pte. Limited, Singapore
	Comtelink Sdn Bhd., Malaysia
	MFX Chile SpA, Chile
	Monster.com (India) Private Limited
	Monster.com.sg Pte. Limited, Singapore
	Monster.com HK Limited, Hongkong
	Monster Malaysia Sdn Bhd., Malaysia
- Associates of the holding company	
	Terrier Security Services (India) Private Limited
	Simpliance Technologies Pvt Ltd
	Heptagon Technologies Pvt Ltd
	Quess Recruit, Inc, Philippines

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Coachieve Solutions Pvt. Ltd.

Coachieve Solutions Private Limited
Notes to the financial statements for the year ended 31 March 2018

30.6 Related party disclosures (Contd.)

- Fellow subsidiary of the holding company	
	National Collateral Management Services Limited
- Entity having common directors	
	Net Resource Investments Private Limited
	Go Digit Infoworks Service Private Limited
	Go Digit General Insurance Limited
- Joint Venture of a subsidiary	
	Himmer Industrial Services (M) Sdn Bhd, Malaysia
- Joint Venture	
	Trimax Smart Infraprojects Private Limited
-Entities in which key managerial personnel of holding company has significant influence	Styracorp Management services
	IME Consultancy
- Relative of a director	Saraah Isaac

Key executive management personnel

Name	**Designation**
Ajit Isaac	Group MD & Chairman
Subrata Nag	Group CEO & Director
Sudershan Pallaap	Group Company Secretary
Ranjit Nair	Director

(ii) Related party transactions during the year *(Amount in Rs)*

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Holding Company		
Payments made by holding company on behalf of the company		
- Quess Corp Limited	11,510,144	3,475,213
Unsecured loan received from holding company		
- Quess Corp Limited	72,155,000	57,335,000
Unsecured loan received from holding company repaid		
- Quess Corp Limited	39,177,075	-
Interest on unsecured loan received from holding company		
- Quess Corp Limited	5,339,984	4,839,546
Rendering of services by related parties		
- Saraah Isaac	508,490	447,343
- Simpliance Techonogies Private Limited	3,254,709	1,095,375
- Terrier Security Services Private Limited	369,907	-
Unbilled revenue		
- Quess Corp Limited	10,930,983	-
- Terrier Security Services Private Limited	15,394,008	-
Rendering of services to related party		
- Quess Corp Limited	36,889,569	58,246,470
- Thomas Cook (India) Limited	905,324	-
- Aravon Services Private Limited	9,350	101,890
- MFX Infotech Private Limited	-	1,200,000
- Terrier Security Services Private Limited	2,001,761	1,600,000
- Dependo Logistics Solutions Pvt Ltd	122,500	-
Purchase of Capital Asset		
- Simpliance Techonogies Private Limited	-	170,863

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30.6 ***Related party disclosures (Contd.)***

(iii) Balance receivables from or payable to related parties as at the balance sheet date: *(Amount in Rs)*

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured loan payable including interest		
Quess Corp Limited	92,914,244	48,265,050
Debts due to		
Saraah Isaac	38,289	36,465
Simpliance Technologies Private Limited	-	99,450
Aravon Services Private Limited	280	
Debts due from		
Thomas Cook (India) Limited	394,057	606,581
Aravon Services Private Limited	-	6,160
Simpliance Technologies Private Limited	500,000	
MFX Infotech Private Limited	-	1,260,000
Dependo Logistics Solutions Pvt Ltd	42,000	-
Terrier Security Services Private Limited	-	1,840,000

30.7 ***Segment reporting***

The Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The Company is in the business of rendering compliance management and background verification services for group companies and other external clients which are considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

30.8 Previous year figures are reclassified/ regrouped wherever necessary.

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No.: 004542S/ S200070

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Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

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

Ranjit Nair
Director
DIN: 07086634

Subrata Kumar Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 09 May 2018

B S R & Associates LLP
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Independent Auditor's Report
To The Members of Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)

Report on the Audit of Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited) ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flow for the year then ended, and summary of the significant accounting policies and other explanatory information (collectively referred to as the 'Ind AS financial statements').

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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rules issued thereunder.

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

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

Auditor's Responsibility

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

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

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Auditor's Responsibility (continued)

We conducted our audit of the 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 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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 17 May 2017 and 16 May 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, 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 paragraphs 3 and 4 of the Order.

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

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

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

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

   d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed 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 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164(2) of the Act;

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

Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)
Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

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 as at 31 March 2018 on its financial position in note 35 to the Ind AS financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

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

Hemant Maheshwari
Partner
Membership No: 096537

Place: Bengaluru
Date: 03 May 2018

Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)
Annexure A to the Independent Auditor's Report

The Annexure A referred to in the Independent Auditor's Report of even date, on the Ind AS Financial Statements to the Members of Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited) ('the Company') for the year ended 31 March 2018. We report that:

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

(b) The Company has a regular program 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, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted 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, as disclosed in Note 3 on fixed assets to the Ind AS financial statements, are held in the name of the Company.

(ii) The Company is in the business of rendering services, and consequently, does not hold any inventory. Accordingly, paragraph 3(ii) of the Order is 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 Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and Rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)
Annexure A to the Independent Auditor's Report (continued)

(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 Income-tax, Goods and Service tax, Sales-tax, Service tax, Value added tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. Provident fund, Employees' state insurance and Professional Tax have not generally been regularly deposited with the appropriate authorities and there have been delays in a number of 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, Employees' state insurance, Income-tax, Goods and Service tax, Sales-tax, Service tax, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable except as mentioned below:

Name of the statute	Nature of the dues	Amount in ₹ Lakhs	Period to which the amount relates	Due date	Paid subsequent to the year end
Provident Fund and Miscellaneous Provisions Act, 1952	Provident fund	1,650,088	April 2017 to August 2017	15th of the subsequent month	Not paid till date.
Employees' State Insurance Act, 1948	Employee State Insurance	290,775	April 2017 to August 2017	21st of the subsequent month	Not paid till date.
Profession Tax Act	Professional tax	1,395,829	April 2017 to August 2017	15th of the subsequent month	Not paid till date.

(b) According to the information and explanations given to us, there are no dues of Income tax, Goods and Service tax, Sales-tax and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. 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, the following dues of Service tax has not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount in ₹ Lakhs *	Period to which the amount relates	Forum Where the dispute is pending
Finance Act,1994	Service tax	38.59	Financial year 2011-12 to 2013-14	Assistant commissioner, Mumbai
		16.86 (1.37)	Financial year 2011-12	Central Excise Service Tax Appellate Tribunal, Bangalore
		389.89	Financial year 2007 to 2009	Central Excise Service Tax Appellate Tribunal, Mumbai
		62.91	Financial year 2008-09 to 2010-11	High Court of Telangana
		54.12	Financial year 2014-15	Assistant commissioner, Mumbai
		0.62	Financial year 2014-15	Central Excise Service Tax Appellate Tribunal, Bangalore
		4,433.35 (333.74)	Financial year 2011-12 to 2016-17	Central Excise Service Tax Appellate Tribunal, Hyderabad

* Amounts in parenthesis represents amounts paid under protest.

Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)
Annexure A to the Independent Auditor's Report (continued)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or bank as at the balance sheet date. The Company has not obtained loans from Government, nor has it issued any debentures as at the balance sheet date.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. Further, according to the information and explanations given to us and based on our examination of the records on the Company, the money raised by way of terms loans during the year has been utilised for the purpose for which they were raised.

(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) According to the information and explanations given to us and based on our examination of the records on 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) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(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 Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in Note 41 to the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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

Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)
Annexure A to the Independent Auditor's Report (continued)

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

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

Hemant Maheshwari
Partner
Membership No.: 096537

Place: Bengaluru
Date: 03 May 2018

Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)
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')

We have audited the internal financial controls over financial reporting of Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited) ('the Company') as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Conneqt Business Solution Limited (formerly known as Tata Business Support Services Limited)
Annexure B to the Independent Auditor's Report

Meaning of Internal Financial Controls Over Financial Reporting

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

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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Hemant Maheshwari
Partner
Membership No.: 096537

Place: Bengaluru
Date: 03 May 2018

CONNEQT BUSINESS SOLUTIONS LIMITED

(Formerly TATA BUSINESS SUPPORT SERVICES LIMITED)

23rd Annual Report

Regd. Off: Gowra Trinity, Chiran Fort Lane, Begumpet, Hyderabad

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Balance Sheet

(Amount in INR Lakhs)

	Note no.	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	7,614.16	7,755.23	8,149.09
Capital work-in-progress		18.87	0.30	53.06
Intangible assets	4	351.38	369.39	448.70
Financial assets				
Investments	5.1	-	-	558.00
Loans	5.2	1,461.19	1,322.46	973.99
Deferred tax assets (net)	24	2,023.50	1,302.89	741.09
Non-current tax assets	6	5,410.23	4,551.02	7,086.77
Other non-current assets	7	826.50	551.03	404.49
Total non-current assets		**17,705.83**	**15,852.32**	**18,415.19**
Current assets				
Financial assets				
Trade receivables	8.1	10,015.02	12,751.53	11,304.13
Cash and cash equivalents	8.2 (a)	2,004.98	748.24	427.68
Bank balances other than cash and cash equivalents	8.2 (b)	250.00	1.58	2.05
Loans	8.3	443.55	140.73	316.93
Other financial assets	8.4	6,191.39	2,523.68	3,597.26
Other current assets	9	954.33	1,284.80	865.80
Total current assets		**19,859.27**	**17,450.56**	**16,513.85**
TOTAL ASSETS		**37,565.10**	**33,302.88**	**34,929.04**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	9,150.85	9,150.85	9,150.85
Other equity	11	8,504.43	6,655.73	4,827.28
Total equity		**17,655.28**	**15,806.58**	**13,978.13**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	12.1	932.67	313.36	1,317.03
Other financial liabilities	12.2	-	1,654.06	1,595.26
Provisions	13	1,195.09	872.25	624.27
Other non-current liabilities	14	250.80	315.06	234.17
Total non-current liabilities		**2,378.56**	**3,154.73**	**3,770.73**
Current liabilities				
Financial liabilities				
Borrowings	15.1	1,787.58	425.32	3,195.08
Trade payables	15.2	3,244.89	3,220.22	3,605.27
Other financial liabilities	15.3	8,996.56	8,583.07	9,085.10
Provisions	16	2,100.75	1,222.14	680.51
Other current liabilities	17	1,401.48	890.82	614.22
Total current liabilities		**17,531.26**	**14,341.57**	**17,180.18**
Total liabilities		**19,909.82**	**17,496.30**	**20,950.91**
TOTAL EQUITY AND LIABILITIES		**37,565.10**	**33,302.88**	**34,929.04**
Significant accounting policies	2			

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

Hemant Maheshwari
Partner
Membership No.: 096537

Place: Bengaluru
Date: 3 May 2018

***for* and on behalf of the Board of Directors**
Conneqt Business Solutions Limited
CIN: U64200TG1995PLC044060

Subrata Kumar Nag
Chairman
DIN: 02234000

Ajit Krishnakumar
Director
DIN: 08002754

K Srinivasa Rao
Chief Executive Officer

A.S. Krishnan
Chief Financial Officer

V. Sampath
Company Secretary

Place: Bengaluru
Date: 3 May 2018

CONNEQT BUSINESS SOLUTIONS LIMITED

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Statement of profit and loss

(Amount in INR Lakhs)

	Note no.	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	18	73,927.36	67,273.58
Other income	19	368.69	876.16
Total income		**74,296.05**	**68,149.74**
Expenses			
Employee benefits expense	20	53,264.84	46,652.33
Finance costs	21	644.44	749.85
Depreciation and amortisation expense	3, 4	1,910.23	2,303.27
Other operating expenses	22	1,273.95	1,714.06
Other expenses	23	14,478.11	12,971.52
Total expenses		**71,571.57**	**64,391.03**
Profit before tax		**2,724.48**	**3,758.71**
Tax expense:			
Current tax	24	1,435.74	1,926.82
Deferred tax benefit	24	(652.28)	(487.77)
Provision for tax relating to earlier periods	24	(367.19)	-
Profit for the year		**2,308.21**	**2,319.66**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability/ (asset)		(197.48)	(213.86)
Income tax relating to items that will not be reclassified to profit or loss		68.34	74.01
Other comprehensive income for the year, net of income tax		**(129.14)**	**(139.85)**
Total comprehensive income for the year		**2,179.07**	**2,179.81**
Earnings per equity share (face value of INR 10 each)			
Basic (in INR)	32	**2.52**	**2.53**
Diluted (in INR)	32	**2.52**	**2.53**
Significant accounting policies	2		

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

Hemant Maheshwari
Partner
Membership No.: 096537

Place: Bengaluru
Date: 3 May 2018

for **and on behalf of the Board of Directors**
Conneqt Business Solutions Limited
CIN: U64200TG1995PLC044060

Subrata Kumar Nag
Chairman
DIN: 02234000

Ajit Krishnakumar
Director
DIN: 08002754

K Srinivasa Rao
Chief Executive Officer

Place: Bengaluru
Date: 3 May 2018

A.S. Krishnan
Chief Financial Officer

V. Sampath
Company Secretary

CONNEQT BUSINESS SOLUTIONS LIMITED

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Statement of changes in equity

(Amount in INR Lakhs)

	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus		
		Capital redemption reserve	Retained earnings	
Balance as at 1 April 2016	**9,150.85**	-	4,827.28	**13,978.13**
Profit for the year	-	-	2,319.66	2,319.66
On amalgamation of Global Information Services Private Limited	-	-	(21.00)	(21.00)
Appropriations for dividend and taxes thereon	-	-	(330.36)	(330.36)
Re-measurement of defined benefit liability (asset), net of taxes	-	-	(139.85)	(139.85)
Balance as of 31 March 2017	**9,150.85**	-	**6,655.73**	**15,806.58**
Balance as at 1 April 2017	**9,150.85**	-	6,655.73	**15,806.58**
Add: Profit for the year	-	-	2,308.21	2,308.21
Less: Appropriations for dividend and taxes thereon	-	-	(330.34)	(330.34)
Transferred to redemption reserve from retained earnings on account of redemption of preference shares	-	1,500.00	(1,500.00)	-
Re-measurement of defined benefit liability (asset), net of taxes	-	-	(129.14)	(129.14)
Balance as of 31 March 2018	**9,150.85**	**1,500.00**	**7,004.46**	**17,655.31**

As per our Report of even date attached.

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

Hemant Maheshwari
Partner
Membership No.: 096537

Place: Bengaluru
Date: 3 May 2018

for **and on behalf of the Board of Directors**
Conneqt Business Solutions Limited
CIN: U64200TG1995PLC044060

Subrata Kumar Nag
Chairman
DIN: 02234000

Ajit Krishnakumar
Director
DIN: 08002754

K Srinivasa Rao
Chief Executive Officer

A.S. Krishnan
Chief Financial Officer

V. Sampath
Company Secretary

Place: Bengaluru
Date: 3 May 2018

CONNEQT BUSINESS SOLUTIONS LIMITED

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Statement of Cash Flows

(Amount in INR Lakhs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Profit for the year	2,724.48	3,758.71
Adjustments for:		
Depreciation and amortisation expense	1,910.23	2,303.27
(Profit)/loss on sale of property, plant & equipment, net	(4.39)	31.27
Liabilities no longer required written back	-	(154.01)
Bad debts written off	398.96	-
Provision for bad and doubtful debts	25.19	171.15
Provision for doubtful advances	-	25.00
Interest income on term deposits	(54.44)	(62.85)
Unrealised exchange (gain)/ loss	(4.08)	4.79
Dividend from investment in mutual funds	-	(52.02)
Finance costs	644.44	749.85
Operating cash flows before working capital changes	**5,640.39**	**6,775.16**
Decrease/(increase) in trade and other receivable	2,316.34	(1,621.76)
(Increase) decrease in loans and other financial assets	(4,115.58)	876.31
Decrease/(increase) in other assets	55.02	(585.53)
Increase/(decrease) in trade payables and other financial liabilities	366.16	(828.79)
Increase in other liabilities	477.77	345.52
Increase in provisions	1,003.97	575.75
Cash generated from operations	**5,744.07**	**5,536.66**
Income taxes paid, net of refund	(1,927.76)	608.93
Net cash generated from operating activities (A)	**3,816.31**	**6,145.59**
Cash flows from investing activities		
Purchase on property, plant and equipment and intangible assets	(1,660.11)	(1,933.39)
Proceeds from sale of fixed assets	76.76	84.03
Net of sale proceeds from investments	-	-
Dividend from investment in mutual funds	-	52.02
Proceeds from redemption of mutual funds	-	1,125.48
Purchase of equity shares	-	(543.79)
Interest income on term deposits and others	60.76	62.85
Bank deposits (having maturity of more than three months), net	(248.42)	0.47
Net cash used in investing activities (B)	**(1,771.01)**	**(1,152.33)**
Cash flows from financing activities		
Proceeds of long-term borrowings	1,187.52	162.68
Repayment of long-term borrowings	(487.33)	(1,155.25)
Repayment of redeemable preference shares	(1,800.00)	-
Proceeds/ (repayment) of short term borrowings, net	1,000.00	(600.00)
Dividend paid	(330.36)	(330.36)
Finance cost paid	(720.76)	(681.04)
Net cash used in financing activities (C)	**(1,150.93)**	**(2,603.97)**
Net increase in cash and cash equivalents (A+B+C)	**894.37**	**2,389.29**
Cash and cash equivalents at the beginning of the year	322.92	(2,167.40)
Cash and cash equivalents acquired pursuant to the scheme of amalgamation (refer note 33)	-	102.62
Exchange difference on translation of foreign currency cash and bank balances	0.11	(1.59)
Cash and cash equivalents at the end of the year	**1,217.40**	**322.92**

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- In current accounts	1,943.61	736.48
- In EEFC accounts	61.37	11.76
Bank overdraft (refer note 15.1)	(787.58)	(425.32)
Cash and cash equivalents as per the statement of cash flows	**1,217.40**	**322.92**

Note Refer note no. 29 for reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets from financing activities.

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

Hemant Maheshwari
Partner
Membership No: 096537

Place: Bengaluru
Date: 3 May 2018

for **and on behalf of the Board of Directors**
Conneqt Business Solutions Limited
CIN: U64200TG1995PLC044060

Subrata Kumar Nag
Chairman
DIN: 02234000

Ajit Krishnakumar
Director
DIN: 08002754

K Srinivasa Rao
Chief Executive Officer

Place: Bengaluru
Date: 3 May 2018

A.S. Krishnan
Chief Financial Officer

V. Sampath
Company Secretary

CONNEQT BUSINESS SOLUTIONS LIMITED

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Notes to the financial statements (continued)
(All amounts in lakhs of INR, except share data and where otherwise stated)

h. Retained earnings

The above changes (decreased) increased total equity as follows:	As at 1 April 2016	As at 31 March 2017
Recognition of preference shares as financial liability and fair valuation of the same as pee effective interest rate method (EIR)	(1,614.65)	(1,908.08)
Reversal of proposed dividend and recorded in the year of approval	274.53	-
Reversal of dividend tax on the above	55.83	-
Discounting of security deposit on EIR basis	(2.89)	(4.97)
Recognition of provision on Expected credit loss model for Trade receivables	(240.90)	(44.25)
Recognition of provision on Expected credit loss model for Unbilled revenue	(1.55)	(34.09)
Deferred tax impact of Ind AS adjustments	84.90	28.83
Increase in total equity	**(1,444.72)**	**(1,962.57)**

The reconciliation of net profit as previously reported under IGAAP and Ind AS:	For the year ended 31 March 2017
Recognition of preference shares liability and interest expense	(293.45)
Discounting of security deposit on EIR basis	(2.08)
Recognition of provision on Expected credit loss model for Trade receivables	196.65
Recognition of provision on Expected credit loss model for Unbilled revenue	(32.54)
Deferred tax impact of Ind AS adjustments	(56.07)
Increase in total equity	**(187.49)**

Note 38 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, 1961. 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 domestic and international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by 30 November 2018, as required by law. The Management is of the opinion that its domestic and international transactions 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.

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

Hemant Maheshwari
Partner
Membership No.: 096537

Place: Bengaluru
Date: 3 May 2018

for **and on behalf of the Board of Directors**
Conneqt Business Solutions Limited
CIN: U64200TG1995PLC044060

Subrata Kumar Nag
Chairman
DIN: 02234000

Ajit Krishnakumar
Director
DIN: 08002754

K Srinivas Rao
Chief Executive Officer

Place: Bengaluru
Date: 3 May 2018

A.S. Krishnan
Chief Financial Officer

V. Sampath
Company Secretary

CONNEQT BUSINESS SOLUTIONS LIMITED

(All amounts in lakhs of INR, except share data and where otherwise stated)

3 Property, plant and equipment

Reconciliation of carrying amount

	Buildings	Air conditioners	Electrical fittings	Furniture and fittings	Generators	Leasehold improvement	Office equipment	Vehicles	Information technology and networking assets	Total tangible assets
Gross carrying amount										
Deemed cost as at 1 April 2016	3,543.96	291.52	373.75	555.05	39.87	428.92	248.83	400.41	2,266.78	8,149.09
Additions	-	77.88	84.51	122.79	-	143.36	69.63	163.39	1,039.44	1,701.00
Disposals	-	4.92	11.03	4.64	-	8.50	4.90	67.12	16.46	117.57
Balance as at 31 March 2017	**3,543.96**	**364.48**	**447.23**	**673.20**	**39.87**	**563.78**	**313.56**	**496.68**	**3,289.76**	**9,732.52**
Balance as at 1 April 2017	3,543.96	364.48	447.23	673.20	39.87	563.78	313.56	496.68	3,289.76	9,732.52
Additions	-	28.18	56.78	51.02	-	30.87	129.95	187.85	1,146.88	1,631.53
Disposals	-	-	14.38	-	-	-	0.55	57.06	9.64	81.63
Balance as at 31 March 2018	**3,543.96**	**392.66**	**489.63**	**724.22**	**39.87**	**594.65**	**442.96**	**627.47**	**4,427.00**	**11,282.42**
Accumulated depreciation										
Depreciation for the year	62.75	64.63	104.17	230.77	10.30	106.28	99.32	116.05	1,185.30	1,979.57
Disposals	-	-	-	-	-	-	-	2.28	-	2.28
Balance as at 31 March 2017	**62.75**	**64.63**	**104.17**	**230.77**	**10.30**	**106.28**	**99.32**	**113.77**	**1,185.30**	**1,977.29**
Balance as at 1 April 2017	62.75	64.63	104.17	230.77	10.30	106.28	99.32	113.77	1,185.30	1,977.29
Depreciation for the year	62.75	68.74	80.58	166.29	6.99	97.49	91.88	128.96	996.55	1,700.23
Disposals	-	-	0.99	-	-	-	-	8.09	0.18	9.26
Balance as at 31 March 2018	**125.50**	**133.37**	**183.76**	**397.06**	**17.29**	**203.77**	**191.20**	**234.64**	**2,181.67**	**3,668.26**
Carrying amount - net										
As at 31 March 2018	**3,418.46**	**259.29**	**305.87**	**327.16**	**22.58**	**390.88**	**251.76**	**392.83**	**2,245.33**	**7,614.16**
As at 31 March 2017	**3,481.21**	**299.85**	**343.06**	**442.43**	**29.57**	**457.50**	**214.24**	**382.91**	**2,104.46**	**7,755.23**
As at 1 April 2016	**3,543.96**	**291.52**	**373.75**	**555.05**	**39.87**	**428.92**	**248.83**	**400.41**	**2,266.78**	**8,149.09**

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CONNEQT BUSINESS SOLUTIONS LIMITED *

(All amounts in lakhs of INR, except share data and where otherwise stated)

4. Intangible assets

Particulars	Computer software
Gross carrying amount	
Deemed cost as at 1 April 2016	448.70
Additions	244.39
Disposals	-
As at 31 March 2017	**693.09**
Additions	191.99
Disposals	-
As at 31 March 2018	**885.08**
Accumulated amortisation	
Charge for the year	323.70
Disposals	-
As at 31 March 2017	**323.70**
Charge for the year	210.00
Disposals	-
As at 31 March 2018	**533.70**
Carrying amounts - net	
As at 31 March 2018	**351.38**
As at 31 March 2017	**369.39**
As at 1 April 2016	**448.70**

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CONNEQT BUSINESS SOLUTIONS LIMITED *

(All amounts in lakhs of INR, except share data and where otherwise stated)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 8.2 (a)	**Cash and cash equivalents**			
	Balance with banks			
	In current accounts	1,943.61	736.48	427.68
	In EEFC accounts	61.37	11.76	-
		2,004.98	**748.24**	**427.68**

Details of Specified Bank Notes held and transacted during the period 8 November 2016 to 30 December 2016 is as under:

	Specified Bank Notes	Other Denomination Notes	Total
Closing Balance as at 8 November 2016	-	-	-
Add: Receipts for permitted transactions [Refer Note below (ii)]	1.64	56.27	57.91
Less: Deposited in bank accounts	1.64	56.27	57.91
Closing balance as at 30 December 2016	-	-	-

Notes:

(i) The term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November 2016.

(ii) Specified Bank Notes collected by the Company as part of collection business on behalf of banker towards overdue balance of credit cards, as per the instructions from the bank.

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 8.2 (b)	**Bank balances other than cash and cash equivalents**			
	In deposit accounts due to mature within 12 months but more than 3 months*	250.00	1.58	2.05
		250.00	**1.58**	**2.05**
	*These are lien marked deposit against bank guarantee.			
Note 8.3	**Current loans**			
	Unsecured, considered good			
	Security deposits	356.04	95.88	220.13
	Employee loans	87.51	44.85	96.80
		443.55	140.73	316.93
	Unsecured, considered doubtful			
	Employee loans	25.00	25.00	-
	Less: Provision for doubtful employee loans	(25.00)	(25.00)	-
		443.55	**140.73**	**316.93**
Note 8.4	**Other financial assets**			
	Unsecured, considered good			
	Interest accrued on deposits	0.87	7.19	7.19
	Others	98.77	374.84	79.42
	Unbilled revenue	6,091.75	2,141.65	3,510.65
		6,191.39	2,523.68	3,597.26
	Unsecured, considered doubtful			
	Unbilled revenue	-	34.09	1.55
	Less: Provision for unbilled revenue	-	(34.09)	(1.55)
		6,191.39	**2,523.68**	**3,597.26**
Note 9	**Other current assets**			
	Unsecured, considered good			
	Advances other than capital advances			
	Advance to suppliers and service providers	106.42	55.41	55.17
	Service tax credit receivable	-	82.16	2.16
	Others			
	Prepaid rent	28.64	26.47	21.92
	Prepaid expenses	819.27	1,120.76	786.55
		954.33	**1,284.80**	**865.80**

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(All amounts in lakhs of INR, except share data and where otherwise stated)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 8.2 (a)	**Cash and cash equivalents**			
	Balance with banks			
	In current accounts	1,943.61	736.48	427.68
	In EEFC accounts	61.37	11.76	-
		2,004.98	**748.24**	**427.68**

Details of Specified Bank Notes held and transacted during the period 8 November 2016 to 30 December 2016 is as under:

	Specified Bank Notes	Other Denomination Notes	Total
Closing Balance as at 8 November 2016	-	-	-
Add: Receipts for permitted transactions [Refer Note below (ii)]	1.64	56.27	57.91
Less: Deposited in bank accounts	1.64	56.27	57.91
Closing balance as at 30 December 2016	-	-	-

Notes:

(i) The term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November 2016.

(ii) Specified Bank Notes collected by the Company as part of collection business on behalf of banker towards overdue balance of credit cards, as per the instructions from the bank.

(iii) The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the period ended 31 March 2017 have been disclosed.

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 8.2 (b)	**Bank balances other than cash and cash equivalents**			
	In deposit accounts due to mature within 12 months but more than 3 months*	250.00	1.58	2.05
		250.00	**1.58**	**2.05**
	*These are lien marked deposit against bank guarantee.			
Note 8.3	**Current loans**			
	Unsecured, considered good			
	Security deposits	356.04	95.88	220.13
	Employee loans	87.51	44.85	96.80
		443.55	140.73	316.93
	Unsecured, considered doubtful			
	Employee loans	25.00	25.00	-
	Less: Provision for doubtful employee loans	(25.00)	(25.00)	-
		443.55	**140.73**	**316.93**
Note 8.4	**Other financial assets**			
	Unsecured, considered good			
	Interest accrued on deposits	0.87	7.19	7.19
	Others	98.77	374.84	79.42
	Unbilled revenue	6,091.75	2,141.65	3,510.65
		6,191.39	2,523.68	3,597.26
	Unsecured, considered doubtful			
	Unbilled revenue	-	34.09	1.55
	Less: Provision for unbilled revenue	-	(34.09)	(1.55)
		6,191.39	**2,523.68**	**3,597.26**
Note 9	**Other current assets**			
	Unsecured, considered good			
	Advances other than capital advances			
	Advance to suppliers and service providers	106.42	55.41	55.17
	Service tax credit receivable	-	82.16	2.16
	Others			
	Prepaid rent	28.64	26.47	21.92
	Prepaid expenses	819.27	1,120.76	786.55
		954.33	**1,284.80**	**865.80**

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CONNEQT BUSINESS SOLUTIONS LIMITED *

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Notes to the financial statements (continued)
(All amounts in lakhs of INR, except share data and where otherwise stated)

Note 10 Share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	INR in Lakhs	No. of Shares	INR in Lakhs	No. of Shares	INR in Lakhs
(a) Authorised:						
Equity shares of INR 10 each	15,10,00,000	15,100.00	15,10,00,000	15,100.00	15,10,00,000	15,100.00
Redeemable preference shares of INR 10 each	4,00,00,000	4,000.00	4,00,00,000	4,000.00	4,00,00,000	4,000.00
(b) Issued, Subscribed and Fully Paid-up:						
Equity shares of INR 10 each	9,15,08,502	9,150.85	9,15,08,502	9,150.85	9,15,08,502	9,150.85
		9,150.85		**9,150.85**		**9,150.85**

Notes:

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	2017-18		2016-17	
	No. of Shares	INR in Lakhs	No. of Shares	INR in Lakhs
At the beginning of the year	9,15,08,502	9,150.85	9,15,08,502	9,150.85
Add: Share capital issued	-	-	-	-
At the end of the year	**9,15,08,502**	**9,150.85**	**9,15,08,502**	**9,150.85**

ii. Details of shares held by each shareholders holding more than 5% Shares:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares						
Quess Corp Limited and its nominees	4,66,69,336	51%	-	-	-	-
TATA Sons Limited and its nominees	4,48,39,166	49%	8,74,54,454	96%	8,74,54,454	96%

iii. Rights, preferences and restrictions relating to each class of share capital:
The Company has one class of equity shares having a face value of INR 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholdings.

iv. Details of Bonus shares issued, shares issued for considerations other than cash during the period of five years immediately preceding the reporting date:
During the year ended 31 March 2016, 8,108,102 equity shares of INR 10 each fully paid-up and 15,000,000 12.33% cumulative redeemable preference shares of INR 10 each fully paid up were issued to the Shareholders of erstwhile e-Nxt Financials Limited (e-Nxt) pursuant to a scheme of amalgamation between e-Nxt and the Company. Cumulative redeemable preference shares have been classified as liability.

v. Shares held by holding company and their nominees:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity shares of INR 10 each, fully paid up held by						
Quess Corp Limited and its nominees (Holding Company from 27 November 2017)	4,66,69,336	46,66,93,360	-	-	-	-
TATA Sons Limited and its nominees (Holding Company till 27 November 2017)	-	-	8,74,54,454	87,45,44,540	8,74,54,454	87,45,44,540

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CONNEQT BUSINESS SOLUTIONS LIMITED

(All amounts in lakhs of INR, except share data and where otherwise stated)

		As at 31 March 2018	As at 31 March 2017
Note 11.1	**Other equity**		
	(i) Retained earnings		
	Opening balance	6,655.73	4,827.28
	Add: Surplus as per statement of profit and loss	2,308.20	2,319.66
	Less: Transferred to capital redemption reserve from retained earnings on account of redemption of preference shares	(1,500.00)	-
	On amalgamation of Global Information Services Private Limited	-	(21.00)
	Re-measurement of defined benefit liability (asset), net of taxes	(129.14)	(139.85)
		7,334.79	**6,986.09**
	Appropriations		
	Dividend distributed to equity shareholders	(274.53)	(274.53)
	Tax on dividend distribution	(55.83)	(55.83)
		7,004.43	**6,655.73**
	(ii) Capital redemption reserve		
	Opening balance	-	-
	Add: preference shares to be redeemed during the year	1,500.00	-
		1,500.00	**-**
		8,504.43	**6,655.73**

Capital redemption reserve ("CRR")

The Company had issued 12.33% cumulative redeemable preference shares having face value of INR 10 each and redeemable at INR 12 each. As per the provisions of the Companies Act, 2013, the Company is required to create a capital redemption reserve equivalent to the nominal value of shares redeemed out of the profits of the Company. Such reserve can be created out of the free reserves of the Company. Accordingly, the Company has created CRR out of the retained earnings of earlier years. As per the provisions of the Companies Act, 2013, such CRR can be used for issuing fully paid up bonus shares.

Note 11.2 **Dividend**

The following dividends were declared and paid by the Company during the year:

	For the year ended 31 March 2018	For the year ended 31 March 2017
INR 0.03 per equity share (31 March 2016: INR 0.03)	274.53	274.53
Dividend distribution tax (DDT) on dividend to equity share holders	55.83	55.83
	330.36	**330.36**

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		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 12.1	**Borrowings**			
	Secured			
	Loan from related party (refer note 1 and 2 below)	666.66	30.26	1,012.93
	Vehicle loans (refer note 3 below)			
	(i) From banks	266.01	282.60	297.77
	(ii) From related party	-	0.50	6.33
		932.67	**313.36**	**1,317.03**

Note: Terms of repayment with respect to Balance Sheet date:

1) Loan obtained from TATA Capital Financial Services Limited was repayable in 14 equal monthly instalment as on 31 March 2017 and carried a floating rate of interest which was 10.20% p.a The loan was preclosed during the current year. Amount outstanding (including current maturities) as at 31 March 2018 is Nil (31 March 2017: INR 312.94 lakhs, 1 April 2016: INR 1,295.60 lakhs).

2) A new loan was obtained from TATA Capital Financial Services Limited which is secured by mortgage of property, is repayable in 36 equal monthly instalments and carries a floating rate of interest which is based on Long-term lending rate (LTLR) less 7.75% which is presently at 10.50% p.a. Amount outstanding (including current maturities) as at 31 March 2018 is INR 1,000 lakhs (31 March 2017: Nil, 1 April 2016: Nil).

3) Vehicle Loans are repayable in equal monthly instalments over a period of 5 years from the date of availing respective loan. The same is secured by hypothecation of the vehicles financed. Rate of interest is in the range of 9.25% to 11.87% p.a. and number of instalments pending for payments are ranging between 4 - 60 instalments. Amount outstanding (including current maturities) as at 31 March 2018 is INR 408.33 lakhs (31 March 2017: INR 395.20 lakhs, 1 April 2016: INR 405.10 lakhs).

Note 12.2	**Other non-current financial liabilities**			
	12.33% redeemable preference shares liability	-	1,654.06	1,595.26
		-	**1,654.06**	**1,595.26**

The Company allotted 12.33% cumulative redeemable preference shares having a face value of INR 10 each with such rights, privileges and conditions attached thereto as may be from time to time confirmed by the Company. These shares are redeemable at a premium of 20%. These preference shares are classified as financial liability and are recognised at amortised cost using Effective interest rate (EIR method). The Company has redeemed the these preference shares on 29 March 2018.

Note 13	**Non-current provisions**			
	Provision for employee benefits			
	Compensated absences	1,195.09	872.25	624.27
		1,195.09	**872.25**	**624.27**
Note 14	**Other non-current liabilities**			
	Unearned revenue	58.70	68.93	51.39
	Accruals on straight lining of lease rentals	192.10	214.76	163.39
	Statutory dues	-	31.37	19.39
		250.80	**315.06**	**234.17**

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		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 15.1	**Borrowings**			
	Secured Loans			
	Loans repayable on demand - From Banks			
	Cash Credits (refer note 1 below)	787.58	425.32	2,595.08
	Other loans			
	Loan from related party (refer note 2 below)	1,000.00	-	-
	Unsecured Loans from others			
	Inter-Corporate deposit (refer note 3 below)	-	-	600.00
		1,787.58	**425.32**	**3,195.08**

1) The Company has taken cash credit facility from Union Bank of India and HDFC Bank Limited.

Cash credit from Union Bank of India amounts to INR 4,300 Lakhs which is secured by hypothecation of book debts and entire movable assets of the Company other than those specifically charged for LC and other lenders. The same is repayable on demand and carries a floating interest rate of 1 year MCLR plus 1.30% which is presently 9.50% p.a.

Cash credit from HDFC amount to INR 4,700 Lakhs which is secured by pari passu first charge on current assets and movable fixed assets of the Company along with Union Bank of India. The same is repayable on demand and carries a floating interest rate of 1 year MCLR plus 20 basis points.
2) A new loan was obtained from TATA Capital Financial Services Limited which is secured by mortgage of property and is repayable in 12 equal monthly instalments plus interest at floating rate, presently being 6.50% p.a. (Also refer note 25)

3) The Company had taken Inter-Corporate deposit from Tata Capital Limited for a period of 179 days commencing from 21 December 2015. Such deposits were interest bearing and the interest payable on the same was 10% p.a. The Company had repaid such deposits on 16 June 2016.

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 15.2	**Trade payables**			
	Dues to micro and small enterprises (refer note below)	-	-	-
	Other trade payables*	3,244.89	3,220.22	3,605.27
		3,244.89	**3,220.22**	**3,605.27**

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 27.

* Includes trade payables to related party. Refer note 25 for related party disclosures.

Dues To Micro, Small And Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 that recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the financial statements based on information received and available with the Company. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year; - Principal amount payable to suppliers as at the year-end - Interest accrued on the above amount as at the year end	-	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year;	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
	-	-

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		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 15.3	**Other financial liabilities**			
	Current maturities of long-term borrowings (refer note 12.1)			
	-Term loan from related party	333.34	282.68	282.67
	-Vehicle Loans from bank	141.81	108.95	89.34
	-Vehicle Loans from related party	0.51	3.15	11.66
	Interest accrued but not due	-	5.94	7.90
	Current maturities of 12.33% redeemable preference shares liability	-	184.95	184.95
	Security deposits	205.83	225.60	224.57
	Capital creditors	327.67	145.66	214.28
	Employee payables	4,209.87	3,332.73	2,619.29
	Accrued expenses	3,666.98	3,755.75	5,098.84
	Other payables	110.55	537.66	351.60
		8,996.56	**8,583.07**	**9,085.10**
Note 16	**Current provisions**			
	Provisions for employee benefits			
	Compensated absences	927.99	428.75	336.96
	Gratuity (refer note 30)	624.59	236.19	190.52
	Other provisions			
	Fringe benefit tax	-	9.03	9.03
	Provision for trade and others	548.17	548.17	144.00
		2,100.75	**1,222.14**	**680.51**

Movements in other provisions

	Fringe benefit tax	Provision for trade and others	Total
Balance as on 1 April 2016	9.03	144.00	153.03
Provisions made during the year	-	404.17	404.17
Provisions utilised during the year	-	-	-
Balance as on 31 March 2017	**9.03**	**548.17**	**557.20**
Balance as on 1 April 2017	9.03	548.17	557.20
Provisions made during the year	-	-	-
Provisions utilised during the year	(9.03)	-	(9.03)
Balance as on 31 March 2018	-	**548.17**	**548.17**

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 17	**Other current liabilities**			
	Advance from Customers	14.20	153.61	-
	Unearned revenue	19.34	8.23	31.26
	Statutory dues	1,338.59	687.96	582.96
	Accruals on straight lining of lease rentals	29.35	41.02	-
		1,401.48	**890.82**	**614.22**

(All amounts in lakhs of INR, except share data and where otherwise stated)

		For the year ended 31 March 2018	For the year ended 31 March 2017
Note 18	**Revenue from operations**		
	Sale of services	73,927.36	67,273.58
		73,927.36	**67,273.58**
Note 19	**Other income**		
	Interest income on :		
	- Fixed deposits	8.55	28.18
	- Income tax refund	171.52	518.73
	- Others	45.89	34.67
	Rental income (refer note 34)	20.55	19.34
	Net gain on exchange differences	22.61	-
	Profit on sale of property, plant and equipment, net	4.39	-
	Liabilities/ provisions no longer required written back	-	154.01
	Dividend from mutual funds	-	52.02
	Miscellaneous income	95.18	69.21
		368.69	**876.16**
Note 20	**Employee benefits expense**		
	Salaries and wages	47,518.88	41,458.26
	Contribution to provident and other funds	3,691.23	2,928.02
	Staff welfare expenses	2,054.73	2,266.05
		53,264.84	**46,652.33**
Note 21	**Finance costs**		
	Interest expense on:		
	- Term loans	46.64	207.56
	- Other credit facilities	147.25	223.52
	- Preference shares liability	397.03	293.43
	Bank charges	53.52	25.34
		644.44	**749.85**
Note 22	**Other operating expenses**		
	Infra and administrative support expenses	601.60	1,015.21
	Outsourcing services and other contractual costs	384.83	265.84
	Collection charges	287.52	433.01
		1,273.95	**1,714.06**

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(All amounts in lakhs of INR, except share data and where otherwise stated)

		For the year ended 31 March 2018	For the year ended 31 March 2017
Note 23	**Other expenses**		
	Power and fuel	1,872.00	1,735.76
	Rent (refer note 34)	3,561.54	2,867.30
	Repairs and maintenance		
	- Buildings	980.77	695.62
	- Machineries	970.85	697.68
	- Others	141.97	223.02
	Insurance	52.04	58.07
	Rates and taxes	246.85	550.38
	Communication	374.23	314.22
	Travelling and conveyance	1,617.19	1,490.92
	Printing and stationery	113.41	123.46
	Business promotion	136.24	119.02
	Recruitment and training	458.08	499.65
	Legal and professional fees (refer note i below)	1,436.13	1,110.27
	Provision for doubtful debts	25.19	171.15
	Bad debts written off	398.96	-
	Provision for doubtful advances	-	25.00
	Net loss on foreign currency transactions and translations	-	31.38
	Connectivity expenses	535.81	617.44
	Security charges	667.04	597.67
	Housekeeping charges	580.12	523.44
	Technology helpdesk	185.43	168.72
	Brand equity and brand promotion	45.00	168.00
	Expenditure on corporate social responsibility (refer note ii below)	63.41	57.26
	Loss on sale of property, plant and equipment, net	-	31.27
	Provision for unbilled revenue	-	32.54
	Miscellaneous expenses	15.84	62.28
		14,478.11	**12,971.52**

(i) Details of payments to auditors

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit	25.50	24.00
Tax audit	2.50	3.00
Other attest services, certifications & reviews	6.00	3.00
Reimbursement of expenses	1.36	0.17
	35.36	**30.17**

(ii) Details of expenditure on corporate social responsibility

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Amount required to be spent by the Company during the year	63.14	58.83

Amount spent during the year ended 31 March 2018	**Amount paid in cash**	**Yet to be paid in cash**
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	63.41	-

Amount spent during the year ended 31 March 2017	**Amount paid in cash**	**Yet to be paid in cash**
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	57.26	-

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Note 24 Income tax

The major components of income tax expense for the year ended 31 March 2018 and year ended 31 March 2017 are:

Particulars	For the year ended	
	31 March 2018	31 March 2017
Statement of profit and loss account		
Current income tax	1,435.74	1,926.82
Deferred tax	(652.28)	(487.77)
Provision for tax relating to earlier periods	(367.19)	-
Income tax expense reported in the statement of profit and loss	**416.27**	**1,439.05**
Other comprehensive income		
- Deferred tax arising on income and expense recognised in other comprehensive income	(68.34)	(74.01)
Total	**347.93**	**1,365.04**

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

	For the year ended			
	31 March 2018		31 March 2017	
Profit before tax		2,724.48		3,758.71
Computed expected tax expense	34.608%	942.89	34.608%	1,300.82
Effect of:				
Adjustments of tax relating to earlier periods	-13.48%	(367.19)	0.00%	-
Non- deductible expenses	5.85%	159.35	3.79%	142.62
Tax incentives under sec 80JJAA of the Income Tax Act,	-11.52%	(313.96)	-	-
Tax exempt income	-	-	-0.48%	(18.00)
Others	-0.18%	(4.82)	0.36%	13.62
Total income tax expense	**15.28%**	**416.27**	**38.29%**	**1,439.05**

The tax rates under Indian Income-tax Act, 1961 for the year ended 31 March 2018 and 31 March 2017 is 34.608%.

Deferred tax

Deferred tax relates to the following:

Deferred tax assets/ (liabilities)	Balance as at 1 April 2016	Recognised in profit and loss during 2016-17	Recognised in OCI during 2016-17	Balance as at 31 March 2017
Deferred tax liabilities				
Property, plant and equipment	(130.48)	37.94	-	(92.54)
Deferred tax assets				
Employee benefits, net	582.33	170.80	74.01	827.15
Provision for doubtful debts, deposits and advances	120.46	141.16	-	261.62
Provision- others	-	69.22	-	69.22
Disallowance of expenses for short deduction/ non-deduction of TDS	105.63	37.83	-	143.46
Rental expense	56.54	31.97	-	88.52
Other fiscal differences	6.61	(1.15)	-	5.46
Net deferred tax assets/ (liabilities)	**741.09**	**487.77**	**74.01**	**1,302.89**

Deferred tax assets/ (liabilities)	Balance as at 1 April 2017	Recognised in profit and loss during 2017-18	Recognised in OCI during 2017-18	Balance as at 31 March 2018
Deferred tax liabilities				
Property, plant and equipment	(92.54)	84.87	-	(7.67)
Deferred tax assets				
Employee benefits, net	827.15	412.45	68.34	1,307.94
Provision for doubtful debts, deposits and advances	261.62	5.57	-	267.18
Provision- others	69.22	-	-	69.22
Tax incentive	-	313.96	-	313.96
Disallowance of expenses for short deduction/ non-deduction of TDS	143.46	(143.46)	-	-
Rental expense	88.52	(18.59)	-	69.93
Other fiscal differences	5.46	(2.52)	-	2.94
Net deferred tax assets/ (liabilities)	**1,302.89**	**652.28**	**68.34**	**2,023.50**

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Note 25 Related party disclosures

i. List of related parties and their relationships as per the Ind AS 24- Related Party Disclosures:

Name of the entity	Nature of relationship
Tata Sons Limited	Parent till 27 November 2017 and entity exercising significant influence over the Company w.e.f 27 November 2017
Quess Corp Limited	Parent w.e.f 27 November 2017
TATA Consultancy Services Limited	Fellow subsidiary till 27 November 2017 and subsidiary of the entity exercising significant influence over the Company w.e.f. 27 November 2017
TATA AIG General Insurance Company Limited	
TATA AIA Life Insurance Company Limited	
TATA Sky Limited	
TC Travel & Services Limited	
TATA Capital Forex Limited	
Infiniti Retail Limited	
TATA Capital Financial Services Limited	
TATA Capital Housing Finance Limited	
TATA Housing Development Company Limited	
TATA Value Homes Limited	
Kriday Reality Private Limited	
Lemon Tree Land & Developer Private Limited	
Promont Hilltop Private Limited	
Smart Value Homes (Peenya Project) Private Limited	
Smart Value Homes (Boisar) Private Limited	
HL Promotors Private Limited	
TATA Unistores Limited	
TATA Limited	
Arvind & Smart Value Homes LLP	
TATA Capital Limited	
Princeton Infrastructure Private Limited	
Sohna City LLP	
TATA Cleantech Capital Limited	
TATA Securities Limited	
Ardent Properties Private Limited	
TATA Teleservices Limited	
TATA Teleservices (Maharashtra) Limited.	
TATA International West Asia DMCC	
Tata Chemicals Limited	Associate of the parent company till 27 November 2017
Tata Global Beverages Limited	
Tata Motors Limited	
Tata Steel Limited	
The Indian Hotels Company Limited	
The Tata Power Company Limited	
Voltas Limited	
Titan Company Limited	
Coachieve Solutions Private Limited	Subsidiary/ Associates/ Joint Ventures of parent company w.e.f. 27 November 2017
MFX Infotech Private Limited	
Aravon Services Private Limited	
Brainhunter Systems Ltd.	
Quess (Philippines) Corp.	
Quess Corp (USA) Inc.	
Quesscorp Holdings Pte Ltd	
Ikya Business Services (Private) Limited	
Dependo Logistics Solutions Private Limited	
CenterQ Business Solutions Private Limited	
Excelus Learning Solutions Private Limited	
Inticore VJP Advanced Solutions Private Limited	
Master Staffing Solutions Private Limited	
Golden Star Facilities & Services Private Limited	
Trimax Smart Infraprojects Private Limited	
Vedang Cellular Services Private Limited	
Monster.com India Private Limited	
Monster.com SG Pte. Limited	
Monster.com HK Limited	
Monster Malaysia Sdn. Bhd.	
Greenpiece Landscapes India Private Limited	
Comtel Pro Pte. Limited	
Comtelink Sdn. Bhd.	
MFX Chile SpA	
Mr. Srinivasa Rao K.	Chief Executive Officer (Managing Director (MD) till 27th November 2017 and Chief Executive Officer (CEO) w.e.f. 27th November 2017)
Mr. A. S. Krishnan	Chief Financial Officer
Mr. V. Sampath	Company Secretary

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Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Notes to the financial statements (continued)
(All amounts in lakhs of INR, except share data and where otherwise stated)

Note 25 Related party disclosures (continued)

ii. Details of related party transactions

Name of the Related Party	Nature of Transaction	Amount of Transactions	
		For the year ended 31 March 2018	For the year ended 31 March 2017
TATA Sons Limited	Services rendered	109.85	95.28
	Services received	3.42	6.01
	Dividend paid	262.36	262.36
	Deposit received	1.00	-
	Deposit paid	1.00	-
	Brand equity and brand promotion paid	168.00	168.00
	Reimbursement of expenses - received	-	0.69
TATA Consultancy Services Limited	Services rendered	1,945.97	1,078.38
	Services received	-	47.87
	Reimbursement of expenses - received	101.01	39.28
Tata AIG General Insurance Company Limited	Services rendered	280.21	197.14
	Services received	83.57	133.67
	Reimbursement of expenses - received	0.11	-
	Claims received	21.12	27.24
TATA Sky Limited	Services rendered	13,829.32	14,172.78
	Reimbursement of expenses - received	813.16	980.33
Tata e-Serve International Limited	Services rendered	129.39	-
TC Travel & Services Limited	Services rendered	1.32	2.38
	Services received	37.87	201.05
Tata Capital Forex Limited	Service rendered	1.37	3.00
	Purchase of forex	65.55	100.49
Infiniti Retail Limited	Services rendered	441.46	401.16
	Purchase of property, plant and equipment	0.03	-
	Reimbursement of expenses - received	0.57	(0.16)
TATA Capital Financial Services Limited	Services rendered	6,799.32	6,269.11
	Services received	179.85	104.28
	Reimbursement of expenses - received	397.29	308.15
	Lease Rentals paid	832.42	703.28
	Term loan availed	2,000.00	-
	Interest on term loan	17.13	122.36
	Repayment of term loan	339.72	997.00
TATA Capital Housing Finance Limited	Services rendered	1,539.39	1,346.66
	Reimbursement of expenses - received	101.40	59.11
TATA Housing Development Company Limited	Services rendered	110.88	19.42
TATA Value Homes Limited	Services rendered	15.11	8.77
Kriday Reality Private Limited	Services rendered	2.74	4.65
Lemon Tree Land & Developer Private Limited	Services rendered	1.25	6.31
Promont Hilltop Private Limited	Services rendered	0.25	0.76
Smart Value Homes (Peenya Project) Private Limited	Services rendered	1.30	1.69
Smart Value Homes (Boisar) Private Limited	Services rendered	3.10	4.51
HL Promotors Pvt Ltd	Services rendered	0.32	1.01
Tata Unistore Limited	Services rendered	952.31	761.51
	Reimbursement of expenses - received	31.14	32.03
Tata Limited	Services rendered	22.70	22.02
	Reimbursement of expenses - received	2.13	2.36

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Notes to the financial statements (continued)
(All amounts in lakhs of INR, except share data and where otherwise stated)

Note 25 Related party disclosures (continued)

ii. Details of related party transactions (continued)

Name of the Related Party	Nature of Transaction	Amount of Transactions	
		For the year ended 31 March 2018	For the year ended 31 March 2017
Tata Capital Limited	Services rendered	4.55	21.32
	Services received	436.92	408.46
	Interest on ICD	-	12.66
	Loan/ICD repaid	-	600.00
	Dividend paid	183.94	197.11
	Preferential share redemption	1,500.00	-
	Premium on Preferential share redeemed	300.04	-
Sohna City LLP	Services rendered	0.04	0.18
Tata Cleantech Capital Limited	Services rendered	16.97	15.68
	Reimbursement of expenses - received	0.56	1.99
Tata Securities Limited	Services rendered	9.35	17.58
	Services received	-	3.30
	Reimbursement of expenses - received	0.56	0.04
Ardent Properties Pvt Ltd	Services rendered	2.78	3.17
Tata Teleservices Limited	Services rendered	747.56	2,184.73
	Services received	48.28	148.40
	Reimbursement of expenses - received	50.33	59.51
	Reimbursement of expenses- paid	223.81	531.79
Tata Teleservices (Maharashtra) Limited	Services rendered	252.64	629.58
	Services received	-	54.86
	Reimbursement of expenses - received	375.17	15.31
	Reimbursement of expenses- paid	3.90	-
MMP Mobi Wallet Payment Systems Limited	Services received	-	71.92
Tata International West Asia DMCC	Services received	47.79	9.27
Tata International Limited	Services rendered	7.05	-
	Reimbursement of expenses - received	1.25	-
Tata Motors Limited	Services rendered	5,418.44	3,451.95
	Services received	-	156.89
	Reimbursement of expenses - received	262.48	215.84
Tata Chemicals Limited	Services rendered	176.92	133.44
	Reimbursement of expenses - received	4.01	7.36
Tata Global Beverages Limited	Services Rendered	39.79	36.20
	Reimbursement of expenses - received	0.54	0.06
Tata Steel Limited	Services rendered	385.88	206.88
	Services received	136.88	84.01
	Reimbursement of expenses - received	6.75	4.59
The Indian Hotels Company Limited	Services rendered	-	2.61
	Services received	0.51	1.87
The Tata Power Company Limited	Services rendered	703.48	509.36
	Reimbursement of expenses - received	-	10.53
Voltas Limited	Services rendered	831.13	452.75
	Services received	19.66	35.12
	Reimbursement of expenses - received	15.28	11.23
	Purchase of property, plant and equipment	28.56	22.72
Titan Company Limited	Services rendered	381.94	151.92
	Reimbursement of expenses - received	50.87	16.27
Key Management Personnel			
(i) Mr. Srinivas rao K	Remuneration	223.58	148.30
(ii) Mr. A S Krishnan	Remuneration	61.26	82.18
(iii) Mr. V Sampath	Remuneration	49.45	55.96

Break up for Compensation to key managerial personnel

	For the year ended 31 March 2018	For the year ended 31 March 2017
Short-term employee benefits*	314.27	268.45
Post-employment benefit*	20.02	17.99
	334.29	286.44

*Remuneration as given above does not include long-term compensated absences benefit accrued and gratuity benefit accrued since the same are computed based on actuarial valuation for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.

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(All amounts in lakhs of INR, except share data and where otherwise stated)

Note 25 Related party disclosures (continued)

iii. Balances due to or due from related parties as on the balance sheet date

Name of the Related Party	Nature of receivable or (payable)	Balance as at	
		31 March 2018	31 March 2017
TATA Sons Limited	Trade receivables	47.77	36.26
	Trade payables	-	(0.88)
	Other financial liability	(45.00)	(168.00)
TATA Consultancy Services Limited	Trade receivables	539.96	381.46
	Trade payables	-	(4.83)
Tata AIG General Insurance Company Limited	Trade receivables	119.55	43.67
	Current Loans	10.00	10.00
TATA Sky Limited	Trade receivables	1,557.84	3,090.22
Tata e-Serve International Limited	Trade receivables	148.75	-
TC Travel & Services Limited	Trade receivables	-	1.03
	Trade payables	-	(7.86)
Tata Capital Forex Limited	Trade receivables	-	1.23
Infiniti Retail Limited	Trade receivables	112.22	70.61
	Other financial liability	-	0.03
TATA Capital Financial Services Limited	Trade receivables	2,146.18	1,568.12
	Trade payables	(119.92)	(59.72)
	Borrowings	(2,000.00)	(315.84)
	Other financial liability	-	(5.94)
	Current Loans	37.16	37.16
TATA Capital Housing Finance Limited	Trade receivables	397.61	288.01
TATA Housing Development Company Limited	Trade receivables	74.20	21.60
TATA Value Homes Limited	Trade receivables	14.88	4.34
Kriday Reality Private Limited	Trade receivables	2.08	2.55
Lemon Tree Land & Developer Private Limited	Trade receivables	1.18	7.10
Promont Hilltop Private Limited	Trade receivables	0.30	0.04
Smart Value Homes (Peenya Project) Private Limited	Trade receivables	0.73	-
Smart Value Homes (Boisar) Private Limited	Trade receivables	2.66	1.90
HL Promotors Pvt Ltd	Trade receivables	0.38	1.69
Tata Unistore Limited	Trade receivables	235.68	308.81
Tata Limited	Trade receivables	7.37	6.70
Arvind & Smart Value Homes LLP	Trade receivables	-	0.72
Tata Capital Limited	Trade receivables	5.06	2.13
	Trade payables	(86.96)	(51.51)
Sohna City LLP	Trade receivables	-	0.12
Tata Cleantech Capital Limited	Trade receivables	6.40	3.38
Tata Securities Limited	Trade receivables	5.55	0.37
	Trade payables	-	2.54
Ardent Properties Pvt Ltd	Trade receivables	0.34	3.65
Tata Teleservices Limited	Trade receivables	395.84	582.26
	Trade payables	20.92	24.65
Tata Teleservices (Maharashtra) Limited	Trade receivables	119.79	88.17
	Trade payables	-	(12.99)
MMP Mobi Wallet Payment Systems Limited	Trade payables	-	2.81
Tata International West Asia DMCC	Trade payables	-	(0.38)
Tata International Limited	Trade receivables	6.71	-
Tata Motors Limited	Trade receivables	-	763.03
	Trade payables	-	(81.41)
Tata Chemicals Limited	Trade receivables	-	26.56
Tata Global Beverages Limited	Trade receivables	-	3.47
Tata Steel Limited	Trade receivables	-	168.02
	Trade payables	-	(6.94)
The Indian Hotels Company Limited	Trade receivables	-	3.28
The Tata Power Company Limited	Trade receivables	-	281.59
Voltas Limited	Trade receivables	-	89.53
	Trade payables	-	(3.42)
	Other financial liability	-	(4.85)
Titan Company Limited	Trade receivables	-	26.76

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Note 26 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2018, 31 March 2017 and 1 April 2016 is as follows:

Particulars	Carrying value			Fair value Level
	31 March 2018	31 March 2017	1 April 2016	
Financial assets				
Financial assets measured at amortised cost				
Non-current loans	1,461.19	1,322.46	973.99	-
Trade receivable	10,015.02	12,751.53	11,304.13	-
Other financial assets	6,191.39	2,523.68	3,597.26	-
Investments	-	-	558.00	-
Current loans	443.55	140.73	316.93	-
Cash and cash equivalents	2,004.98	748.24	427.68	-
Bank balances other than cash and cash equivalent	250.00	1.58	2.05	-
Total assets	**20,366.13**	**17,488.22**	**17,180.04**	
Financial liabilities				
Financial liabilities not measured at fair value				
Borrowings (current + non-current)	3,195.90	1,133.45	4,895.78	-
Trade payables	3,244.89	3,220.22	3,605.27	-
Other financial liabilities	8,520.91	9,842.36	10,296.69	-
Total liabilities	**14,961.70**	**14,196.03**	**18,797.74**	

Fair value hierarchy

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

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that the carrying amounts of financial assets and liabilities recognised in the financial statements approximate their fair values and hence no further details about the fair value measurements are given.

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(All amounts in lakhs of INR, except share data and where otherwise stated)

Note 27 Financial risk management

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

a) Credit risk ;

b) Liquidity risk ; and

c) Market risk

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

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

A summary of the Company's exposure to credit risk for trade receivables and loans is as follows:

	31 March 2018		31 March 2017		1 April 2016	
	Not Credit - Impaired	Credit - Impaired	Not Credit - Impaired	Credit - Impaired	Not Credit - Impaired	Credit - Impaired
Gross carrying amount						
Employee loans	87.51	25.00	44.85	25.00	96.80	-
Security deposits	1,817.23	-	1,418.34	-	1,194.12	-
Trade receivables	10,015.02	542.86	12,751.53	517.67	11,304.13	346.52
Unbilled revenue	6,091.75	-	2,141.65	34.09	3,510.65	1.55
Loss allowance						
Employee loans	-	(25.00)	-	(25.00)	-	-
Security deposits	-	-	-	-	-	-
Trade receivables	-	(542.86)	-	(517.67)	-	(346.52)
Unbilled revenue	-	-	-	(34.09)	-	(1.55)
Net carrying amount	18,011.52	-	16,356.38	-	16,105.71	-

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry in which the customer operates, also has an influence on credit risk assessment.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables

Expected credit loss for trade receivable:

At at 31 March 2018

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-365 days	366-455 days	456-545 days	546- 635 days	636-730 days	Above 730 days	Total
Gross carrying amount	5,674.56	2,639.35	1,053.27	899.44	146.74	36.73	(4.70)	24.92	51.11	36.45	10,557.88
Expected loss rate	0.23%	2.21%	10.02%	21.93%	29.54%	48.27%	0.00%	80.43%	100.00%	100.00%	5.14%
Expected credit losses (Loss allowance provision)	13.14	58.26	105.57	197.21	43.34	17.73	-	20.04	51.11	36.45	542.86
Carrying amount of trade receivables (net of impairment)	5,661.42	2,581.09	947.70	702.23	103.40	19.00	(4.70)	4.88	-	-	10,015.02

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Notes to the financial statements (continued)
(All amounts in lakhs of INR, except share data and where otherwise stated)

Note 27 Financial risk management (continued)

As at 31 March 2017

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-365 days	366-455 days	456-545 days	546- 635 days	636-730 days	Above 730 days	Total
Gross carrying amount	10,401.38	1,238.64	169.72	62.72	174.80	75.41	99.01	312.72	246.61	488.22	13,269.21
Expected loss rate	0.16%	1.73%	6.63%	13.44%	24.74%	31.33%	34.53%	3.19%	17.23%	62.85%	3.90%
Expected credit losses (Loss	16.28	21.37	11.25	8.43	43.25	23.62	34.19	9.97	42.49	306.83	517.68
Carrying amount of trade	10,385.10	1,217.27	158.47	54.29	131.55	51.78	64.82	302.75	204.12	181.39	12,751.53

As at 1 April 2016

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-365 days	366-455 days	456-545 days	546- 635 days	636-730 days	Above 730 days	Total
Gross carrying amount	7,851.26	1,597.48	738.34	327.28	456.75	223.27	56.20	32.03	129.53	238.51	11,650.65
Expected loss rate	0.37%	2.80%	10.46%	1.07%	22.71%	8.61%	23.07%	36.93%	25.07%	4.92%	2.97%
Expected credit losses (Loss	29.13	44.66	77.26	3.51	103.74	19.21	12.96	11.83	32.47	11.73	346.52
Carrying amount of trade	7,822.14	1,552.82	661.08	323.77	353.00	204.05	43.24	20.20	97.05	226.78	11,304.13

b) Liquidity risk

The Company's principal source of liquidity are cash and cash equivalents and financial support from the holding company. Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by the senior management.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Less than 1 year	1 year and above	Less than 1 year	1 year and above	Less than 1 year	1 year and above
Borrowings	2,263.24	932.67	820.10	313.36	3,578.75	1,317.03
Trade payables	3,244.89	-	3,220.22	-	3,605.27	-
Other financial liabilities	8,520.90	-	8,188.29	1,654.06	8,701.43	1,595.26
Other current liabilities						

c) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates, will affect the Company'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 optimising the return.

Interest rate risk

The Company adopts a policy of ensuring that its major interest rate risk exposure is at a fixed rate. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company borrowing as at 31 March 2018, 31 March 2017 and 1 April 2016 comprises only loans at fixed interest rates, which do not expose it to significant interest rate risk.

Currency risk

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

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivables	USD	-	-	5.26	341.05	15.39	1,020.86
	GBP	3.15	290.67	2.91	235.36	1.96	186.37
	AED	4.09	72.58	4.00	70.60	1.95	35.13
	QAR	0.16	2.86	-	-	-	-
Trade payables	USD	-	-	0.32	20.75	0.94	62.35

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(All amounts in lakhs of INR, except share data and where otherwise stated)

Note 27 Financial risk management (continued)

Sensitivity analysis

The profit or loss is sensitive to foreign exchange gain/ loss as a result of changes in foreign exchange rates.

	Impact on profit before tax	
	31 March 2018	31 March 2017
Foreign exchange rate - Increases by 5%	18.31	31.31
Foreign exchange rate - Decreases by 5%	(18.31)	(31.31)

Note 28 Capital management

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

Consistent with others in the industry, the company monitors capital on the basis of following gearing ratio:

Net debt (total liabilities net of cash and cash balances) divided by total equity (as shown in balance sheet date)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total external liabilities	19,909.82	17,496.30	20,950.91
Less: Cash and bank balances	2,254.98	749.82	429.73
Adjusted net debt (borrowings net of cash and bank balances)	**17,654.84**	**16,746.48**	**20,521.18**
Total equity	**17,655.28**	**15,806.58**	**13,978.13**
Adjusted net debt to equity ratio	**1.00**	**1.06**	**1.47**

Note 29 Reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets from financing activities:

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

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Note 30 Assets and liabilities relating to employee benefits

i. Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund and employee state insurance for the year is included in "contribution to provident and other funds" (refer note 20).

ii. Defined benefit plans

The Company provides its employees with the benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit.

Reconciliation of the net defined benefit asset/ liability

The following table sets out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at 31 March 2018, 31 March 2017 and 1 April 2016:

Reconciliation of present value of defined benefit obligation

Particulars	31 March 2018	31 March 2017
Change in defined benefit obligation		
Obligation at the beginning of the year	855.26	592.27
Current service cost	174.92	117.09
Interest cost	57.90	45.74
Liabilities assumed on acquisition/ (settled on divestiture)	-	4.61
Benefit paid	(165.35)	(98.44)
Actuarial loss- Experience	75.00	69.75
Actuarial loss- demographic assumptions	9.26	-
Actuarial loss- financial assumptions	90.08	124.24
Obligation at end of the year	**1,097.07**	**855.26**
Change in plan assets		
Plan assets at beginning of the year, at fair value	619.07	401.75
Interest income on plan assets	41.90	31.02
Re-measurement- actuarial gain/(loss)	(23.14)	(19.87)
Assets transferred on acquisition/ (settled on divestiture)	-	4.61
Contributions	-	300.00
Benefits paid	(165.35)	(98.44)
Plans assets at end of year, at fair value	**472.48**	**619.07**

Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fair value of plan assets at the end of the year	472.48	619.07	401.75
Present value of the defined benefit obligations at the end of the year	(1,097.07)	(855.26)	(592.27)
Liability recognised in the balance sheet	(624.59)	(236.19)	(190.52)

Expense recognised in statement of profit and loss

Particulars	31 March 2018	31 March 2017
Service cost	174.92	117.09
Net interest on net defined benefit liability/(asset)	16.00	14.72
Total	**190.92**	**131.81**

Expenses recognised in Other comprehensive income (OCI)

	31 March 2018	31 March 2017
Re-measurement- actuarial (gain)/loss in regard with defined benefit obligation	174.34	193.99
Re-measurement- actuarial (gain)/loss in regard with plan assets	23.14	19.87
Total	**197.48**	**213.86**

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Plan assets

Plan assets comprise of the following:

	31 March 2018	31 March 2017	1 April 2016
Funds managed by Life Insurance Corporation of India	472.48	619.07	401.75
	472.48	619.07	401.75

The Company makes annual contribution to the life insurance corporation ('LIC') of an amount advised by LIC. The Company was not informed by LIC of the investments made by them or the breakup of the plan assets in to various type of investments.

Actuarial assumptions

Particulars	31 March 2018	31 March 2017	1 April 2016
Expected return on plan assets	7.50%	6.67%	7.72%
Discount rate	7.50%	6.67%	7.72%
Salary escalation rate	8.30%	7.00%	7.00%
Attrition rate	Service <5 40.8% Service >=5 2%	Service <5 42% Service >=5 2%	Service <5 47% Service >=5 2%
Retirement age	58	58	58

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Future salary escalation rate: The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

Expected rate of return on plan assets: The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

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 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Gratuity Plan				
Discount rate (1 % movement)	(152.03)	187.77	(130.09)	162.68
Future salary growth (1 % movement)	184.33	(152.28)	160.61	(130.93)
Withdrawal rate (1% movement)	(21.43)	24.11	11.05	(10.18)

Maturity analysis of the benefit payments: from the fund

Projected benefits payable in future years from the date of reporting:

	31 March 2018	31 March 2017
1st Following year	40.88	14.68
2nd Following year	19.88	17.11
3rd Following year	31.41	19.37
4th Following year	37.74	20.71
5th Following year	37.24	32.77
Sum of years 6 to 10	234.90	155.22
Sum of years 11 and above	4,077.73	3,065.77

Note 31 Segment Reporting

a. Reportable Segment:

The operating segment of the Company has been identified as "Business Process Outsourcing Services includes Contact Centre Services" as the Chief Operating Decision Maker reviews the business performance at an overall Company level as one segment.

b. Geographical information:

Geographic segment of the company are services rendered within India and export of services to outside India.

	2017-18	2016-17
Segment revenue		
- Within India	69,904.26	62,061.51
- Outside India	4,023.10	5,212.07
Total	**73,927.36**	**67,273.58**
Segment assets (Non-current assets)*		
- Within India	10,272.10	9,998.41
- Outside India	-	-
Total	**10,272.10**	**9,998.41**

** Segment assets excludes non-current tax assets and deferred tax assets, net*

c. Information about major customer

Revenue from one of the Company's Business processing outsourcing customer is INR 13,829.32 Lacs (31 March 2017: INR 14,172.78) which is more than 18 % (31 March 2017: 21%) of the Company's total revenue.

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Note 32 Earnings per share (EPS)

	For the year ended 31 March 2018	For the year ended 31 March 2017
i. Nominal value of equity shares (INR per share)	10.00	10.00
ii. Profit attributable to equity shareholders	2,308.21	2,319.66
iii. Weighted average number of equity shares	915.09	915.09
Basic and diluted EPS (in INR)	**2.52**	**2.53**

The Company did not have any potentially dilutive equity shares outstanding at anytime during the current year and previous year.

Note 33 Scheme of Amalgamation

The Company had made investments in equity shares of TBSS Healthcare TPA Services Limited ("TBSSHC") and Global Information Services Private Limited ("GISPL") and had classified the same as a subsidiary and other investment respectively as per the financial statements of financial year 2015-16. As on 13th May 16, TBSS entered into a tripartite agreement with GISPL and AIG Property Casualty and the Company acquired 50% of the shares held by AIG. Consequently, GISPL had become a wholly owned subsidiary of TBSS effective 13th May 2016.

The Board of Directors, in its meeting held on May 16, 2016, had approved a Scheme of Amalgamation ("the Scheme") for amalgamation of wholly-owned subsidiaries, namely Global Information Services Private Limited ("GISPL") and TBSS Healthcare TPA Services Limited ("TBSSHC") with the Company effective from April 1, 2016, subject to necessary statutory approvals.

GISPL was engaged in Domestic Call Centre and Business Process Outsourcing services for insurance companies. TBSSHC was incorporated to provide third party administration services to insurance companies in health insurance business.

The said Scheme had been sanctioned by the Hon'ble High Court of Judicature for the State of Telangana and the State of Andhra Pradesh on November 30, 2016 and National Company Law Tribunal on March 9, 2017, which were thereafter filed with respective Registrars of Companies.

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interests method. The amalgamation has been accounted under the 'Pooling of Interest Method' as mentioned in Ind AS 103 "Business Combinations" and accordingly, the assets and liabilities of GISPL & TBSSHC as at April 1, 2016 were taken over at their book values.

The details of net assets taken over and adjustment of difference between share capital of GISPL and TBSSHC and cost of investment in the books of the Company to Reserve and Surplus are as under for GISPL and TBSSHC.

(Amount in INR Lakhs)

Particulars	**GISPL**	**TBSSHC**
Cash and Bank balances	2.42	100.20
Long-Term Loans and Advances	-	-
Current Investments	1,125.48	-
Other Current Assets	-	7.87
Total Assets	**1,127.90**	**108.07**
Trade Payables	-	0.45
Other Current Liabilities	0.31	-
Short-Term Provisions	-	0.42
Total Liabilities	**0.31**	**0.87**
Net Assets	**1,127.59**	**107.20**
Share Capital of Transferor Companies	1,200.00	100.00
Less: Cost of Investment held by the Company		
- Equity Shares as at March 31, 2016	612.00	100.00
- Acquired during the year (Refer Note below)	543.79	-
Difference	**44.21**	-
Reserves & Surplus transferred pursuant to the Scheme	(72.41)	7.20
Reserves & Surplus	**(28.20)**	**7.20**

In terms of the Scheme, the authorized share capital of the Company shall stand increased by INR 2,100 lakhs to INR 19,100 lakhs divided into 1,510 lakhs equity shares of INR 10 each and 400 lakhs redeemable preference shares of INR 10 each.

Consequent to this Scheme, the provision of INR 154.00 lakhs towards diminution in value of investments in GISPL has been reversed and credited to the Statement of Profit and Loss under "Other Income" (Refer Note 19).

Note: Pursuant to Tripartite Share Purchase Agreement between GISPL, AIG Property Casualty International LLC, USA (AIG) and the Company, 50% of the equity share capital held by AIG in GISPL had been acquired by the Company on May 13, 2016. Consequently, GISPL had become wholly-owned subsidiary of the Company effective May 13, 2016 and pursuant to the Scheme mentioned above, GISPL has been amalgamated with the Company effective from April 1, 2016.

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Note 34 Operating leases

A. Leases as lessee

The Company has taken various machinery and office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense incurred during the year is INR 3,561.54 (31 March 2017: INR 2,867.30) inclusive of maintenance and other charges, which has been disclosed as rent.

Future minimum lease payments

At 31 March, the future minimum lease payments to be made under non- cancellable operating leases are as follow:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Payable in less than one year	746.31	1,039.54	729.83
Payable between one and five years	494.60	1,481.36	1857.35
Payable after more than five year	-	-	-
	1,240.91	2,520.90	2587.18

B. Leases as lessor

Sub-letting income in respect of cancellable leases recognised in the statement of profit and loss for the year ended 31 March 2018 is INR 20.55 Lakhs (31 March 17: INR 19.34 Lakhs) included in 'Other Income'.

Note 35 Contingent liabilities

	As at 31 March 2018	As at 31 March 2017
Claims against Company not acknowledged as Debt		
i. Service Tax *	4,996.34	4,996.34
ii. Provident Fund	348.48	348.48
iii. Other Claims	265.80	265.80
	5,610.62	5,610.62

* The Company has received show cause notice from Directorate General of Central Excise Intelligence dated April 19, 2017 for an amount of INR 4,433.35 lakhs plus interest and penalty regarding availment of ineligible cenvat credit on services provided to the Company by the dealers of automobile companies. The company has filed a response on 11 Oct 2017. The matter is pending before Central Excise and Service Tax Appellate Tribunal, Hyderabad.

The Management is of the view that the above claims are being contested by the Company and no provision is required to be made at this stage including consequential interest and penalties, if any, pending outcome of the matter.

Note 36 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is INR 110.26 Lakhs (31 March 2017: INR 434.11 Lakhs) [Net of Capital advances of INR 5.97 Lakhs (31 March 2017: INR 5.94 Lakhs)].

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Note 37 Explanation of transition to Ind AS

As stated in Note 1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its 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').

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its 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.

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1 Property plant and equipment, capital work-in-progress 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 as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

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.

2 Investments in equity instruments of subsidiaries and joint ventures
i) At Cost
If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

a) Cost determined in accordance with Ind AS 27 or
b) Deemed cost. The deemed cost of such an investment shall be its
i) Fair value, determined in accordance with Ind AS 109
ii) Previous GAAP carrying amount at that date.
The deemed cost exemption is available on an investment-by-investment basis.

ii) At Fair value
If a first-time adopter measures an investment in accordance with Ind AS 109, it shall measure that investment at fair value.
As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all investments in subsidiaries and joint ventures.

3 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 has 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.

B. Mandatory exceptions

1 Estimates
As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP 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).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:
a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
b) Determination of the discounted value for financial instruments carried at amortised cost.
c) Impairment of financial assets based on the expected credit loss model.

2 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 was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

3 Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on 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 except where the same is impracticable.

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Conneqt Business Solutions Limited

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Notes to the financial statements (continued)
(All amounts in lakhs of INR, except share data and where otherwise stated)

C. Reconciliation of Equity as previously reported under previous GAAP to Ind AS

		As at 31 March 2017			As at 1 April 2016		
	Note No.	IGAAP*	Ind AS Impact	Ind AS	IGAAP*	Ind AS Impact	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		7,755.23	-	7,755.23	8,149.09	-	8,149.09
Capital work-in-progress		0.30	-	0.30	53.06	-	53.06
Intangible assets		369.39	-	369.39	448.70	-	448.70
Financial assets							
Investments		-	-	-	558.00	-	558.00
Loans	a, d	-	1,322.46	1,322.46	-	973.99	973.99
Deferred tax assets (net)	e	1,274.06	28.83	1,302.89	656.19	84.90	741.09
Non current tax assets		4,551.02	-	4,551.02	7,086.77	-	7,086.77
Other non-current assets	a, d	1,904.91	(1,353.88)	551.03	1,403.28	(998.79)	404.49
Total non-current assets		**15,854.91**	**(2.59)**	**15,852.32**	**18,355.09**	**60.10**	**18,415.19**
Current assets							
Financial assets							
Trade receivables	c	12,795.78	(44.25)	12,751.53	11,545.03	(240.90)	11,304.13
Cash and cash equivalents		748.24	-	748.24	427.68	-	427.68
Bank balances other than cash and cash equivalent		1.58	-	1.58	2.05	-	2.05
Loans	a	-	140.73	140.73	-	316.93	316.93
Other financial assets	a, c	-	2,523.68	2,523.68	-	3,597.26	3,597.26
Other current assets	a, d	3,956.84	(2,672.04)	1,284.80	4,759.63	(3,893.83)	865.80
Total current assets		**17,502.44**	**(51.88)**	**17,450.56**	**16,734.39**	**(220.54)**	**16,513.85**
TOTAL ASSETS		**33,357.35**	**(54.47)**	**33,302.88**	**35,089.48**	**(160.44)**	**34,929.04**
EQUITY AND LIABILITIES							
Equity							
Equity share capital	b	10,650.85	(1,500.00)	9,150.85	10,650.85	(1,500.00)	9,150.85
Other equity	g, h	7,118.30	(462.57)	6,655.73	4,772.00	55.28	4,827.28
		17,769.15	**(1,962.57)**	**15,806.58**	**15,422.85**	**(1,444.72)**	**13,978.13**
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings		313.36	-	313.36	1,317.03	-	1,317.03
Other financial liabilities	a, b	-	1,654.06	1,654.06	-	1,595.26	1,595.26
Provisions		872.25	-	872.25	624.27	-	624.27
Other non-current liabilities	b, d	283.67	31.39	315.06	214.79	19.38	234.17
Total non-current liabilities		**1,469.28**	**1,685.45**	**3,154.73**	**2,156.09**	**1,614.64**	**3,770.73**
Current liabilities							
Financial liabilities							
Borrowings		425.32	-	425.32	3,195.08	-	3,195.08
Trade payables		3,220.22	-	3,220.22	3,605.27	-	3,605.27
Other financial liabilities	a, b	3,755.73	4,827.34	8,583.07	5,098.84	3,986.26	9,085.10
Provisions		1,222.14	-	1,222.14	1,233.52	(553.01)	680.51
Other current liabilities	a	5,495.51	(4,604.69)	890.82	4,377.83	(3,763.61)	614.22
Total current liabilities		**14,118.92**	**222.65**	**14,341.57**	**17,510.54**	**(330.36)**	**17,180.18**
Total liabilities		**15,588.20**	**1,908.10**	**17,496.30**	**19,666.63**	**1,284.28**	**20,950.91**
TOTAL EQUITY AND LIABILITIES		**33,357.35**	**(54.47)**	**33,302.88**	**35,089.48**	**(160.44)**	**34,929.04**

*Previous years figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

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CONNEQT BUSINESS SOLUTIONS LIMITED

Coneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
Notes to the financial statements (continued)
(All amounts in lakhs of INR, except share data and where otherwise stated)

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

		For the year ended 31 March 2017		
	Note No.	IGAAP*	Ind AS Impact	Ind AS
Income				
Revenue from operations		67,273.58	-	67,273.58
Other income	d	850.49	25.67	876.16
Total income		**68,124.07**	**25.67**	**68,149.74**
Expenses				
Employee benefits expense	f	46,866.20	(213.87)	46,652.33
Finance costs	b	456.42	293.43	749.85
Depreciation and amortisation expense		2,303.27	-	2,303.27
Other operating expenses		1,714.06	-	1,714.06
Other expenses	c, d	13,107.86	(136.34)	12,971.52
Total expenses		**64,447.81**	**(56.78)**	**64,391.03**
Profit before tax		**3,676.26**	**82.45**	**3,758.71**
Tax expense:				
Current tax		1,926.82	-	1,926.82
Deferred tax	e	(617.86)	130.09	(487.77)
Profit for the year		**2,367.30**	**(47.64)**	**2,319.66**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement gains / (losses) on defined benefit plans	f	-	(213.86)	(213.86)
Income tax relating to items that will not be reclassified to profit or loss	e	-	74.01	74.01
Other comprehensive income for the year		-	**(139.85)**	**(139.85)**
Total comprehensive income for the period		**2,367.30**	**(187.49)**	**2,179.81**

*Previous years figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

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E. Notes to the reconciliations

a. Re-classification of financial assets and liabilities

Under Ind AS, all financial assets and liabilities are to be disclosed separately on the face of the Balance Sheet. Under previous GAAP, there was no such requirement. Thus, all the assets and liabilities meeting the recognition criteria of financial asset or liability as per Ind AS 32 and 109 have been reclassified and shown separately on the face of the Balance Sheet.

b. Accounting for preference shares

Under Ind AS, the redeemable preference shares issued by the Company are financial liabilities to be initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Under previous GAAP, the preference shares formed a part of the shareholder's funds.

Based on the recognition and measurement guidance under Ind AS, the Company has recognised the difference between the fair value and the face value of the preference shares in other equity and is recognising interest on the liability component.

c. Trade receivables - Expected credit loss

The impairment model in Ind AS 109 is an expected loss model, which means that it is not necessary for a loss event to occur before an impairment loss is recognised. As a result, all financial assets generally carry a loss allowance.

Ind AS 109 allows the use of practical expedients when measuring expected credit losses on trade receivables, and states that a provision matrix is an example of such an expedient.

A provision matrix might, for example, specify fixed provision rates depending on the number of days that a trade receivable is past due (for example, 1 per cent if not past due, 2 per cent if less than 90 days past due, 3 per cent if more than 90 days but less than 180 days past due, 20 per cent if 180–270 days past due etc.).

Based on the guidance given under Ind AS 109, the Company has analysed the trend of bad debts over the last 2 years and developed a provision matrix to estimate the expected losses.

d. Security deposits

Under the previous GAAP, interest free lease security deposits 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.

e. Income-tax

Under the previous GAAP, the Company was not required to present other comprehensive income separately. Hence, represents tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS.

f. Employee benefits - Actuarial gains and losses

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.

g. Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend as at 1 April 2016 included under provisions has been reversed with corresponding adjustment to retained earnings.

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CONNEQT BUSINESS SOLUTIONS LIMITED *

Company overview

Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) is an unlisted public limited company incorporated and domiciled in India. The registered office of the Company is located at Hyderabad, Telangana, India. The Company is engaged in the business of providing Business Process Outsourcing Services including Contact Center Services. It also provides back-office solutions for application processing, operations and banking, collections, legal remedial and finance and accounting services. These services cater to the customers in telecommunications, entertainment media, automobile, manufacturing, retail, banking, financial services and insurance (BFSI) sectors and operate from India.

1. Basis of preparation

1.1. 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 up to 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 37.

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

1.2. Basis of measurement

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

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

1.3. 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:

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CONNEQT BUSINESS SOLUTIONS LIMITED

1. **Basis of preparation** (continued)

1.3. Use of estimated and judgements (continued)

- **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).

- **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.
- **Measurement of defined benefit obligations:** Key actuarial assumptions used for actuarial valuation.

- **Impairment of financial assets:** The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

- **Property, plant and equipment:** Useful life of asset.

- **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.

1.4. 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.

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

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2. Significant accounting policies

2.1. Property, plant and equipment

i. Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

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

ii. Subsequent expenditure
Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred.

iii. De-recognition
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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. Assets to be disposed-off are reported at the lower of the carrying value or the fair value less cost to sell.

iv. *Transition*
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 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

v. 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 as per management
Leasehold improvements	Lease term or 8 years whichever is lower
Building	60
Air Conditioners	8
Electrical Works	8
Furniture & Fittings	5
Generators	8
Office Equipment	5
Vehicles	5
Information Technology & Networking Assets	5

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2. Significant accounting policies (continued)

2.1. Property, plant and equipment (continued)

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.

vi. 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.

2.2. Other intangible assets

i. Recognition and measurement
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.

ii. 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.

iii. 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 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

iv. Amortisation
The Company amortises intangible assets with a finite useful life less their estimated residual values over their estimated useful lives using the straight- line method, and is included in depreciation and amortisation in statement of profit and loss.

The intangible asset is depreciated over a useful life of 3-5 years. The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.3. 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.

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2. Significant accounting policies (continued)

2.4. 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.

2.5. 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.

2.6. 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.

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2. Significant accounting policies (continued)

2.7. 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.

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2. **Significant accounting policies** (continued)

2.7 Financial instruments (continued)

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 28 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.

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

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2. Significant accounting policies (continued)

2.7 Financial instruments (continued)

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.

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.

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2. Significant accounting policies (continued)

2.8. 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.

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.

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2. **Significant accounting policies** (continued)

2.9. 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.

2.10. Taxes

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

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

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

Deferred tax is not recognised for:

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

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

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2. **Significant accounting policies** (continued)

2.11. 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.

2.12. 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.

2.13. 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.

2.14. 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.

2.15. 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.

2.16. 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 segment. Business process outsourcing services has been considered as the only reportable segment. Hence, no separate final disclosure have been provided for the segment reporting.

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

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2. Significant accounting policies (continued)

2.18. Recent accounting pronouncements

Ind AS issued but not yet effective
On 28 March 2018, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

1. Ind AS 115 - Revenue from Contracts with Customers
2. Ind AS 21 - The effect of changes in Foreign Exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions when it becomes effective.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The Company has completed an initial assessment of the potential impact of the amendment on the financial statements. There is no material impact of adoption of clarification on the financial statements.

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Independent Auditors' Report

To,
The Members
Dependo Logistics Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Dependo Logistics Solutions Private Limited** ('the Company'), which comprise the Balance Sheet as at **March 31, 2018**, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

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

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

2) As required by Section 143 (3) of the Act, we report that;
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   e. on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

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

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

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

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Bengaluru
May 9, 2018

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2018, we report that:

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

   b. Fixed assets have been physically verified by the management at reasonable intervals. We are informed that 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 Company does not hold any immovable properties as at March 31, 2018;

ii. The Company's operations does not involve inventory. Consequently, comment on clause (ii) of the order is not applicable;

iii. The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Consequently, comment on clause (iii) of the order is not applicable;

iv. The Company has not made any loans and investments, covered by provisions of Section 185 and 186 of the Act. Consequently, comment on clause (iv) of the order is not applicable;

v. The Company has not accepted any deposits from the public. Consequently, comment on clause (v) of the order is not applicable;

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Consequently, comment on clause (vi) of the order is not applicable;

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 income-tax, service tax, goods and services tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any undisputed amounts outstanding as at last day of the financial year for a period of more than six months from the date they became payable except for Service tax amounting to Rs.6,136.

   b. According to the information and explanations given to us, there are no statutory dues on account of dispute;

viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Consequently, comment on clause (viii) of the Order is not applicable;

ix. 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. Consequently, comment on clause (ix) of the Order is not applicable;

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

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

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Consequently, comment on clause (xii) of the Order is not applicable;

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

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

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. Consequently, comment on clause (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. Consequently, comment on clause (xvi) of the Order is not applicable.

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP
BANGALORE INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703
Bengaluru
May 9, 2018

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Dependo Logistics Solutions Private Limited** ("the Company") as of **March 31, 2018** in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

BANGALORE INDIA

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for Vasan & Sampath LLP
Chartered Accountants
Firm Registration Number: 004542S/S200070

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Unnikrishnan Menon
Partner
Membership number: 205703

Bengaluru
May 9, 2018

Dependo Logistics Solutions Private Limited

(Amount in INR)

Balance Sheet	Note	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	15,10,426	-
Other intangible assets	3	16,66,667	-
Capital-work in-progress		-	25,00,000
Financial assets			
Income tax assets (net)	4	53,13,229	-
		84,90,321	**25,00,000**
Current Assets			
Financial assets			
Trade receivables	5	95,37,403	-
Cash and cash equivalents	6	23,51,337	8,00,181
Other current financial assets	7	3,36,23,297	-
Other current assets	8	29,76,790	1,00,000
		4,84,88,828	**9,00,181**
Total Assets		**5,69,79,149**	**34,00,181**
EQUITY AND LIABILITIES			
Equity			
Share Capital	9	1,00,000	1,00,000
Other equity	10	18,50,016	(76,300)
		19,50,016	**23,700**
Liabilities			
Non-current liabilities			
Financial liabilities			
Deferred income tax liabilities (net)	11	1,59,874	-
Current liabilities			
Financial liabilities			
Borrowings	12	-	33,27,873
Trade payables	13	3,21,38,008	-
Other current liabilities	14	2,20,31,252	48,608
Provisions	15	7,00,000	-
		5,48,69,260	**33,76,481**
Total Equity and Liabilities		**5,69,79,149**	**34,00,181**
Company overview and Significant accounting policies	1 & 2		

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

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 09 May 2018

Srinivasan Guruprasad
Director
DIN: 07596207

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

Dependo Logistics Solutions Private Limited

(Amount in INR)

Statement of Profit and Loss	Note	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Income			
Revenue from operations	16	30,14,05,592	-
Other income	17	8,168	4,781
Total Income		**30,14,13,760**	**4,781**
Expenses			
Finance costs	18	8,49,850	36,081
Depreciation and amortisation expense	3	11,24,953	-
Other expenses	19	29,66,52,767	45,000
Total expenses		**29,86,27,570**	**81,081**
Profit/ (Loss) before tax		**27,86,190**	**(76,300)**
Tax expense			
Current tax		(7,00,000)	-
Deferred tax		(1,59,874)	-
Profit/ (Loss) for the year/ period		**19,26,316**	**(76,300)**
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans		-	-
Other comprehensive income for the year/ period		-	-
Total comprehensive income for the year/ period		**19,26,316**	**(76,300)**
Earnings per equity share (face value of Rs 10 each)	21		
Basic		192.63	(7.63)
Diluted		192.63	(7.63)

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

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 09 May 2018

Srinivasan Guruprasad
Director
DIN: 07596207

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

Dependo Logistics Solutions Private Limited

(Amount in INR)

Statement of Cash Flows	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Cash flow from operating activities		
Profit / (Loss) for the year/ period	19,26,316	(76,300)
Adjustments for:		
Depreciation and amortisation	11,24,953	-
Finance costs	8,49,850	36,081
Operating cash flows before working capital changes	**39,01,119**	**(40,219)**
Changes in Loans, other financial assets and other assets	(28,76,790)	(1,00,000)
Changes in trade receivables and unbilled revenue	(4,31,60,701)	-
Changes in trade payables and other financial liabilities	3,21,38,008	-
Changes in other liabilities and provisions	2,26,82,644	45,000
Cash generated from operations	**1,26,84,280**	**(95,219)**
Direct taxes paid, net of refund	(51,53,355)	-
Net cash (used in) / provided by operating activities (A)	**75,30,926**	**(95,219)**
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles, net of sale proceeds	(18,02,046)	(25,00,000)
Net cash (used in) / provided by investing activities (B)	**(18,02,046)**	**(25,00,000)**
Cash flows from financing activities		
Proceeds from borrowings	(33,27,873)	32,95,400
Interest paid	(8,49,850)	-
Proceeds from issue of equity shares, net of issue expenses	-	1,00,000
Net cash (used in) / provided by financing activities (C)	**(41,77,723)**	**33,95,400**
Net increase in cash and cash equivalents (A+B+C)	15,51,156	8,00,181
Cash and cash equivalents at the beginning of the year/ period	8,00,181	-
Cash and cash equivalents at the end of the year/ period	**23,51,337**	**8,00,181**

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 09 May 2018

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

Dependo Logistics Solutions Private Limited

Statement of Changes in Equity for the year ended 31 March 2018

(Amount in INR)

Particulars	Share Capital	Other equity		Total Equity attributable to Equity holders of the Company
		Retained Earnings	General Reserve	
Opening balance as on 01 April 2017	1,00,000	(76,300)	-	23,700
Add: Increase in Share Capital	-	-	-	-
Less: Profit for the year	-	19,26,316	-	19,26,316
	-	-	-	-
Balance as of 31 March 2018	**1,00,000**	**18,50,016**	-	**19,50,016**

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

VASAN & SAMPATH LLP * BANGALORE INDIA * CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

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Director
DIN: 07596207

Place: Bengaluru
Date: 09 May 2018

DEPENDO LOGISTICS SOLUTIONS PVT. LTD. ★

1. Company overview

Dependo Logistics Solutions Private Limited ('Dependo' or 'the Company') was incorporated on 8 September 2016 under the Companies Act, 2013. The Company is a wholly owned subsidiary of Quess Corp Limited ("Holding Company"). The Company is engaged in the business of logistics and logistic solution services.

2.1 Significant accounting policies

2.1.1 Basis of preparation

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

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

2.1.2 Basis of measurement

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

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

2.1.3 Use of estimates and judgment

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

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

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

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

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

2.1.4 Current - non current classification

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

Assets

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

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

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DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

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

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

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

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

2.2.2 Financial instruments

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

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

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

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

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

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

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DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

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

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

(v) Financial liabilities

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

(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

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

2.2.3 Fair Value of Financial Instruments

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

2.2.4 Property, plant and equipment

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

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

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at eacb financial year end.

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

2.2.5 Intangible assets

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

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.

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2.2.7 Impairment

a. Financial assets

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

b. Non-financial assets

Intangible assets and property, plant and equipment

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

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

2.2.8 Employee benefit

(a) Defined benefit plans

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

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

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

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

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

(c) Compensated absences

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

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

2.2.10 Revenue

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

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

Deferred revenue represents amounts billed in excess of revenue earned. Unbilled revenue represents revenue earned in excess of amounts billed.

2.2.11 Other income

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

2.2.12 Cost recognition

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

2.2.13 Finance costs

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

2.2.14 Income tax

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

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

2.2.15 Cash flow statement

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

2.2.16 Earnings per share

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

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

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4 Income tax assets (net)

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Advance income tax	53,13,229	-
	53,13,229	-

5 Trade receivables

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured		
Considered good	95,37,403	-
Considered doubtful	-	-
	95,37,403	-

6 Cash and cash equivalents

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash in hand	-	-
Balances with banks		
In current accounts	22,01,337	8,00,181
In deposit accounts	1,50,000	-
	23,51,337	**8,00,181**

7 Other current financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
Interest accrued but not due	8,168	-
Unbilled revenue	3,36,15,129	-
	3,36,23,297	-

8 Other current assets

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Advances other than capital advances		
Security deposits	27,04,000	1,00,000
Advances to suppliers	22,500	-
Other advance	1,17,643	-
Prepaid expenses	1,32,647	-
	29,76,790	**1,00,000**

9 Share capital

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised		
10,000 equity shares of par value of Rs 10 each	1,00,000	1,00,000
	1,00,000	**1,00,000**
Issued, subscribed and paid-up		
10,000 equity shares of par value of Rs 10 each, fully paid up	1,00,000	1,00,000
	1,00,000	**1,00,000**

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

Dependo Logistics Solutions Private Limited
Notes to the financial statements for the year ended 31 March 2018

9.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

Particulars	As at 31 March 2018	As at 31 March 2017
Equity shares		
At the commencement of the year	10,000	-
Shares issued	-	10,000
At the end of the year	10,000	10,000

9.2 Shares held by Holding Company

Equity shares	As at 31 March 2018	As at 31 March 2017
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited	9,999	9,999

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

Equity shares	% of Holding	As at 31 March 2018	As at 31 March 2017
Equity shares of par value Rs 10 each			
Quess Corp Limited	99.99%	9,999	9,999

9.4 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.

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

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Dependo Logistics Solutions Private Limited
Notes to the financial statements for the year ended 31 March 2018

10 Other Equity

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Retained earnings*	18,50,016	(76,300)
	18,50,016	**(76,300)**

* For detailed movement of retained earnings refer Statement of changes in Equity

11 Deferred income tax liabilities

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred income tax liabilities	1,59,874	-
	1,59,874	-

12 Current borrowings

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Loan from related party, Unsecured		
From Quess Corp Limited*	-	33,27,873
	-	**33,27,873**

*Repayable on demand, with interest rate equivalent to 10 year India Government Bond rate

13 Trade payables

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payables to related parties	2,79,19,693	-
Other trade payables	42,18,315	-
	3,21,38,008	-

14 Other current liabilities

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Accrued Liabilities	2,17,12,878	40,500
Balances payable to government authorities	3,18,375	8,108
	2,20,31,252	**48,608**

15 Provisions

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for Income Tax	7,00,000	-
	7,00,000	-

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

16 Sale of services

(Amount in INR)

Particulars	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Rendering of logistics and logistic solution services	30,14,05,592	-
	30,14,05,592	-

17 Other income

(Amount in INR)

Particulars	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Miscellaneous income	-	4,781
Interest on fixed deposit	8,168	-
	8,168	**4,781**

18 Finance costs

(Amount in INR)

Particulars	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Interest on borrowings	8,49,850	36,081
	8,49,850	**36,081**

19 Other expenses

(Amount in INR)

Particulars	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Travelling and conveyance	1,05,360	-
Sub-contractor charges	2,51,83,155	-
Services reimbursement expenses	7,60,75,262	-
Rent	26,90,565	-
Shipment delivery Charges	18,75,66,181	-
Bank charges	21,425	-
Printing and stationery	38,534	-
Repairs & maintenance		
- plant and machinery	6,094	-
- buildings	1,89,903	-
- others	5,80,161	-
Power and Fuel	1,56,197	-
Insurance	2,43,286	-
Rates and taxes	4,75,856	-
Security expenses	12,40,195	-
Business promotion and advertisement expenses	1,59,010	-
Communication expenses	1,17,880	-
Legal and professional fees *	12,88,900	45,000
Miscellaneous expenses	5,14,803	-
	29,66,52,767	**45,000**

***Payment to auditors (net of Goods and service tax; included in legal and professional fees)**

(Amount in INR)

Particulars	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Statutory audit	1,50,000	45,000
	1,50,000	**45,000**

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DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

3 Property, plant and equipment

Particulars	Furniture and fixtures	Office equipment	Plant and machinery	Computer equipment	Total
Gross block					
As at 1 April 2017	-	-	-	-	-
Additions during the year	4,12,221	5,35,311	28,438	8,26,077	18,02,046
Disposals for the year					-
As at 31 March 2018	**4,12,221**	**5,35,311**	**28,438**	**8,26,077**	**18,02,046**
Accumulated Depreciation					-
As at 1 April 2017	-	-	-	-	-
Charge for the year	73,122	1,04,759	6,127	1,07,612	2,91,620
Disposals during the year	-	-	-	-	-
As at 31 March 2018	**73,122**	**1,04,759**	**6,127**	**1,07,612**	**2,91,620**
Net Block :					
As at 1 April 2017	-	-	-	-	-
As at 31 March 2018	**3,39,099**	**4,30,552**	**22,311**	**7,18,465**	**15,10,426**

Other intangible assets

Particulars	Computer software
Gross block	
As at 1 April 2017	-
Additions during the year	25,00,000
Disposals for the year	-
As at 31 March 2018	**25,00,000**
Accumulated Depreciation	
As at 1 April 2017	-
Charge for the year	8,33,333
Disposals during the year	-
As at 31 March 2018	**8,33,333**
Net Block :	
As at 1 April 2017	-
As at 31 March 2018	**16,66,667**

20 Capital commitments

(Amount in INR)

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

21 Earnings per share

(Amount in INR except number of shares)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Nominal value of equity shares	1,00,000	1,00,000
Net profit after tax for the purpose of earnings per share	19,26,316	(76,300)
Weighted average number of shares used in computing basic earnings per share	10,000	10,000
Basic earnings per share	**192.63**	**(7.63)**
Weighted average number of shares used in computing diluted earnings per share	10,000	10,000
Diluted earnings per share	**192.63**	**(7.63)**

Computation of weighted average number of shares

(Figures in numbers)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Number of equity shares outstanding at beginning of the year	10,000	-
	-	-
Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue	-	-
Add: Weighted average number of equity shares issued during the year	-	10,000
Weighted average number of shares outstanding at the end of year for computing basic earnings per sha	10,000	10,000
Add: Impact of potentially dilutive equity shares	-	-
Weighted average number of shares outstanding at the end of year for computing diluted earnings per share	**10,000**	**10,000**

22 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Subsidiaries (Including step subsidiaries)	Coachieve Solutions Private Limited MFX Infotech Private Limited Aravon Services Private Limited Brainhunter Systems Ltd. Mindwire Systems Ltd. Brainhunter Companies Canada Inc. Brainhunter Companies LLC Quess (Philippines) Corp. Quess Corp (USA) Inc. Quesscorp Holdings Pte Ltd Quessglobal (Malaysia) SDN. BHD. Quess Corp Lanka (Private) Limited Comtel Solutions Pte Ltd Ikya Business Services (Private) Limited MFXchange Holdings Inc. MFXchange US, Inc. MFX Roanoke Inc. Excelus Learning Solutions Private Limited CenterQ Business Solutions Private Limited Inticore VJP Advanced Solutions Private Limited Vedang Cellular Services Conneqt Business Solutions Limited (fka: Tata Business Support Services Limit Golden Star Facilities and Services Private Limited Master Staffing Solutions Private Limited Comtelpro Pte. Limited Comtelink Sdn. Bhd. MFX Chile SpA Monster.com (India) Private Limited

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

Dependo Logistics Solutions Private Limited
Notes to the financial statements for the year ended 31 March 2018

- Subsidiaries (Including step subsidiaries)	Monster.com.sg Pte. Limited Monster.com.HK Limited Monster Malaysia Sdn. Bhd.
- Associates of Holding Company	Terrier Security Services (India) Private Limited Simpliance Technologies Private Limited Heptagon Technologies Pvt Ltd Quess Recruit, Inc
Joint Venture of a fellow subsidiary	Himmer Industrial Services (M) SDN BHD
Joint Venture of Holding Company	Trimax IT Infrastructure and Services Limited
Fellow Subsidiary of Holding Company	National Colateral Management Services Limited
- Entity having common directors	Quess Corp Limited Quess (Philippines) corp Quess Corp (USA) Inc. IKYA Business Sevices (Private) Limited MFX Infotech Private Limited Hofincons Infotech & Industrial Services Private Limited Brainhunter systems Limited, Canada MFXChange Holdings Inc, Canada Aravon Services Private Limited Quesscorp Holdings Pte. Ltd., Singapore MFXChange Inc, USA Excelus Learning Solutions Private Limited CentreQ Business Services Private Limited Comtel Solutions Pte. Ltd. Conneqt Business Solutions Limited Monster.Com (India) Pvt Ltd Comtel Pro.Pte. Ltd. Coachieve Solutions Private Limited Inticore Vjp Advance Systems Private Limited
- Entities in which key managerial personnel have significant influence	Quess Corp Limited Co-achieve Solutions Private Limited Quess (Philippines) Corp Quess Corp (USA) Inc. IKYA Business Sevices (Private) Limited MFX Infotech Private Limited Hofincons Infotech & Industrial Services Private Limited Brainhunter systems Limited, Canada MFXChange Holdings Inc, Canada Aravon Services Private Limited Quesscorp Holdings Pte. Ltd., Singapore MFXChange Inc, USA Excelus Learning Solutions Private Limited CentreQ Business Services Private Limited Comtel Solutions Pte. Ltd. Conneqt Business Solutions Limited Monster.Com (India) Pvt Ltd Comtel Pro.Pte. Ltd. Inticore Vjp Advance Systems Private Limited

Key executive management personnel

Name	**Designation**
Subrata Kumar Nag	Director
Srinivasan Guruprasad	Director

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

(ii) Related party transactions during the year

(Amount in INR)

Particulars		For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Finance costs			
- Interest expense	Quess Corp Limited	8,49,850	36,081
Payment made by related parties on behalf of the Company	Quess Corp Limited	2,68,46,387	-
Expense incurred on behalf of the related parties	Quess Corp Limited	18,04,931	-
Other expenses			
- Security & background verification expense	Terrier Security Services (India) Private Limited	14,14,737	-
- Professional fees	Heptagon Technologies Private Limited	9,46,000	-
- Professional fees	Co-achieve Solutions Private Limited	1,22,500	-
- Sub-contractor charges	Quess Corp Limited	2,51,83,155	-
Loans received from related parties	Quess Corp Limited	15,60,00,000	32,95,400
Loans repaid to related parties	Quess Corp Limited	15,92,95,400	-

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in INR)

Particulars		As at 31 March 2018	As at 31 March 2017
Unsecured Loan (including interest)	Quess Corp Limited	-	33,27,873
Trade payables (inclusive of provisions)	Terrier Security Services (India) Private Limited	7,73,152	-
	Quess Corp Limited	2,79,02,907	-

(iv) Compensation of key managerial personnel

(Amount in INR)

Particulars	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Srinivasan Guruprasad	-	-
Subrata Kumar Nag	-	-
	-	-

23 Leases

Operating Leases

The Company has taken on lease'e premises under operating leases. The leases typically run for a period of one years, with an option to renew the lease after that period. Lease payments are renegotiable at the time of renewal.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Payable within 1 year	-	-
Payable between 1-5 years	-	-
Payable later than 5 years	-	-

(Amount in INR)

Particulars	For the Year Ended 31 March 2018	For the Period Ended 31 March 2017
Total rental expense relating to operating lease	26,90,565	-
- Non-cancellable	-	-
- Cancellable	26,90,565	-

24 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

25 Comparability with previous period

Current year figures pertain to the operations for the year 01 April 2017 to 31 March 2018. Previous period figures relate to a period from 08 September 2016 to 31 March 2017. As such, current year figures are not comparable with those of the previous period. Previous year's figures have been regrouped/ reclassified to make them comparable with those of current year.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

Dependo Logistics Solutions Private Limited

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

26 Taxes

A Amount recognised in profit or loss

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Current tax:		
In respect of the current period	7,00,000	-
Excess provision related to prior years	-	-
Deferred tax:		
Attributable to:		
Origination and reversal of temporary differences	1,59,874	-
Increase/ reduction of tax rate	-	-
Income tax expense reported in the Statement of Profit and Loss	**8,59,874**	**-**

B Reconciliation of effective tax rate

(Amount in INR)

Particulars	For the year ended 31 March 2018		For the period ended 31 March 2017	
	Rate	Amount	Rate	Amount
Profit before tax		27,86,190		(76,300)
Tax using the Company's domestic tax rate	30.90%	8,60,933	29.00%	-
Effect of:				
Tax exempt income	0.00%	-	0.00%	-
Non-deductible expenses	0.00%	(1,60,933)	-	-
Unrecognised tax losses	0.00%	-	-	-
Deferred tax credit for earlier periods	0.00%	-	-	-
Difference in enacted tax rate	0.00%	-	-	-
Effective tax rate	**25.12%**	**7,00,000**	**0.00%**	-
Less: Excess provision related to prior years	-	-	0.00%	-
Income tax expense reported in the Statement of Profit and Loss	**25.12%**	**7,00,000**	**0.00%**	-

C The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017

Non-current tax assets (net)

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	46,13,229	-
Income tax liabilities	-	-
Net income tax assets at the end of the year	**46,13,229**	**-**

Current tax liabilities (net)

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	-	-
Income tax liabilities	-	-
Net income tax liabilities at the end of the year	**-**	**-**

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

VARSAM & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

D Deferred tax assets, net

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset and liabilities are attributable to the following:		
Deferred tax assets:		
Impairment loss allowance on financial assets	-	-
Provision on employee benefits- Gratuity	-	-
Provision on employee benefits- Compensated absences	-	-
Deffered Tax on Bonus	-	-
Provision for disputed Claims	-	-
Interest on Service Tax	-	-
Provision for rent Escalation	-	-
Present Valuation of Financial Instruments	-	-
Deferred Tax others	-	-
Business loss current year and carried forwrad	-	-
Unabosrbed Depreciation current year and carried forward	-	-
Deffered tax on fixed assets	(1,59,874)	-
Minimum alternate tax credit entitlement	-	-
Net deferred tax assets	**(1,59,874)**	-

E Recognised deferred tax assets and liabilities

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

(Amount in INR)

For the year ended 31 March 2018	Opening balance	Additions through business combinations	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-
Provision for disputed claims	-	-	-	-	-
Provision for rent escalation	-	-	-	-	-
Others	-	-	-	-	-
Business loss cureent year and carried forwrad	-	-	-	-	-
Unabosrbed Depreciation current year and carried forward			-		-
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	-	-	(1,59,874)	-	(1,59,874)
Net deferred tax assets	-	-	**(1,59,874)**	-	**(1,59,874)**

(Amount in INR)

For the year ended 31 March 2017	Opening balance	Additions through business combinations	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-
Provision for disputed claims	-	-	-	-	-
Provision for rent escalation	-	-	-	-	-
Others	-	-	-	-	-
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	-	-	-	-	-
Net deferred tax assets	-	-	-	-	-

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

27 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 INR)

Particulars	Carrying amount	Fair value		
	31-Mar-18	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	95,37,403	-	95,37,403	-
Cash and cash equivalents including other bank balances	23,51,337	-	23,51,337	-
Other financial assets	3,36,23,297	-	3,36,23,297	-
Financial assets measured at fair value				
Investment in preference shares	-	-	-	-
Other non-current investments	-	-	-	-
Total financial assets	**4,55,12,038**	-	**4,55,12,038**	-
Financial liabilities measured at amortised cost				
Non-convertible debentures	-	-	-	-
Finance lease obligations	-	-	-	-
Borrowings other than above	-	-	-	-
Trade payables	3,21,38,008	-	3,21,38,008	-
Other financial liabilities	-	-	-	-
Financial liabilities measured at fair value				
Contingent consideration	-	-	-	-
Financial liability towards put option	-	-	-	-
Financial liability	-	-	-	-
Total financial liabilities	**3,21,38,008**	-	**3,21,38,008**	-

(Amount in INR)

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	-	-	-	-
Cash and cash equivalents including other bank balances	8,00,181	-	8,00,181	-
Other financial assets	-	-	-	-
Financial assets measured at fair value				
Other non-current investments	-	-	-	-
Total financial assets	**8,00,181**	-	**8,00,181**	-

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Dependo Logistics Solutions Private Limited

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

(Amount in INR)

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Finance lease obligations	-	-	-	-
Borrowings other than above	33,27,873	-	33,27,873	-
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
Financial liabilities measured at fair value				
Contingent consideration	-	-	-	-
Non-controlling interests put option	-	-	-	-
Financial liability	-	-	-	-
Total financial liabilities	**33,27,873**	-	**33,27,873**	-

Fair value hierarchy

Level 1: Quoted Price (Unadjusted) in active markets for identical assets or liabilities

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

Level 3: Inputs for the assets or liabilities that are not based unobservable market data (Unobservable inputs)

Fair valuation method

The Managemnet assessed that fair value of financial assets and liabilities approximate their carrying amountslargely due to the shortterm maturities of these instruments.

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.

B Financial Liabilities:

1) **Borrowings:** It includes working capital loan and payments on behalf of the entity from Quess Corp Ltd. These borrowings 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.

2) **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.

3) **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.

DEPENDO LOGISTICS SOLUTIONS PVT. LTD.

VASAN & SAMPATH LLP BANGALORE CHARTERED ACCOUNTANTS

28 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk

Risk management framework

The Board of Directors of Dependo Logistics Solutions Private Limited 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and current asset. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

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 its customer. 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 credit worthiness 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 31 March 2018 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 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 2018

(Amount in INR)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	-	-	-	No	-
Past due 1–90 days	95,37,403	-	-	No	95,37,403
Past due 91–180 days	-	-	-	No	-
Past due 181–270 days	-	-	-	No	-
Past due 271–360 days	-	-	-	No	-
Above 360 days	-	-	-	Yes	-
	95,37,403		**-**		**95,37,403**

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 deposit. 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 had taken loan from the parent company Quess Corp Limited

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017.The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

Dependo Logistics Solutions Private Limited

Notes to the financial statements for the year ended 31 March 2018
As at 31 March 2018

(Amount in INR)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings		-	-	-	-
Trade payables		-	-	-	-
Other financial liabilities		-	-	-	-

As at 31 March 2017

(Amount in INR)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	33,27,873	33,27,873	-	-	-
Trade payables		-	-	-	-
Other financial liabilities		-	-	-	-

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.

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, bill discounting and term loan facilities and loans from related parties which carries variable rate of interest.

(a) Interest rate risk exposure

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

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	-	33,27,873
Fixed rate borrowings	-	-
Total borrowings	**-**	**33,27,873**

(b) Sensitivity

(Amount in INR)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2018				
Variable rate borrowings	90,085	(90,085)	54,141	(54,141)
31 March 2017				
Variable rate borrowings	5,663	(5,663)	3,403	(3,403)

As per our report of even date attached
for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 09 May 2018

Independent Auditors' Report

To,
The Members
Excelus Learning Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Excelus Learning Solutions Private Limited** ('the Company'), which comprise the Balance Sheet as at **March 31, 2018**, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the standalone Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

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

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VASAN & SAMPATH LLP BANGALORE INDIA

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

2) As required by Section 143 (3) of the Act, we report that;
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   e. on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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CHARTERED ACCOUNTANTS

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

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

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

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

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Bengaluru
May 9, 2018

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2018, we report that:

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

   b. Fixed assets have been physically verified by the management at reasonable intervals. We are informed that 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 Company does not hold any immovable properties as at March 31, 2018;

ii. The Company's operations does not involve inventory. Consequently, comment on clause (ii) of the order is not applicable;

iii. The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Consequently, comment on clause (iii) of the order is not applicable;

iv. The Company has not made any loans and investments, covered by provisions of Section 185 and 186 of the Act. Consequently, comment on clause (iv) of the order is not applicable.

v. The Company has not accepted any deposits from the public. Consequently, comment on clause (v) of the order is not applicable;

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Consequently, comment on clause (vi) of the order is not applicable;

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, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain minor delays in remittance of goods and service tax dues. As explained to us, the Company did not have any undisputed amounts outstanding as at last day of the financial year 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 statutory dues on account of dispute;

viii. The Company has obtained loans as referred in Note No.17, 21 and 41 to financial statements. The Company does not have any loans or borrowings from any financial institution, banks or debenture holders during the year. According to the information and explanations given to us, there have been no defaults in repayment loan;

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ix. 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. Consequently, comment on clause (ix) of the Order is not applicable;

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

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

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Consequently, comment on clause (xii) of the Order is not applicable;

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

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

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. Consequently, comment on clause (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. Consequently, comment on clause (xvi) of the Order is not applicable.

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703
Bengaluru
May 9, 2018

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Excelus Learning Solutions Private Limited**("the Company") as of **March 31, 2018** in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP
BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Bengaluru
May 9, 2018

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)

(Amount in INR)

Balance Sheet as at	Note	31 Mar 2018	31 Mar 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	90,545,464	8,664,664
Capital work-in-progress		-	-
Goodwill		-	-
Other intangible assets		-	-
Intangible assets under development		-	-
Financial assets			
(i) Investments		-	-
(ii) Non-current loans	4	13,643,488	2,610,620
(iii) Other non-current financial assets	5	55,146,682	3,630,333
Deferred tax assets (net)	6	17,982,164	(238,142)
Income tax assets (net)	7	3,626,373	-
Other non-current assets	8	11,356,191	3,977,259
Total non-current assets		**192,300,362**	**18,644,734**
Current assets			
Inventories	-	-	-
Financial assets			
(i) Investments	-	-	-
(ii) Trade receivables	9	5,643,421	-
(iii) Unbilled revenue	10	13,566,824	-
(iv) Cash and cash equivalents	11	44,909,933	1,027,402
(v) Bank balances other than cash and cash equivalents above	12	2,000,000	-
(vi) Current loans		-	-
(vii) Other current financial assets	13	1,412,537	2,825
Other current assets	14	17,579,575	1,485,447
Total current assets		**85,112,290**	**2,515,674**
Total assets		**277,412,652**	**21,160,408**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	100,000	100,000
Other equity	16	(50,569,500)	(1,661,333)
Total equity attributable to equity holders of the Company		**(50,469,500)**	**(1,561,333)**
Non-controlling interests		-	-
Total equity		(50,469,500)	(1,561,333)
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Non-current borrowings	17	26,214,077	-
(ii) Other non-current financial liabilities	-	-	-
Deferred tax liabilities (net)	-	-	-
Non-current provisions	18	630,244	-
Total non current liabilities		**26,844,321**	**-**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	251,931,325	17,124,427
(ii) Trade payables	20	19,274,488	4,706,671
(iii) Other current financial liabilities	21	19,367,501	711,864
Income tax liabilities (net)	-	-	-
Current provisions	22	297,533	-
Other current liabilities	23	10,166,984	178,779
Total current liabilities		**301,037,831**	**22,721,741**
Total Liabilities		**327,882,152**	**22,721,741**
Total Equity and Liabilities		277,412,652	21,160,408

Company overview and Significant accounting policies 1 &2

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

As per our report of even date attached
for **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No.: 004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair	**Subrata Nag**
Director	Director
DIN 07086634	DIN 02334000

Place: Bengaluru
Date: 09 May 2018

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)

(Amount in INR)

Statement of profit and loss	Note	For the year ended 31 Mar 2018	For the period ended 31 Mar 2017
Income			
Revenue from operations	24	56,347,120	-
Other income	25	1,834,859	2,825
Total income		**58,181,979**	**2,825**
Expenses			
Cost of material and stores and spare parts consumed		-	-
Employee benefit expenses	26	47,453,371	-
Finance costs	27	11,686,510	410,773
Depreciation and amortisation expense	3	13,177,780	311,029
Other expenses	28	53,097,905	2,346,865
Total expenses		**125,415,566**	**3,068,667**
Profit before share of profit of equity accounted investees and income tax		**(67,233,587)**	**(3,065,842)**
Share of profit of equity accounted investees (net of income tax)		-	-
Profit before tax		**(67,233,587)**	**(3,065,842)**
Tax expense			
Current tax		-	-
Adjustments of tax relating to earlier periods		-	-
Deferred tax		18,220,306	(238,142)
Income tax expenses		**18,220,306**	**(238,142)**
Profit for the year / period		**(49,013,281)**	**(3,303,984)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		-	-
Other comprehensive income for the period		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Share of Other Comprehensive Income in Associates and Joint Venture		-	-
Items that will be reclassified to profit or loss			
operations		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Total comprehensive income for the year/ period		**(49,013,281)**	**(3,303,984)**
Profit attributable to			
Owners of the Company		(49,013,281)	(3,303,984)
Non-controlling interests		-	-
Profit for the year/ period		**(49,013,281)**	**(3,303,984)**
Other comprehensive income attributable to			
Owners of the Company		-	-
Non-controlling interests		-	-
Total other comprehensive income attributable to		-	-
Total comprehensive income attributable to :			
Equity holders of the parent		(49,013,281)	(3,303,984)
Non-controlling interests		-	-
Earnings per equity share (face value of Rs 10 each)			
Basic	30	**(4,901)**	**(330)**
Diluted	30	**(4,901)**	(330)

As per our report of even date attached
for **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Place: Bengaluru
Date: 09 May 2018

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Statement of Changes in Equity for the year ended 31 March 2018

(Amount in INR)

Particulars	Share Capital	OTHER EQUITY		Total Equity attributable to Equity holders of the Company
		Retained Earnings	Other reserves	
Balance as of April 1, 2017	100,000	(3,303,984)	1,642,651	(1,561,333)
Add: Increase in Share Capital	-	-	-	-
Less: Buyback of share capital	-	-	-	-
Add: Financial value of Corporate guarantee received	-	-	105,114	105,114
Less: Loss for the year	-	(49,013,281)	-	(49,013,281)
Balance as of 31 March 2018	**100,000**	**(52,317,265)**	**1,747,765**	**(50,469,500)**

As per our report of even date attached
for **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No.: 004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 09 May 2018

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Cash flow statement

(Amount in INR)

	For the year ended 31 Mar 2018	For the period ended 31 March 2017
Cash flow from operating activities		
Profit before tax	(67,233,587)	(3,065,842)
Adjustments for:		-
Depreciation and amortisation	13,177,780	311,029
Interest income on term deposits	(1,566,347)	(2,825)
Rent amortization for SD (Net of income)	32,286	-
Finance costs	11,686,510	410,773
Operating cash flows before working capital changes	**(43,903,358)**	**(2,346,865)**
Changes in Loans, other financial assets and other assets	(38,610,754)	(3,636,126)
Changes in trade payables and other financial liabilities	37,542,347	5,597,315
Cash generated from operations	**(44,971,765)**	**(385,676)**
Direct taxes paid, net of refund	-	-
Net cash (used in) / provided by operating activities (A)	**(44,971,765)**	**(385,676)**
Cash flows from investing activities		
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	(100,792,393)	(11,770,243)
Interest on bank deposits	156,635	-
Bank deposits (having original maturity of more than three months)	(53,516,349)	(3,630,333)
Security deposits	(13,325,228)	-
Net cash (used in) / provided by investing activities (B)	**(167,477,335)**	**(15,400,576)**
Cash flows from financing activities		
Fair value of financial guarantee received	-	-
Proceeds from borrowings (NSDC)	31,538,898	-
Proceeds from borrowings (Quess)	226,729,551	17,000,000
Proceeds from issue of equity shares, net of issue expenses	-	100,000
Interest on loan paid	(288,253)	(286,346)
Financial charges for BG	(1,648,565)	-
Net cash (used in) / provided by financing activities (C)	**256,331,631**	**16,813,654**
Net increase in cash and cash equivalents (A+B+C)	43,882,531	1,027,402
Cash and cash equivalents at the beginning of the year	1,027,402	-
Cash and cash equivalents at the end of the year/ period	**44,909,933**	**1,027,402**

As per our report of even date attached
for **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No.: 004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 09 May 2018

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to the financial statements for the year ended 31 March 2018

1. Company overview
Excelus Learning Solutions Private Limited ('the Company') , is a Company incorporated under the provisions of the Companies Act, 2013('the Act') on November 23, 2016. The company has its registered office in Bengaluru, India. The Company is engaged in the business of skill development and training services.

2.1 Significant accounting policies

2.1.1 Basis of preparation

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

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

2.1.2 Basis of measurement
The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:
i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

2.1.3 Use of estimates and judgment
The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

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

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

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

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

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

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

VASAN & SAMPATH LLP BANGALORE INDIA ACCOUNTANTS

BANGALORE Excelus Learning Solutions Private Limited

Liabilities

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

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

Operating cycle

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

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

2.2.2 Financial instruments

2.2.2.1 Initial recognition

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

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

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

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

(v) Financial liabilities

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

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

(vi) Financial guarantee contracts

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

(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

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

2.2.3 Fair Value of Financial Instruments

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

2.2.4 Property, plant and equipment

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

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements	3 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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

Since the leasehold improvements form part of training centres and NSDC has funded the project for atleast 3 years, the estimated life is taken as 3 years even if lease term is less than 3 years in few cases.

2.2.5 Intangible assets

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

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

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.

Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

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2.2.7 Impairment

a. Financial assets

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

b. Non-financial assets

Intangible assets and property, plant and equipment

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

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

2.2.8 Employee benefit

(a) Defined benefit plans

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

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

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

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

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

(c) Compensated absences

The employees of the 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.

2.2.9 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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2.2.10 Revenue

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

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

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

2.2.11 Other income

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

2.2.12 Cost recognition

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

2.2.13 Finance costs

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

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. The Deferred tax assets are also recognized for unabsorbed depreciation, current year and carried forward business losses under tax laws. The recognition is supported by management's estimation of availibility of sufficient future taxable income, against which such deferred tax assets can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

2.2.15 Cash flow statement

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

2.2.16 Earnings per share

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

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

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Excelus Learning Solutions Private Limited BANGALORE

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to the financial statements for the year ended 31 March 2018

3 Property, plant and equipment *(Amount in INR)*

Particulars	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment	Total
Gross block					
As at 1 April 2017	2,645,765	1,111,671	2,866,925	2,351,332	8,975,693
Additions during the year	8,535,726	16,439,968	30,190,670	39,892,216	95,058,580
Disposals during the year	-	-	-	-	-
As at 31 Mar 2018	11,181,491	17,551,639	33,057,595	42,243,548	104,034,273
Accumulated Depreciation					
As at 1 April 2017	118,528	30,409	56,741	105,351	311,029
Depreciation for the year	2,180,576	1,748,575	3,088,869	6,159,760	13,177,780
Accumulated depreciation on deletions	-	-	-	-	-
As at 31 Mar 2018	2,299,104	1,778,984	3,145,610	6,265,111	13,488,809
Net Block					
As at 1 April 2017	2,527,237	1,081,262	2,810,184	2,245,981	8,664,664
As at 31 Mar 2018	8,882,387	15,772,655	29,911,985	35,978,437	90,545,464

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Excelus Learning Solutions Pvt. Ltd. BANGALORE

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to the financial statements for the year ended 31 March 2018

4 **Non current loans**

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Unsecured, considered good		
Security deposits	13,643,488	2,610,620
Loans to employees	-	-
	13,643,488	2,610,620

5 **Other non-current financial assets**

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Bank deposits (due to mature after 12 months from the reporting date)	55,146,682	3,630,333
	55,146,682	3,630,333

6 **Deferred tax assets (net)**

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Deferred tax asset and liabilities are attributable to the following:	-	-
Deferred tax asset on liabilities:	-	-
Impairment loss allowance on financial assets	62,371	-
Provision on employee benefits- Gratuity	176,531	-
Provision on employee benefits- Compensated absences	-	-
Deffered Tax on Bonus	-	-
Provision for disputed Claims	-	-
Interest on Service Tax	-	-
Provision for rent Escalation	-	-
Present Valuation of Financial Instruments	-	-
Deferred Tax others	8,314	-
Business loss current year and carried forwrad	14,261,579	-
Unabosrbed Depreciation current year and carried forward	4,706,759	-
Deferred tax asset on assets:	-	-
Deffered tax on fixed assets	(1,233,390)	(238,142)
Minimum alternate tax credit entitlement	-	-
Net deferred tax assets	17,982,164	(238,142)

7 **Income tax assets (net)**

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Advance income tax	3,626,373	-
	3,626,373	-

8 **Other non-current assets**

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Capital advances	8,528,363	2,794,550
Prepaid expenses	2,827,828	1,182,709
	11,356,191	3,977,259

9 **Trade receivables**

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Unsecured		
Considered good	5,643,421	-
Considered doubtful	-	-
	5,643,421	-
Loss allowance		
Unsecured considered good	-	-
Doubtful	-	-
	-	-
Net trade receivables	5,643,421	-

10 **Unbilled revenue**

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Unbilled revenue	13,566,824	-
	13,566,824	-

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

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11 Cash and cash equivalents

(Amount in INR)

Particulars	**31 Mar 2018**	**31 Mar 2017**
Cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
In current accounts	44,909,933	1,027,402
In EEFC accounts	-	-
In deposit accounts (with original maturity of 3 months)	-	-
Cash and cash equivalents in balance sheet	**44,909,933**	**1,027,402**
Bank overdraft used for cash management purpose	-	-
Cash and cash equivalent in the statement of cash flow	**44,909,933**	**1,027,402**

12 Other bank balances

(Amount in INR)

Particulars	**31 Mar 2018**	**31 Mar 2017**
In deposit accounts (mature within 12 months from the reporting date)	2,000,000	-
	2,000,000	-

13 Other financial assets

(Amount in INR)

Particulars	**31 Mar 2018**	**31 Mar 2017**
Interest accrued but not due	1,412,537	2,825
Interest receivable from related parties	-	-
	1,412,537	**2,825**

14 Other current assets

(Amount in INR)

Particulars	**31 Mar 2018**	**31 Mar 2017**
Advances other than capital advances		
Advances to suppliers	5,722,195	140,584
Advances to employees	2,194,609	-
Other advances	-	433,960
Refundable Committement fees	714,228	-
Prepaid expenses	8,948,543	910,903
	17,579,575	**1,485,447**

15 Share capital

(Amount in INR)

Particulars	**31 Mar 2018**	**31 Mar 2017**
Authorised		
10,000 equity shares of par value of Rs 10 each	100,000	100,000
	100,000	**100,000**
Issued, subscribed and paid-up		
10,000 equity shares of par value of Rs 10 each, fully paid up	100,000	100,000
Share Application money	-	-
	100,000	**100,000**

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

Particulars	**As at 31 March 2018**		**As at 31 March 2017**	
	Number of shares	**Amount in INR**	**Number of shares**	**Amount in INR**
Equity shares				
At the commencement of the year	10,000	100,000	-	-
Shares issued on exercise of employee stock options	-	-	-	-
Shares issued during the year	-	-	10,000	100,000
Right issue	-	-	-	-
Bonus issue	-	-	-	-
At the end of the year	**10,000**	**100,000**	**10,000**	**100,000**

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15.2 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.

15.3 Shares held by Holding Company

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in INR	Number of shares	Amount in INR
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	9,990	99,900	9,990	99,900
	9,990	**99,900**	**9,990**	**99,900**

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% held	Number of shares	% held
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	9,990	99.90%	9,990	99.90%
	9,990	**99.90%**	**9,990**	**99.90%**

16 Other equity

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Securities premium account	-	-
Stock options outstanding account	-	-
Foreign currency translation reserve	-	-
Debenture redemption reserve	-	-
General reserve account	-	-
Other comprehensive income	-	-
Other Equity- Corporate Guarantee	1,747,765	1,642,651
Retained earnings	(52,317,265)	(3,303,984)
Commitment to issue equity shares	-	-
	(50,569,500)	**(1,661,333)**

17 Non-current borrowings

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Secured		
Non convertible debentures	-	-
Term loan	26,214,077	-
Total borrowing	**26,214,077**	-

18 Non-current provisions

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Provision for gratuity	241,107	-
Provision for compensated absences	389,137	
	630,244	-

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19 Current borrowings

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Loans from bank repayable on demand		
Secured		
Cash credit and overdraft facilities	-	-
Bill discounting facility from bank	-	-
Working capital loan	-	-
Loan from related parties, unsecured		
From Quess Corp Ltd.	251,931,325	17,124,427
From Fairfax Financial Holdings Limited	-	-
	251,931,325	**17,124,427**

20 Trade payables

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Other trade payables	19,274,488	4,706,671
	19,274,488	**4,706,671**

21 Other current financial liabilities

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Current maturities of long-term borrowings	5,324,821	-
Current maturities of finance lease obligations	-	-
Payable for acquisition of business	-	-
Consideration payable	-	-
Interest accrued and not due	374,785	-
Financial guarantee liability	-	-
Capital creditors	-	-
Other Payables	-	-
Provision for expenses	7,073,400	711,864
Accrued salaries and benefits	6,594,495	-
Provision for bonus and incentive	-	-
Book overdraft	-	-
Uniform deposits	-	-
	19,367,501	**711,864**

22 Current provisions

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Provision for employee benefits		
Provision for gratuity	1,112	-
Provision for compensated absences	296,421	-
	297,533	**-**

23 Other current liabilities

(Amount in INR)

Particulars	31 Mar 2018	31 Mar 2017
Balances payable to government authorities	3,140,954	178,779
Amount payable to related parties	7,026,030	-
	10,166,984	**178,779**

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24 Revenue from operations

(Amount in INR)

Particulars	For the year ended 31 Mar 2018	For the period ended 31 Mar 2017
Sale of services		
Training services	56,347,120	-
Total sale of services	**56,347,120**	**-**

25 Other income

(Amount in INR)

Particulars	For the year ended 31 Mar 2018	For the period ended 31 Mar 2017
Interest income under the effective interest method on:		
Cash and cash equivalents	1,566,347	2,825
Interest income on present valuation of financial instruments	268,512	-
	1,834,859	**2,825**

26 Employee benefits expense

(Amount in INR)

Particulars	For the year ended 31 Mar 2018	For the period ended 31 Mar 2017
Salaries and wages	43,253,075	-
Contribution to provident and other funds	3,272,519	-
Expenses related to post-employment defined benefit plan	242,219	-
Expenses related to compensated absences	685,558	-
	47,453,371	**-**

27 Finance costs

(Amount in INR)

Particulars	For the year ended 31 Mar 2018	For the period ended 31 Mar 2017
Interest expense on financial liabilites measured at amortised cost	10,037,945	138,252
Other borrowing costs	1,648,565	272,521
	11,686,510	**410,773**

28 Other expenses

(Amount in INR)

Particulars	For the year ended 31 Mar 2018	For the period ended 31 Mar 2017
Recruitment and training expenses	45,242,632	1,562,522
Rent	300,798	-
Repairs & maintenance		
- buildings	4,236,514	-
Legal and professional fees	681,271	749,951
Rates and taxes	1,829,921	34,392
Printing and stationery	108,361	-
Miscellaneous expenses	698,408	-
	53,097,905	**2,346,865**

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29 Capital commitments

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	15,360,508	16,519,182
	15,360,508	**16,519,182**

30 Earnings per share

(Amount in INR except number of shares)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Nominal value of equity shares	100,000	100,000
Net profit after tax for the purpose of earnings per share	(49,013,281)	(3,303,984)
Weighted average number of shares used in computing basic earnings per share	10,000	10,000
Basic earnings per share	**(4,901.33)**	**(330.40)**
Weighted average number of shares used in computing diluted earnings per share	10,000	10,000
Diluted earnings per share	(4,901.33)	(330.40)

Computation of weighted average number of shares

(Figures in numbers)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Number of equity shares outstanding at beginning of the year	10,000	-
	-	
Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue	-	
Add: Weighted average number of equity shares issued during the year		10,000
Weighted average number of shares outstanding at the end of year for computing basic earnings per share	**10,000**	**10,000**
Add: Impact of potentially dilutive equity shares		
Weighted average number of shares outstanding at the end of year for computing diluted earnings per share	**10,000**	**10,000**

31 Expenditure in foreign currency

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Miscellaneous expenses	375,723	-
	375,723	-

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Excelus Learning Solutions Private Limited BANGALORE

32 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Fellow subsidiaries	Coachieve Solutions Private Limited MFX Infotech Private Limited Aravon Services Private Limited Brainhunter Systems Ltd Mindwire Systems Ltd Brainhunter Companies Canada Inc Brainhunter Companies LLC Quess (Philippines) Corp Quess Corp (USA) Inc Quesscorp Holdings Pte Ltd Quessglobal (Malaysia) SDN BHD Quess Corp Lanka (Private) Limited Comtel Solutions Pte Ltd Ikya Business Services (Private) Limited MFXchange Holdings Inc MFXchange US, Inc MFX Roanoke Inc Dependo Logistics Solutions Private Limited CenterQ Business Solutions Private Limited Inticore VJP Advanced Solutions Private Limited Vedang Cellular Services Conneqt Business Solutions Limited (fka: Tata Business Support Services Limited) Golden Star Facilities and Services Private Limited Master Staffing Solutions Private Limited Comtelpro Pte Limited Comtelink Sdn Bhd MFX Chile SpA Monster.com (India) Private Limited Monster.com.sg Pte Limited Monster.com HK Limited Monster Malaysia Sdn Bhd
- Associates of Holding Company	Terrier Security Services (India) Private Limited Simpliance Technologies Private Limited Heptagon Technologies Pvt Ltd Quess Recruit, Inc Thomas Cook (India) Limited
- Joint Venture of Holding Company	Trimax Smart Infraprojects Private Limited
- Joint Venture of fellow subsidiary	Himmer Industrial Services (M) SDN BHD
- Entity having common directors	Quess Corp Limited Quess (Philippines) corp Quess Corp (USA) Inc IKYA Business Sevices (Private) Limited MFX Infotech Private Limited Hofincons Infotech & Industrial Services Private Limited Brainhunter systems Limited, Canada MFXChange Holdings Inc, Canada Aravon Services Private Limited Quesscorp Holdings Pte Ltd, Singapore MFXChange Inc, USA Dependo Logistics Services Private Limited CentreQ Business Services Private Limited Comtel Solutions Pte Ltd Conneqt Business Solutions Limited Monster.Com (India) Pvt Ltd Comtel Pro Pte Ltd Coachieve Solutions Private Limited Inticore Vjp Advance Systems Private Limited

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Excelus Learning Solutions Private Limited BANGALORE

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to the financial statements for the year ended 31 March 2018

- Entities in which key managerial personnel have significant influence	Quess Corp Limited
	Co-achieve Solutions Private Limited
	Quess (Philippines) Corp
	Quess Corp (USA) Inc
	IKYA Business Sevices (Private) Limited
	MFX Infotech Private Limited
	Hofincons Infotech & Industrial Services Private Limited
	Brainhunter systems Limited, Canada
	MFXChange Holdings Inc, Canada
	Aravon Services Private Limited
	Quesscorp Holdings Pte. Ltd., Singapore
	MFXChange Inc, USA
	Dependo Logistics Services Private Limited
	CentreQ Business Services Private Limited
	Comtel Solutions Pte. Ltd.
	Conneqt Business Solutions Limited
	Monster.Com (India) Pvt Ltd
	Comtel Pro Pte. Ltd.
	Inticore Vjp Advance Systems Private Limited

Key executive management personnel

Name	**Designation**
Subrata Nag	Director
Ranjit Nair	Director
Sudershan Pallaap	Company Secretary

(ii) Related party transactions during the year

(Amount in INR)

Particulars		**31 March 2018**	**31 March 2017**
Revenue from operations			
	Quess Corp Limited	545,160	-
Other expenses			
- Security Expense	Terrier Security Services (India) Private Limited	8,357,906	-
- CCTV	Terrier Security Services (India) Private Limited	435,499	-
		-	-
Finance costs		-	-
- Interest expense	Quess Corp Limited	8,974,830	138,252
- Interest income			
Payment made by related parties on behalf of the Company			
	Quess Corp Limited	-	-
Loans received/(given to) related parties			
	Quess Corp Limited	226,729,551	17,100,000
Corporate guarantee	Quess Corp Limited	105,114	1,642,651

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in INR)

Particulars		**As at 31 March 2018**	**As at 31 March 2017**
Trade receivables (gross of loss allowance)	Quess Corp Limited	498,960	-
Trade payables	Terrier Security Services (India) Private Limited	4,057,502	-
Current borrowings	Quess Corp Limited	251,931,325	17,124,427
Other payables	Quess Corp Limited	7,026,030	-

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(v) Compensation of key managerial personnel*

(Amount in INR)

Particulars	For the year from 1 April 2017 to 31 March 2018	For the period from 23 November 2016 to 31 March 2017
Ranjit Nair	-	-
Subrata Nag	-	-
	-	-

*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.

33 Leases

Operating Leases

The Company has taken on lease training cemntre premises under operating leases. The leases typically run for a period of one to three years, with an option to renew the lease after that period. Lease payments are renegotiated at the time of renewal.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Payable within 1 year	-	-
Payable between 1-5 years	-	-
Payable later than 5 years	-	-

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Total rental expense relating to operating lease	18,639,339	-
- Non-cancellable	-	-
- Cancellable	18,639,339	-

The Company 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 INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Payable within 1 year	-	-
Payable between 1-5 years	-	-
Payable later than 5 years	-	-
Total	-	-
Less: Finance charges	-	-
Present value of minimum lease payments	-	-

34 Assets and liabilities relating to employee benefits

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability, gratuity plan	242,219	-
Liability for compensated absences	685,558	-
Total employee benefit liability	927,777	-
Current	297,533	-
Non-current	630,244	-
	927,777	-

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Excelus Learning Solutions Private Limited BANGALORE

B Reconciliation of net defined benefit liability/ asset

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ asset and its components.

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Change in defined benefit obligation		
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	-	-
Additions through business combination	-	-
Current service cost	235,091	-
Interest cost	-	-
Past service cost	7,128	-
Benefit settled	-	-
Obligation at the end of the year	**242,219**	**-**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	-	-
Additions through business combination	-	-
Interest income on plan assets	-	-
Remeasurement- actuarial gain/(loss)	-	-
Return on plan assets recognised in other comprehensive income	-	-
Contributions	-	-
Benefits settled	-	-
Plan assets as at the end of the year	**-**	**-**
Net defined benefit liability	**242,219**	**-**

C i) Expense recognised in profit or loss

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Current service cost	235,091	-
Interest cost	-	-
Past service cost	7,128	-
Interest income	-	-
Net gratuity cost	**242,219**	**-**

E Defined benefit obligation - Actuarial Assumptions

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Discount rate	7.10%	-
Future salary growth	7.50%	-
Attrition rate	30.00%	-
Rate of return on planned asset	-	-
Average duration of defined benefit obligation (in years)	-	-

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 INR)

	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	226,985	258,820	-	-
Future salary growth (1% movement)	258,596	226,902	-	-
Attrition rate (1% movement)	242,359	242,079	-	-

35 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

36 Comparability with previous period

Current year figures pertain to the operations for the year April 01, 2017 to March 31, 2018. Previous period figures relate to a period from November 23, 2016 to March 31, 2017. As such, current year figures are not comparable with those of the previous period. Previous year's figures have been regrouped/ reclassified to make them comparable with
those of current year.

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37 **Taxes**

A **Amount recognised in profit or loss**

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Current tax:		
In respect of the current period	-	-
Excess provision related to prior years	-	-
Deferred tax:		
Attributable to:		
Origination and reversal of temporary differences	18,220,306	238,142
Increase/ reduction of tax rate	-	-
Income tax expense reported in the Statement of Profit and Loss	**18,220,306**	**238,142**

B **Reconciliation of effective tax rate**

(Amount in INR)

Particulars	For the year ended 31 March 2018		For the period ended 31 March 2017	
	Rate	Amount	Rate	Amount
Profit before tax		(67,233,587)		(3,065,842)
Tax using the Company's domestic tax rate	25.00%	-	29.00%	-
Effect of:				
Tax exempt income	0.00%	-	0.00%	-
Non-deductible expenses	0.00%	-	-	-
Unrecognised tax losses	0.00%	-	-	-
Deferred tax credit for earlier periods	0.00%	-	-	-
Difference in enacted tax rate	0.00%	-	-	-
Effective tax rate	**25.00%**	-	**29.00%**	-
Less: Excess provision related to prior years	-	-	0.00%	-
Income tax expense reported in the Statement of Profit and Loss	**0.00%**	-	**0.00%**	-

C **The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017**

Non-current tax assets (net)

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	3,626,373	-
Income tax liabilities	-	-
Net income tax assets at the end of the year	**3,626,373**	-

Current tax liabilities (net)*

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	-	-
Income tax liabilities	-	-
Net income tax liabilities at the end of the year	-	-

*For current tax liabilities above, there is no legally enforceable right to set off against the non-current tax assets and accordingly disclosed separately.

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D Deferred tax assets, net

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset and liabilities are attributable to the following:		
Deferred tax assets:		
Impairment loss allowance on financial assets	-	-
Provision on employee benefits- Gratuity	62,371	-
Provision on employee benefits- Compensated absences	176,531	-
Deffered Tax on Bonus	-	-
Provision for disputed Claims	-	-
Interest on Service Tax	-	-
Provision for rent Escalation	-	-
Present Valuation of Financial Instruments	-	-
Deferred Tax others	8,314	-
Business loss current year and carried forwrad	14,261,579	-
Unabosrbed Depreciation current year and carried forward	4,706,759	-
Deffered tax on fixed assets	(1,233,390)	(238,142)
Minimum alternate tax credit entitlement	-	-
Net deferred tax assets	**17,982,164**	**(238,142)**

E Recognised deferred tax assets and liabilities

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

(Amount in INR)

For the year ended 31 March 2018	Opening balance	Additions through business combinations	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	-	-	-	-	-
Provision for employee benefits	-	-	238,903	-	238,903
Provision for disputed claims	-	-	-	-	-
Provision for rent escalation	-	-	-	-	-
Others	-	-	8,314	-	8,314
Business loss cureent year and carried forwrad	-	-	14,261,579	-	14,261,579
Unabosrbed Depreciation current year and carried forward			4,706,759		4,706,759
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	(238,142)	-	(995,248)	-	(1,233,390)
Net deferred tax assets	**(238,142)**	-	**18,220,306**	-	**17,982,164**

(Amount in INR)

For the year ended 31 March 2017	Opening balance	Additions through business combinations	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:					
Impairment loss allowance on financial assets	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-
Provision for disputed claims	-	-	-	-	-
Provision for rent escalation	-	-	-	-	-
Others	-	-	-	-	-
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	-	-	(238,142)	-	(238,142)
Net deferred tax assets	-	-	**(238,142)**	-	**(238,142)**

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38 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 INR)

Particulars	Carrying amount	Fair value		
	31-Mar-18	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	5,643,421	-	5,643,421	-
Cash and cash equivalents including other bank balances	44,909,933	-	44,909,933	-
Other financial assets	58,753,828	-	58,753,828	-
Unbilled revenue	13,566,824	-	13,566,824	-
Financial assets measured at fair value				
Investment in preference shares	-	-	-	-
Other non-current investments	15,221,620	-	-	-
Total financial assets	**138,095,626**	-	**122,874,006**	-
Financial liabilities measured at amortised cost				
Non-convertible debentures	-	-	-	-
Finance lease obligations	-	-	-	-
Borrowings other than above	283,470,223	-	283,470,223	-
Trade payables	19,274,488	-	19,274,488	-
Other financial liabilities	19,367,501	-	19,367,501	-
Financial liabilities measured at fair value				
Contingent consideration	-	-	-	-
Financial liability towards put option	-	-	-	-
Financial liability	-	-	-	-
Total financial liabilities	**322,112,212**	-	**322,112,212**	-

(Amount in INR)

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Trade receivables	-	-	-	-
Cash and cash equivalents including other bank balances	1,027,402	-	1,027,402	-
Other financial assets	3,630,333	-	3,630,333	-
Unbilled revenue	-	-	-	-
	-			
Financial assets measured at fair value	-			
Other non-current investments	2,610,620	-	2,610,620	-
Total financial assets	**7,268,355**	-	**7,268,355**	-

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Excelus Learning Solutions Private Limited BANGALORE

Excelus Learning Solutions Private Limited
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Notes to the financial statements for the year ended 31 March 2018

(Amount in INR)

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Finance lease obligations	-	-	-	-
Borrowings other than above	17,124,427	-	17,124,427	-
Trade payables	-	-	-	-
Other financial liabilities	711,864	-	711,864	-
Financial liabilities measured at fair value				
Contingent consideration	-	-	-	-
Non-controlling interests put option	-	-	-	-
Financial liability	-	-	-	-
Total financial liabilities	**17,836,291**	-	**17,836,291**	-

Fair value hierarchy

Level 1: Quoted Price (Unadjusted) in active markets for identical assets or liabilities

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

Level 3: Inputs for the assets or liabilities that are not based unobservable market data (Unobservable inputs)

Fair valuation method

The Managemnet assessed that fair value of financial assets and liabilities approximate their carrying amountslargely due to the shortterm maturities of these

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.

B **Financial Liabilities:**

1) Borrowings: It includes working capital loan and payments on behalf of the entity from Quess Corp Ltd . for mandatory contribution in line with NSDC guidelines for Center set up under PMKVY Projects. These borrowings 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.

2) National Skill Development Centre Loan: This includes term loan from National Skill Development Centre of Rs.315.39 lakhs taken by the Company which is secured against hypothecation of project assets. The loan is taken at 6% p.a. simple interest and a portion of this has been classified under Non current borrowings and the belance in other current financial liabilities.

3) **Finance lease obligations:** The fair value of obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

4) **Trade payables and other liabilities:** Fair values of trade and other liabilities are measured at balance sheet value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the balance sheet values.

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Excelus Learning Solutions Private Limited

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

39 Financial risk management

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

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

Risk management framework

The Board of Directors of Excelus Learning Solutions Private Limited 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.

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and current asset. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure

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 its customer. 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 credit worthiness 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 31 March 2018 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 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 2018

(Amount in INR)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	-		-	No	-
Past due 1–90 days	5,643,421	-	-	No	5,643,421
Past due 91–180 days	-		-	No	-
Past due 181–270 days	-		-	No	-
Past due 271–360 days	-		-	No	-
Above 360 days	-		-	Yes	-
	5,643,421		-		**5,643,421**

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 deposit. 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 term loan from National Skill Development Corporation for Capital Expenditure management. These facilities are repayable on quarterly basis and are secured primarily by way of bank gaurantee and corporate gaurantees provided. The loan has been taken at interest rate of 0% (for 2 centres) and 6% as per the agreement with NSDC. The Company has availed princiapl moratorium period of 1 year from the date of first disbursement.

(iii) The Company has taken loan from the parent company Quess Corp ltd for working capital management and for mandatory contribution in line with NSDC guidelines for Center set up under PMKVY Projects. The loan has been taken at the interest rate of 10 year India government bond rate.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018

(Amount in INR)

Particulars	Carrying amount	Contractual cash flows			
		0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	283,470,223	283,470,223		-	-
Trade payables	19,274,488	19,274,488	-	-	-
Other financial liabilities	19,367,501	19,367,501	-	-	-

As at 31 March 2017

(Amount in INR)

Particulars	Carrying amount	Contractual cash flows			
		0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	17,124,427	17,124,427	-	-	-
Trade payables	4,706,671	4,706,671	-	-	-
Other financial liabilities	711,864	711,864	-	-	-

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) 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, bill discounting and term loan facilities and loans from related parties which carries variable rate of interest.

(a) Interest rate risk exposure

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

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	243,853,550	17,124,000
Fixed rate borrowings	31,538,898	-
Total borrowings	**275,392,448**	**17,124,000**

(b) Sensitivity

(Amount in INR)

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2018				
Variable rate borrowings	89,748	(89,748)	66,638	(66,638)
31 March 2017	-			
Variable rate borrowings	1,383	(1,383)	1,023	(1,023)

Excelus Learning Solutions Private Limited

(A Subsidiary of Quess Corp Limited)

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

40 Payment to auditors (net of Goods and Service tax; included in legal and professional fees)

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Statutory audit fees	100,000	45,000
Tax audit fees	-	-
Others	-	-
Reimbursement of expenses	-	-
	100,000	**45,000**

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Excelus Learning Solutions Private Limited
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Notes to the financial statements for the year ended 31 March 2018

41 Non-current borrowings
Terms and repayment schedule
Terms and conditions of outstanding borrowings are as follows:

(Amount in INR)

Particulars	Currency	Coupon/ Interest rate	Year of maturity	Carrying amount as at 31 March 2018	Carrying amount as at 31 March 2017
Secured non-convertible debentures				-	-
Secured NSDC loan (iv)	INR	6.00%		27,935,268	-
Secured NSDC loan (iv)	INR	0.00%		3,603,630	
Total borrowings				**31,538,898**	-

Secured by way of
Corporate Gaurantee from Quess Corp and Bank Gaurantee
First charge on assets of the project

As per our report of even date attached
for **Vasan & Sampath LLP**
Chartered Accountants
Firm's Registration No.: 004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 09 May 2018

SRIRAMULU NAIDU & CO.
Chartered Accountants

G-8 'H' Block, "Golden Orchid Apartments"
Kasturba Road, Bangalore - 560 001
Phone : 080-4124 6474, 4202 4527
E-Mail : contactddca@gmail.com

Independent Auditor's Report
To the Members of Golden Star Facilities and Services Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Golden Star Facilities and Services Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, 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 "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of this Ind AS financial statement 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 relevant rules issued thereunder.

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

Auditor's Responsibility

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

In continuing our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

SRIRAMULU NAIDU & Co. * BANGALORE * Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2018 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 Section 143(3) of the Act, based on our audit we report that:

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

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

(c) the balance sheet, the statement of profit and loss, 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) with respect to the other matters to be included in the Auditor's Report in accordance with 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. Company does not have any pending litigations which would impact its financial position;

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

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

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

for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm's registration number: 008975S

S Deenadayal
Partner
Membership number: 205194

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

Place :Bengaluru
Date : 09/05/2018

Annexure - A to the 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 Golden Star Facilities and Services Private Limited ("the Company") as of 31 March 2018 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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.

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

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 2018, 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 **Sriramulu Naidu & Co.**
Chartered Accountants
Firm's registration number: 08975S

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership number: 205194

Place :Bengaluru
Date : 09/05/2018

Annexure -B to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

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

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

(c) The Company does not hold any immovable properties. Accordingly, provisions of clause 3(ii) (c) of the Order are not applicable.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

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

(v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order is not applicable.

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

(vii) 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 other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

b) There are no dues in respect of income tax, sales- tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any duty.

(viii) According to information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debentures – holders during the year.

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

(x) According to the information and explanations given to us, no 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 explanation given to us, Company is a private limited company, hence the provisions of sec 197 of the Act, not applicable. Accordingly paragraph 3(xi) of the Order is not applicable.

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

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

(xiv) According to the information and explanations 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 has not entered into 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 **Sriramulu Naidu & Co.**
Chartered Accountants
Firm's registration number: 08975S

S Deenadayal
Partner
Membership number: 205194

Place :Bengaluru
Date : 09/05/2018

Golden Star Facilities And Services Private Limited

(Amount in Rs)

Balance Sheet	Note	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	27,132,750	14,267,360
Financial assets			
(i) Non current loans	4	4,370,945	4,051,193
(ii) Other non-current financial assets	5	542,597	539,774
Deferred tax assets (net)	6	40,848,525	19,676,492
Income tax assets (net)	6	20,776,370	4,174,594
Other non-current assets	7	2,171,606	186,609
Total non-current assets		**95,842,793**	**42,896,022**
Current assets			
Inventories	8	5,816,306	5,223,006
Financial assets			
(i) Trade and other receivables	9	209,526,823	282,879,655
(ii) Cash and cash equivalents	10	8,780,119	1,728,014
(iii) Current loans	11	900,960	940,436
(iv) Unbilled revenue	12	157,492,979	2,494,704
Other current assets	13	1,999,828	336,621
Total current assets		**384,517,015**	**293,602,436**
Total Assets		**480,359,808**	**336,498,458**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	10,000,000	10,000,000
Other equity	15	159,913,573	91,515,336
Total equity		**169,913,573**	**101,515,336**
Liabilities			
Non-current liabilities			
Financial liabilities			
Non-current provisions	16	17,878,212	7,959,918
Total non-current liabilities		**17,878,212**	**7,959,918**
Current liabilities			
Financial liabilities			
(i) Current borrowings	17	117,028,495	70,279,727
(ii) Trade and payables	18	13,203,589	17,645,615
(iii) Other current financial liabilities	19	112,140,969	100,133,715
Current provisions	20	9,777,559	13,888,486
Other current liabilities	21	40,417,411	25,075,661
Total current liabilities		**292,568,023**	**227,023,204**
Total Liabilities		**310,446,235**	**234,983,122**
Total Equity and Liabilities		**480,359,808**	**336,498,458**

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

for and on behalf of Board of Directors of
Golden Star Facilities And Services Private Limited

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No. : 205194

Anita Verghese
Managing Director
DIN: 01913949

Chidambaram Anand Sundar Raj
Director
DIN 07971482

Golden Star Facilities & Services Pvt. Ltd. Hyderabad

Place: Hyderabad
Date: 9 MAY 2018

Golden Star Facilities And Services Private Limited

			(Amount in Rs)
Statement of Profit and loss	Note	For the year ended	
		31 March 2018	31 March 2017
Income			
Revenue from operations	22	1,491,138,813	1,236,311,986
Other income	23	1,461,034	3,783,841
Total Income		**1,492,599,847**	**1,240,095,827**
Expenses			
Cost of materials, stores and spare parts consumed	24	56,056,543	44,841,389
Employee benefits expenses	25	1,266,331,097	1,039,806,262
Finance costs	26	14,340,652	13,382,070
Depreciation expenses	27	10,976,677	8,133,540
Other expenses	28	87,124,138	79,134,904
Total expenses		**1,434,829,107**	**1,185,298,164**
Profit before income tax		**57,770,740**	**54,797,663**
Tax expense			
Current tax	6	(11,320,984)	(19,991,534)
Minimum alternate tax credit (utilization) / entitlement		2,132,938	-
Income tax for earlier years	6	841,907	(111,272)
Deferred tax	6	20,197,204	8,517,082
Total tax expenses		**11,851,065**	**(11,585,724)**
Profit for the year		**69,621,805**	**43,211,939**
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset		(2,948,397)	10,062,893
Income tax relating to items that will not be reclassed to profit or loss		974,829	(3,327,094)
Other comprehensive income/ (expense) for the year, net of income tax		**(1,973,568)**	**6,735,799**
Total comprehensive income for the period		**67,648,237**	**49,947,738**
Earnings per equity share (face value of Rs 10 each)			
Basic	33	69.62	43.21
Diluted	33	69.62	43.21

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

for and on behalf of Board of Directors of
Golden Star Facilities And Services Private Limited

SRIRAMULU NAIDU & CO. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No. : 205194

Anita Verghese
Managing Director
DIN: 01933949

Chidambaram Anand Sundar Raj
Director
DIN: 07971482

Golden Star Facilities & Services Pvt. Ltd. Hyderabad

Place: Hyderabad
Date: 9 MAY 2018

Golden Star Facilities And Services Private Limited

(Amount in Rs)

Statement of Cash Flows	For the year ended	
	31 March 2018	31 March 2017
Cash flow from operating activities		
Profit before tax	57,770,740	54,797,663
Adjustments for:		
Depreciation expense	10,976,677	8,133,540
Financial Guarantee income	(287,862)	(181,138)
Liabilities no longer required written back	(726,235)	-
Bad debts written off	6,481,618	-
Impairment loss allowance on financial assets, net	703,024	6,848,488
Interest income	(212,145)	(202,783)
Finance costs	14,340,652	13,382,070
Operating cash flows before working capital changes	**89,046,469**	**82,777,839**
Working capital adjustments:		
Changes in:		
Inventories	(593,300)	(709,705)
Trade receivables and security deposits	66,136,300	(91,984,685)
Other current, non-current, unbilled revenue and financial assets	(156,476,889)	23,669,925
Trade payables and other financial liabilities	23,153,639	(3,350,074)
Other liabilities and provisions	3,338,544	4,949,146
Cash generated from operating activities	**24,604,764**	**15,352,446**
Income taxes paid, net of refund	(27,080,853)	(11,091,492)
Net cash (used in) / provided by operating activities (A)	**(2,476,089)**	**4,260,954**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangibles	(23,842,067)	(7,979,943)
Interest income on term deposits	212,145	202,783
Net cash (used in) / provided by investing activities (B)	**(23,629,922)**	**(7,777,160)**
Cash flows from financing activities		
Finance cost paid	(13,590,652)	(13,382,070)
Short-term borrowings, net of repayments	46,748,768	(1,663,665)
Net cash (used in) / provided by financing activities (C)	**33,158,116**	**(15,045,735)**
Net increase in cash and cash equivalents (A+B+C)	7,052,105	(18,561,941)
Cash and cash equivalents at the beginning of the year	1,728,014	20,289,954
Cash and cash equivalents at the end of the period (refer note 10)	**8,780,119**	**1,728,014**

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

SRIRAMULU NAIDU & CO. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No. : 205194

Place: Hyderabad
Date: 9 MAY 2018

for and on behalf of Board of Directors of
Golden Star Facilities And Services Private Limited

Anita Verghese
Managing Director
DIN: 01933949

Chidambaram Anand Sundar Raj
Director
DIN: 07971482

Golden Star Facilities & Services Pvt. Ltd. Hyderabad

Golden Star Facilities And Services Private Limited
Statement of Changes in Equity for the year ended 31 March 2018

(A) Equity share capital

(Amount in Rs)

Particulars	Note	As at 31 March 2018	As at 31 March 2017
Opening balance	14	10,000,000	10,000,000
Changes in equity share capital	14	-	-
Closing balance		**10,000,000**	**10,000,000**

(B) Other equity

(Amount in Rs)

Particulars	Note	Reserves and surplus		Other items of other comprehensive Income	Total equity attributable to equity holders of the Company
		Retained earnings	Other Reserves	Remeasurement of the net defined benefit liability/asset	
Balance as of 1 April 2016		**41,678,207**	**750,000**	**(860,609)**	**41,567,598**
Add: Profit for the period		43,211,939	-	-	43,211,939
Add: Other comprehensive income (net of tax)	15	-	-	6,735,799	6,735,799
Balance as of 31 March 2017		**84,890,146**	**750,000**	**5,875,190**	**91,515,336**
Balance as of 1 April 2017		**84,890,146**	**750,000**	**5,875,190**	**91,515,336**
Add: Profit for the Period		69,621,805	-	-	69,621,805
Add: Fair value of financial guarantee received	15	-	750,000	-	750,000
Add: Other comprehensive income (net of tax)	15	-	-	(1,973,568)	(1,973,568)
Balance as of 31 March 2018		**154,511,951**	**1,500,000**	**3,901,622**	**159,913,573**

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

for and on behalf of Board of Directors of
Golden Star Facilities And Services Private Limited

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No. : 205194

Anita Verghese
Managing Director
DIN: 01933949

Chidambaram Anand Sundar Raj
Director
DIN: 07071482

Golden Star Facilities & Services Pvt. Ltd. Hyderabad

Place: Hyderabad
Date: 9 MAY 2018

Golden Star Facilities And Services Private Limited
Notes to the financial statements for the year ended 31 March 2018

1. Company overview
Golden Star Facilities And Services Private Limited ("the Company") is incorporated on 14 March 2008 under the provisions of Companies Act 1956 The Registered office of the company is located in Hyderabad The company is engaged in the business of providing Facility management services

2. Significant accounting policies
This note provides a list of the significant accounting policies adopted in the preparation of these 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') 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 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.

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

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

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

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

ii) Income taxes: Significant judgements are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Availability of future taxable profits against which deferred tax amount can be used.

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) 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 nonfinancial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred

2.4 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 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:

Asset Category	Estimated useful life
Computer equipment	3 years
Vehicles	3 years
Plant and machinery	3 years
Furniture and fixtures	5 years
Office equipment	5 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'

Impairment of property, plant and equipment
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.

2.5 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.

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.

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

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

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

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

Revenue from providing facility management is recognised upon rendering of services.

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

2.7 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.

2.8 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 26 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.

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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.

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

Financials gurantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make the payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial gurantee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortised to the statement of profit and loss over the period of such gurantee availed.

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.

2.9 Employee benefit

(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 State Bank 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) Compensated absences

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

c) Defined contribution plan

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

d) 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.

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.

2.10 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.

2.11 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.

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

2.12 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.

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.

2.13 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.

2.14 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.

2.15 Cash flow statement

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

2.16 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. The company does not have potential dilutive equity shares outstanding during the period.

2.17 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, the Company is engaged in the business of providing facility management services and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

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

3. Property, plant and equipment

(Amount in Rs)

Particulars	Computer equipment	Plant & Machinery	Office equipment	Furniture & fixtures	Vehicles	Total
Gross carrying amount as at 1 April 2016	**1,071,439**	**19,387,321**	**422,939**	**-**	**1,470,061**	**22,351,760**
Additions during the year	1,586,370	5,035,587	786,890	20,645	550,451	7,979,943
Disposals for the year	-	3,605,254	-	-	-	3,605,254
Balance as at 31 March 2017	**2,657,809**	**20,817,654**	**1,209,829**	**20,645**	**2,020,512**	**26,726,449**
Additions during the year	1,434,225	20,823,095	341,510	822,315	420,922	23,842,067
Disposals for the year	-	2,140,270	-	-	-	2,140,270
Balance as at 31 March 2018	**4,092,034**	**39,500,479**	**1,551,339**	**842,960**	**2,441,434**	**48,428,246**
Accumulated depreciation as at 1 April 2016	**408,125**	**6,590,770**	**107,113**	**-**	**824,795**	**7,930,803**
Depreciation for the year	549,130	6,804,644	233,967	10,002	535,797	8,133,540
Accumulated depreciation on deletions	-	3,605,254	-	-	-	3,605,254
Balance as at 31 March 2017	**957,255**	**9,790,160**	**341,080**	**10,002**	**1,360,592**	**12,459,089**
Depreciation for the year	886,129	9,256,189	300,162	140,004	394,193	10,976,677
Accumulated depreciation on deletions	-	2,140,270	-	-	-	2,140,270
Balance as at 31 March 2018	**1,843,384**	**16,906,079**	**641,242**	**150,006**	**1,754,785**	**21,295,496**
Net carrying amount:						
As at 31 March 2018	**2,248,650**	**22,594,400**	**910,097**	**692,954**	**686,649**	**27,132,750**
As at 31 March 2017	**1,700,554**	**11,027,494**	**868,749**	**10,643**	**659,920**	**14,267,360**

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

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4 Non-current loans

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	4,370,945	4,051,193
	4,370,945	**4,051,193**

5 Other non-current financial assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Bank deposits (due to mature after 12 months from the reporting date)	542,597	539,774
	542,597	**539,774**

6 Taxes

A Amount recognized in profit or loss

(Amount in Rs)

Particulars	For the year ended 31 March 2018	31 March 2017
Current income tax:		
In respect of the current period	11,320,984	19,991,534
In respect of the prior period (refer note (i) below)	(841,907)	111,272
Minimum alternate tax credit (utilization) / entitlement	(2,132,938)	-
Deferred tax:		
Attributable to:		
Origination and reversal of temporary differences	(20,197,204)	(8,517,082)
Income tax expense reported in the Statement of profit and loss	**(11,851,065)**	**11,585,724**

(i) During the year ended 31 March 2018, 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 Rs 841,907.

B Income tax recognized in other comprehensive income

(Amount in Rs)

Particulars	For the year ended 31 March 2018	31 March 2017
Remeasurement of the net defined benefit liability/ asset		
Before tax	(2,948,397)	10,062,893
Tax (expense)/ benefit	974,829	(3,327,094)
Net of tax	**(1,973,568)**	**6,735,799**

C Reconciliation of effective tax rate

(Amount in Rs)

Particulars	For the year ended 31 March 2018		31 March 2017	
Profit before tax		57,770,740		54,797,663
Tax using the Company's domestic tax rate	33.06%	19,100,740	33.06%	18,117,751
Effect of:				
Difference in enacted tax rate	(52.30%)	(30,212,122)	-	-
Non-deductible expenses	0.90%	517,257	-	-
Deferred tax credit for earlier periods	(0.71%)	(415,032)	(11.72%)	(6,420,756)
Effective tax rate	**(19.05%)**	**(11,009,158)**	**21.35%**	**11,696,995**
Add: Provisions relating to earlier years	1.46%	841,907	0.20%	111,272
Income tax expense reported in the Statement of profit and loss	**(20.51%)**	**(11,851,065)**	**21.14%**	**11,585,724**

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

Non-current tax assets (net) *(Amount in Rs)*

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	54,900,450	27,819,597
Income tax liabilities	(34,124,080)	(23,645,003)
Net income tax asset at the end of the year	**20,776,370**	**4,174,594**

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E Deferred tax assets, net

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset and liabilities are attributable to the following:		
Deferred tax asset:		
Provision for employee benefits	9,143,827	7,041,797
Impairment loss allowance on financial assets	6,244,226	6,011,785
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	4,902,965	4,068,438
Others	20,557,507	2,554,472
Net deferred tax assets	**40,848,525**	**19,676,492**

The movement of deferred tax aggregating to Rs 21,172,033 for the year ended 31 March 2018 (31 March 2017: Rs 5,189,988) comprises of Rs 20,197,204 (31 March 2017: Rs 8,517,082) charged to Statment of profit and loss and Rs 974,829 {31 March 2017: Rs (3,327,094)} charged to other comprehensive income.

F Recognized deferred tax assets and liabilities

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

(Amount in Rs)

For the year ended 31 March 2018	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:				
Provision for employee benefits	7,041,796	1,127,202	974,829	9,143,827
Impairment loss allowance on financial assets	6,011,785	232,441	-	6,244,226
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	4,068,439	834,526	-	4,902,965
Others	2,554,472	18,003,035	-	20,557,507
Gross deferred tax assets	**19,676,492**	**20,197,204**	**974,829**	**40,848,525**
Net deferred tax assets	**19,676,492**	**20,197,204**	**974,829**	**40,848,525**

(Amount in Rs)

For the year ended 31 March 2017	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:				
Provision for employee benefits	8,732,556	1,636,334	(3,327,094)	7,041,796
Impairment loss allowance on financial assets	2,646,250	3,365,535	-	6,011,785
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	3,106,402	962,037	-	4,068,439
Others	1,297	2,553,175	-	2,554,472
Gross deferred tax assets	**14,486,505**	**8,517,081**	**(3,327,094)**	**19,676,492**
Net deferred tax assets	**14,486,505**	**8,517,081**	**(3,327,094)**	**19,676,492**

7 Other non-current assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Minimum alternate tax credit entitlement	2,132,938	-
Prepaid expenses	38,668	186,609
	2,171,606	**186,609**

8 Inventories

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Valued at lower of cost and net realizable value		
Raw material and consumables	5,816,306	5,223,006
	5,816,306	**5,223,006**

9 Trade receivables

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured		
Considered good	219,694,242	293,104,379
Considered doubtful	8,718,424	7,958,095
Loss allowance [refer note 30(i)]		
Unsecured considered good	(10,167,419)	(10,224,724)
Doubtful	(8,718,424)	(7,958,095)
Net trade receivables	**209,526,823**	**282,879,655**

All trade receivables are current.

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

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables from related parties	31,478	-
Less: loss allowance	(922)	-
Net trade receivables	30,556	-

The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 30.

10 Cash and cash equivalents

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Cash in hand	9,773	3,454
Balances with banks		
In current accounts	5,604,758	1,591,157
In deposit accounts (with orginal maturity of less than 3 months)	3,165,588	133,403
Cash and cash equivalents in the statement of cash flow	8,780,119	1,728,014

11 Current Loans

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	300,000	519,241
Advances to employees	600,960	421,195
	900,960	940,436

12 Unbilled revenue

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unbilled revenue	157,492,979	2,494,704
	157,492,979	2,494,704

13 Other current assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Advances other than capital advances		
Other advances	1,686,933	260,792
Prepaid expenses	312,895	75,829
	1,999,828	336,621

14 Equity share capital

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorized		
1,000,000 (31 March 2017: 1,000,000) equity shares of par value of Rs 10 each	10,000,000	10,000,000
	10,000,000	10,000,000
Issued, subscribed and paid-up		
10,00,000 (31 March 2017: 1,000,000) equity shares of par value of Rs 10 each, fully paid up	10,000,000	10,000,000
	10,000,000	10,000,000

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

(Amount in Rs)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
At the commencement of the year	1,000,000	10,000,000	1,000,000	10,000,000
Shares issued during the year	-	-	-	-
At the end of the year	1,000,000	10,000,000	1,000,000	10,000,000

14.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders 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.

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14.3 Shares held by holding company

(Amount in Rs)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	700,000	7,000,000	600,000	6,000,000
	700,000	**7,000,000**	**600,000**	**7,000,000**

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

(Amount in Rs)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% Held	Number of shares	% Held
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	700,000	70.00%	600,000	60.00%
Anita Verghese	300,000	30.00%	400,000	40.00%
	1,000,000		**1,000,000**	

As per the records of the Company, including its register of members/shareholders, the above shareholding represents both legal and beneficial ownership of the shares.

15 Other Equity *

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Retained earnings	154,511,951	84,890,146
Other reserves	1,500,000	750,000
Other comprehensive income	3,901,622	5,875,190
	159,913,573	**91,515,336**

* For detailed movement of reserves refer statement of changes in equity.

16 Non-current provisions

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefit		
Provision for gratuity	17,878,212	7,959,918
	17,878,212	**7,959,918**

17 Current borrowings

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Loans from bank repayable on demand		
Secured		
Cash credit and overdraft facilities (refer note 17.1)	88,028,495	70,279,727
Loan from related parties, unsecured		
From Quess Corp Limited (refer note 17.2)	29,000,000	-
	117,028,495	**70,279,727**

Information about the Company's exposure to interest rate and liquidity risk is included in note 30.

17.1 The Company has received sanction for working capital limit of Rs 150,000,000 (31 March 2017: Rs 150,000,000) from IDFC Bank Limited at an interest rate of 11.50 % p.a. . The IDFC bank will have exlusive charge on the current assets and unencumbered moveable fixed assets of the company. Further it is backed by Corporate Guarantee of holding company Quess Corp Limited.

17.2 The Company has availed short term unsecured loan from its holding company Quess Corp Limited wherein the repayment should not be more than 12 months from the date of disbursement. The interest rate is charged at equivalent of 10 year India Government Bond rate with monthly interest periods.

18 Trade payables

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Dues to micro, small and medium enterprises (refer note 38)	-	-
Other trade payables	13,203,589	17,645,615
	13,203,589	**17,645,615**

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 30.

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19 Other current financial liabilities

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term borrowings	-	20,889,035
Interest accrued and not due	865,772	-
Capital creditors	6,545,874	863,959
Accrued salaries and benefits	94,822,869	75,194,041
Provision for expenses	9,906,454	3,186,680
	112,140,969	**100,133,715**

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 30.

20 Current provisions

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity	9,777,559	13,338,204
Provision for compensated absences	-	550,282
	9,777,559	**13,888,486**

21 Other current liabilities

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balances payable to government authorities	40,417,411	25,075,661
	40,417,411	**25,075,661**

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22 Revenue from operations

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Facility management services	1,491,138,813	1,236,311,986
	1,491,138,813	**1,236,311,986**

23 Other income

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income under the effective interest method on:		
Deposits with banks	212,145	202,783
Interest income on present valuation of financial instruments	287,862	181,138
Interest on tax refunds	-	2,620,970
Liabilities no longer required written back	726,235	778,950
Miscellaneous income	234,792	-
	1,461,034	**3,783,841**

24 Cost of material and stores and spare parts consumed

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory at the beginning of the year	5,223,006	4,513,301
Add: purchases during the year	56,649,843	45,551,094
Less: Inventory at the end of the year	5,816,306	5,223,006
Cost of materials, stores and spare parts consumed	**56,056,543**	**44,841,389**

25 Employee benefits expenses

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	1,109,312,995	907,241,460
Contribution to provident and other funds	137,970,233	115,772,252
Expenses related to defined benefit plans	3,771,657	4,949,146
Staff welfare expenses	15,276,212	11,843,404
	1,266,331,097	**1,039,806,262**

26 Finance costs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expenses	13,590,652	12,594,353
Other borrowing costs	750,000	787,717
	14,340,652	**13,382,070**

27 Depreciation expenses

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 3)	10,976,677	8,133,540
	10,976,677	**8,133,540**

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28 Other expenses

Particulars	For the year ended	
	31 March 2018	31 March 2017
Sub-contractor charges	11,848,162	12,123,480
Recruitment and training expenses	294,314	358,547
Rent	7,303,981	5,330,223
Power and fuel	829,390	709,863
Repairs & maintenance		
- plant and machinery	2,528,228	2,644,131
- others	2,991,517	2,573,209
Legal and professional fees (refer note 28.1)	7,646,910	7,558,474
Rates and taxes	2,544,969	245,058
Printing and stationery	1,728,977	1,726,040
Stores and tools consumed	31,320,519	32,193,319
Travelling and conveyance	2,683,855	2,628,647
Communication expenses	3,009,836	2,495,638
Insurance	1,485,527	270,677
Bad debts written off	6,481,618	-
Bank charges	193,374	205,073
Impairment loss allowance on financial assets, net [refer note 30(i)]	703,024	6,848,488
Business promotion and advertisement expenses	2,175,332	1,092,284
CSR contributions	60,000	60,000
Miscellaneous expenses	1,294,605	71,753
	87,124,138	**79,134,904**

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

Particulars	For the year ended	
	31 March 2018	31 March 2017
Statutory audit	400,000	400,000
Limited review	130,000	130,650
Tax audit fee	50,000	50,000
	580,000	**580,650**

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29 **Financial instruments - fair value and risk management**
Accounting classification and fair values
The carrying value and fair value of financial instruments by categories as at 31 March 2018 and 31 March 2017 is as follows

Fair value hierarchy
The section explains the judgement and estimates made in determining the fair values of the financial instruments that are.
a) recognized and measured at fair value
b) measured at amortized 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 Rs)

Particulars	Carrying value	Fair Value		
	31 March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Non current financials assets	542,597	-	-	-
Loans	5,271,905	-	-	-
Trade receivables	209,526,823	-	-	-
Cash and cash equivalents	8,780,119	-	-	-
Unbilled revenue	157,492,979	-	-	-
Other non-current assets	2,171,606			
Total financial assets	**383,786,029**	-	-	-
Financial liabilities measured at amortised cost				
Loans and borrowings	117,028,495	-	-	-
Trade payables	13,203,589	-	-	-
Other current financial liabilities	112,140,969	-	-	-
Total financial liabilities	**242,373,054**	-	-	-

(Amount in Rs)

Particulars	Carrying value	Fair Value		
	31 March 2017	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Non current financials assets	539,774	-	-	-
Loans	4,991,629	-	-	-
Trade receivables	282,879,655	-	-	-
Cash and cash equivalents	1,728,014	-	-	-
Unbilled revenue	2,494,704	-	-	-
Other non-current assets	186,609	-	-	-
Total financial assets	**292,820,385**	-	-	-
Financial liabilities measured at amortised cost				
Loans and borrowings	91,168,762	-	-	-
Trade payables	17,645,615	-	-	-
Other current financial liabilities	100,133,715	-	-	-
Total financial liabilities	**208,948,092**	-	-	-

Fair value hierarchy
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference shares, mutual funds and debentures that have quoted price. The non-convertible debentures is classified under Level 1 being quoted debentures.

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.

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:**
Fair value of these 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.

B **Financial Liabilities:**
1 **Loans and borrowings:** It includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

2 **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.

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30 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 analyze 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 board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by Internal Auditors Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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 analyzed 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 31 March 2017 and as at 31 March 2018 are as follows:

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customeRsBased on industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default (credit impaired) if the payments are more than 270 days past due. Loss rates are based on actual credit loss experience over the last six quarters. 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 2018

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	102,113,413	0.25%	258,437	No	101,854,976
Past due 1–90 days	96,927,726	2.93%	2,838,033	No	94,089,693
Past due 91–180 days	16,635,334	28.19%	4,690,173	No	11,945,161
Past due 181–270 days	4,017,768	59.26%	2,380,775	No	1,636,994
Past due 271–360 days	2,785,052	100.00%	2,785,052	Yes	-
Above 360 days	5,933,372	100.00%	5,933,372	Yes	-
	228,412,666		**18,885,843**		**209,526,823**

As at 31 March 2017

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	208,795,464	0.20%	410,037	No	208,385,427
Past due 1–90 days	67,029,222	2.80%	1,879,085	No	65,150,137
Past due 91–180 days	10,796,556	31.54%	3,405,047	No	7,391,509
Past due 181–270 days	6,483,138	69.88%	4,530,556	No	1,952,582
Past due 271–360 days	2,361,046	100.00%	2,361,046	Yes	-
Above 360 days	5,597,048	100.00%	5,597,048	Yes	-
	301,062,474		**18,182,819**		**282,879,655**

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Movement in allowance for impairment in respect of trade receivables.
The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	18,182,819	11,334,331
Impairment loss recognized	703,024	6,848,488
Balance as at the end of the year	**18,885,843**	**18,182,819**

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:

a. The company has taken sanction for working capital limit of Rs150,000,000 (31 March 2017 Rs 150,000,000) from IDFC Bank Limited at an interest rate of 11.50 % p.a. The IDFC bank will have exlusive charge on the current assets and unencumbered moveable fixed assets of the company. Further it is backed by corporate guarantee of holding company Quess Corp Limited .

b. The Company has availed short term unsecured loan from its holding company Quess Corp Limited wherein the repayment should not be more than 12 months from the date of disbursement . The interest rate is charged at equivalent of 10 year India Government Bond rate with monthly interest periods. (Refer note 35)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payments and excludes netting arrangements:

As at 31 March 2018

(Amount in Rs)

Particulars		Contractual cash flow			
	Carrying Amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	117,028,495	117,028,495	-	-	
Trade payables	13,203,589	13,203,589	-	-	
Other financial liabilities	112,140,969	112,140,969	-	-	

As at 31 March 2017

(Amount in Rs)

Particulars		Contractual cash flow			
	Carrying Amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	70,279,727	70,279,727	-	-	-
Trade payables	17,645,615	17,645,615	-	-	-
Other financial liabilities	100,133,715	100,133,715	-	-	-

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 not exposed to significant currency risk as the revenue and expenses are denominated only in INR.

(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 borrowing comprises of cash credit facilities & working capital loan which carries fixed rate of interest and unsecured loan from holding company Quess Limited , which do not expose it to interest rate risk.

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 Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	29,000,000	-
Fixed rate borrowings	88,028,495	91,168,762
Total borrowings	**117,028,495**	**91,168,762**

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31 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. Adjusted equity comprises all components of equity other than amounts accumulated in the effective portion of cash flow hedges and cost of hedging.

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 Rs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Total External liabilities	117,028,495	91,168,762
Less: Cash and cash equivalent	8,780,119	1,728,014
Adjusted net debt (total borrowings net of cash and cash equivalent)	**108,248,376**	**89,440,748**
Total equity	169,913,573	101,515,336
Net debt (Total external liabilities) to equity ratio)	**0.64**	**0.88**

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

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Bank guarantees issued against performance of contract	7,597,072	4,487,844
	7,597,072	4,487,844

33 Earnings per share

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Nominal value of equity shares (Rs per share)	10	10
Net profit after tax for the purpose of earnings per share	69,621,805	43,211,939
Weighted average number of shares used in computing basic earnings per share	1,000,000	1,000,000
Basic earnings per share (Rs)	**69.62**	**43.21**
Weighted average number of shares used in computing diluted earnings per share	1,000,000	1,000,000
Diluted earnings per share (Rs)	**69.62**	**43.21**

34 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 per formance indicators by service offerings. Accordingly, the Company is engaged in the business of providing facility management services and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

35 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Fellow Subsidiaries	Coachieve Solutions Private Limited MFX Infotech Private Limited Brainhunter Systems Limited, Canada Mindwire Systems Ltd, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC USA Quess (Philippines) Corp. (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange US Inc. MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) Quess Corp Lanka Private Limited (Formerly known as Ranstad Lanka private Limited) Dependo Logistics Solutions Private Limited Inticore VJP Advanced Solutions Private Limited Comtel Solutions Pte Ltd CentreQ Business Services Private Limited Excelus Learning Solutions Private Limited ConnectQ Business Services Private Limited (Formerly known as Tata Business Support Services Private Limited) Vedang Cellular Services Private Limited Master Staffing Solutions Private Limited Comtelpro Pte. Ltd Comtelink Sdn. Bhd Monster.com (India) Private Limited Monster.com.sg Pte. Limited Monster.com.HK Limited Monster Malaysia Sdn. Bhd.

Golden Star Facilities & Services Pvt. Ltd. Hyderabad

S.R. ... Naidu & Co. Chartered Accountants

- Associates of the holding company	Terrier Security Services (India) Private Limited Simpliance Technologies Private Limited Heptagon Technologies Pvt Ltd Quess Recruit Inc.
- Joint Venture of a fellow subsidiary	Trimax Smart Infraprojects Private Limited Himmer Industrial Services (M) Sdn Bhd
- Fellow subsidiary of the holding company	National Collateral Management Services Limited
- Entity having common directors	Master Staffing Solutions Private Limited
- Entities in which key managerial personnel of holding company has significant influence	Styracorp Management services IME Consultancy

Key management personnel

Ajit Isaac	Chairman & Managing Director & CEO
Subrata Kumar Nag	Whole time Director & Chief Financial Officer
Anita Verghese	Managing Director

(ii) Related party transactions during the year

(Amount in Rs)

Particulars		For the year ended 31 March 2018	For the year ended 31 March 2017
- Revenue from operations	Quess Corp Limited	4,305,942	4,476,904
- Other expenses	Master Staffing Solutions Private Limited	-	4,067,975
- Loans given by holding company	Quess Corp Limited	65,000,000	-
- Repayment/Adjustment of loans given by holding company	Quess Corp Limited	36,000,000	-
- Finance costs	Quess Corp Limited	961,969	-
- Corporate Guarantee given to bank by the holding Company	Quess Corp Limited	150,000,000	150,000,000

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in Rs)

Particulars		As at 31 March 2018	As at 31 March 2017
- Trade payables	Quess Corp Limited	-	27,631
- Trade receivables (gross of loss allowance)	Quess Corp Limited	31,478	-
- Current borrowings	Quess Corp Limited	29,000,000	-
- Other current financial liabilities	Quess Corp Limited	865,772	-

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.

(iv) Compensation of key managerial personnel*

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Anita Verghese	5,862,072	5,862,072
	5,862,072	**5,862,072**

* 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.

Golden Star Facilities & Services Pvt. Ltd. Hyderabad

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

36 **Leases**

Operating Leases

The Company has taken operating leases for offices under cancellable lease agreements that are renewable on periodic basis at the option of both lessor and lessee The total rent expense debited to the statement of profit and loss for the current year

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Payable within 1 year	-	-
Payable between 1-5 years	-	-

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Total rental expense relating to operating lease	**7,303,981**	**5,330,223**
- Non-cancellable	-	-
- Cancellable	7,303,981	5,330,223

37 **Assets and liabilities relating to employee benefits** *(Amount in Rs)*

Particulars	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability, gratuity plan	27,655,771	21,298,122
Liability for compensated absences	-	550,282
Total employee benefit liability	**27,655,771**	**21,848,404**
Current	9,777,559	13,888,487
Non-current	17,878,212	7,959,918

The Company does not have any assets relating to employee benefits. For details about the related employee benefit expenses, see note 25.

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 **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 and its components:

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Reconciliation of present value of defined benefit obligation		
Obligation at the beginning of the year	21,298,122	26,411,867
Current service cost	2,775,667	3,501,455
Interest cost	899,685	1,447,691
Past service cost	96,305	-
Benefit settled	(362,405)	-
Actuarial (gains)/ losses recognised in other comprehensive income		
- Changes in experience adjustments	-	(20,427,826)
- Changes in demographic assumptions	(114,296)	246,319
- Changes in financial assumptions	3,062,693	10,118,616
Obligation at end of the year	**27,655,771**	**21,298,122**
Net defined benefit liability	**27,655,771**	**21,298,122**

B **(i) Expense recognised in profit or loss**

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Current service cost	2,775,667	3,501,455
Interest cost	899,685	1,447,691
Past service cost	96,305	-
Net gratuity cost	**3,771,657**	**4,949,146**

(ii) Remeasurements recognised in other comprehensive income

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Actuarial (gains) /losses on defined benefit obligation	2,948,397	(10,062,891)
	2,948,397	**(10,062,891)**

Golden Star Facilities and Services Pvt. Ltd. Hyderabad

Naidu & Co. Chartered Accountants

C Defined benefit obligation - Actuarial Assumptions

Particulars	For the year ended	
	31 March 2018	31 March 2017
Discount rate	6.55%	6.15%
Future salary growth	6.00%	6.00%
Attrition rate	70.00%	70.00%

D 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

(Amount in Rs)

Particulars	As at			
	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	27,375,465	27,943,909	21,073,884	21,528,758
Future salary growth (1% movement)	27,811,937	27,501,676	21,425,076	21,172,151

38 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

for and on behalf of Board of Directors of
Golden Star Facility and Services Private Limited

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No.: 205194

Anita Verghese
Managing Director
DIN: 01933949

Chidambaram Anand Sundar Raj
Director
DIN: 07971482

Golden Star Facilities & Services Pvt. Ltd. Hyderabad

Place: Hyderabad
Date: 9 MAY 2018

Independent Auditor's Report

To,
The Members
Inticore VJP Advance Systems Pvt Ltd

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Inticore VJP Advance Systems Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2018**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (Herein after referred to as "standaloneInd AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalonefinancial 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the companies(Indian Accounting Standards) Rules,2015 as amended, and other accounting principles generally accepted in India.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunderand the Order issued under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

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audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

e. on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

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

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

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

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 14/5/2018

ANNEXURE - A to the Independent Auditors' Report

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 2018, we report that:

1) In respect of the Company's fixed assets:

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

   b. The Company has a regular program 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 program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

   c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

2) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

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

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

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

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

7)

   a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's state Insurance, Income -tax, Sales tax, service tax, Goods and Service tax, Value Added tax, Custom duties, Excise duty, cess and other material statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. There were no other outstanding statutory dues as on 31st March 2018 which was due for more than 6 months from the day they became payable except in case of Professional Tax (Coimbatore) an amount of INR 24,360 is outstanding for a period of more than six months.

b. According to the information and explanations given to us, there are no dues of Income Tax, Service Tax, Goods and Service Tax, Sales Tax/Value Added Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

8) According to the information and explanations give to us and based on our examination of the records of the Company ,the Company has not defaulted in repayment of dues to any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

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

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

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

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

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

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

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

VASAN & SAMPATH LLP
BANGALORE INDIA
CHARTERED ACCOUNTANTS

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

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 14/5/2018

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Inticore VJP Advance Systems Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S20070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 14/5/2018

Inticore VJP Advance Systems Private Limited

Balance Sheet	Note	31 March 2018	31 March 2017
			(Amount in Rs)
ASSETS			
Non-current assets			
Property, plant and equipment	3	37,339,102	28,211,594
Intangible Assets	4	1,210,021	-
Capital work-in-progress	4	-	675,242
Financial assets			
Other non-current financial assets	5	330,000	330,000
Income tax assets (net)	6	1,041,076	1,002,029
Other non-current assets	7	108,850	4,413,201
		40,029,049	**34,632,066**
Current Assets			
Inventories	8	9,766,097	5,967,153
Financial assets			
Trade receivables	9	13,409,948	16,695,982
Cash and cash equivalents	10	51,611	47,413
Bank balance other than above	11	568,354	240,850
Other current financial assets	12	62,730	10,113
Other current assets	13	8,107,682	4,330,433
		31,966,422	**27,291,944**
Total Assets		**71,995,471**	**61,924,010**
EQUITY AND LIABILITIES			
Equity			
Share Capital	14	384,000	384,000
Other equity	15	14,780,804	33,722,842
		15,164,804	**34,106,842**
Liabilities			
Non-current liabilities			
Financial liabilities			
Non-current borrowings	16	5,316,409	7,011,845
Non-current provisions	17	218,248	97,952
		5,534,657	**7,109,797**
Current liabilities			
Financial liabilities			
Current Borrowings	18	21,442,351	2,532,330
Trade payables	19	21,706,832	8,337,701
Other current financial liabilities	20	5,732,938	9,020,824
Other current liabilities	21	2,381,792	794,792
Current provisions	22	32,097	21,724
		51,296,010	**20,707,371**
Total Equity and Liabilites		**71,995,471**	**61,924,010**

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

As per our report of even date attached

for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

Unnikrishnan Menon
Partner
Membership No: 208703

Place: Bengaluru
Date:

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Guruprasad Srinivasan
Director
DIN:07596207

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date:

Inticore VJP Advance Systems Private Limited

(Amount in Rs)

Statement of profit and loss	**Note**	**For the period from 01 April 2017 to 31 March 2018**	**For the period from 14 March 2016 to 31 March 2017**
Income			
Revenue from operations	23	47,566,343	41,874,860
Other income	24	718,489	85,808
Total Income		**48,284,832**	**41,960,668**
Expenses			
Cost of goods sold	25	34,056,629	31,630,334
Excise duty on sale of goods		1,010,711	4,098,140
Employee benefits expense	26	7,871,940	1,519,918
Finance costs	27	2,380,141	1,142,923
Depreciation and amortisation expense	28	3,536,968	285,398
Other expenses	29	18,630,667	4,515,913
Total expenses		**67,487,056**	**43,192,626**
Profit/(loss) before tax		**(19,202,224)**	**(1,231,958)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit/(loss) for the period		**(19,202,224)**	**(1,231,958)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		10,186	-
Other comprehensive income for the period		**10,186**	**-**
Total comprehensive income for the period		**(19,192,038)**	**(1,231,958)**
Earnings per equity share (face value of Rs 10 each)			
Basic		(1,014.84)	(65.11)
Diluted		(1,014.84)	(65.11)

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

for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date:

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Guruprasad Srinivasan
Director
DIN:07596207

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date:

Inticore VJP Advance Systems Private Limited
Statement of Changes in Equity

(Amount in Rs)

Particulars	OTHER EQUITY				Total Equity attributable to Equity holders of the Company
	Reserves and Surplus			Other Comprehensive Income	
	Securities Premium	Retained Earnings	Other Reserves	Other Items of Other comprehensive Income	
Opening Balance	-	-	-	-	-
Add: Premium received on issue of Equity Shares	34,704,800	-	-	-	34,704,800
Add: Loss for the period	-	(1,231,958)	-	-	(1,231,958)
Add: Fair value of financial gurantee Received	-	-	250,000	-	250,000
Balance as at 31 March, 2017	**34,704,800**	**(1,231,958)**	**250,000**	**-**	**33,722,842**
Add: Loss for the period	-	(19,202,224)	-	10,186	(19,192,038)
Add: Fair value of financial gurantee Received	-	-	250,000	-	250,000
Balance as at 31 March, 2018	**34,704,800**	**(20,434,182)**	**500,000**	**10,186**	**14,780,804**

As per our report of even date attached

for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

Unnikrishnan Menon
Partner
Membership No: 205703

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Place: Bengaluru
Date:

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Guruprasad Srinivasan
Director
DIN:07596207

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date:

Inticore VJP Advance Systems Private Limited

(Amount in Rs)

Statement of Cash Flows	For the year ended 31 March 2018	For the period ended 31 March 2017
Cash flow from operating activities		
Loss for the period	(19,202,224)	(1,231,958)
Adjustments for:		
Depreciation and amortisation	3,536,968	285,398
Interest income on term deposits	(91,326)	(30,401)
Finance costs	2,380,141	1,142,923
Operating cash flows before working capital changes	**(13,376,441)**	**165,962**
Changes in inventories, Trade receivables	(512,910)	(22,663,135)
Changes in other financial assets and other assets	724,485	(8,896,247)
Changes in trade payables and other financial liabilities	10,081,245	12,929,995
Changes in other liabilities and provisions	1,727,855	914,468
Cash generated from operations	**(1,355,766)**	**(17,548,957)**
Income taxes paid, net of refund	(39,047)	(1,002,029)
Net cash (used in) / provided by operating activities (A)	**(1,394,813)**	**(18,550,986)**
Cash flows from investing activities		
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	(13,199,255)	(29,172,234)
Bank deposits (having original maturity of more than three months)	(327,504)	(240,850)
Interest income on term deposits	91,326	30401
Net cash (used in) / provided by investing activities (B)	**(13,435,433)**	**(29,382,683)**
Cash flows from financing activities		
Proceeds from borrowings	17,214,585	13,972,705
Proceeds from issue of equity shares	-	35,088,800
Interest paid	(2,380,141)	(1,080,423)
Net cash (used in) / provided by financing activities (C)	**14,834,444**	**47,981,082**
Net increase in cash and cash equivalents (A+B+C)	4,198	47,413
Cash and cash equivalents at the beginning of the period	47,413	-
Cash and cash equivalents at the end of the period (refer note 10)	**51,611**	**47,413**

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

for Vasan and Sampath LLP
Chartered Accountants
Firm's Registration No: 004542S/S200070

Unnikrishnan Menon
Partner
Membership No: 205703

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Place: Bengaluru
Date:

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Guruprasad Srinivasan
Director
DIN:07596207

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date:

3 **Property, plant and equipment**

Particulars	Buildings	Computer & Equipments	Furniture & Fixtures	Office Equipments	Plant & Machinery	Tools and Moulds	TOTAL
Gross block							
As at 01 April 2016	-	-	-	-	-	-	-
Additions during the period	12,758,327	54,819	1,903,162	465,900	12,999,365	315,420	28,496,993
Disposals for the period	-						
As at 31 March 2017	12,758,327	54,819	1,903,162	465,900	12,999,365	315,420	28,496,993
Additions during the period	6,909,154	67,750	734,292	768,890	3,189,752	980,000	12,649,838
Disposals for the period	-		20,584				20,584
As at 31 March 2018	19,667,481	122,569	2,616,870	1,234,790	16,189,117	1,295,420	41,126,247
Accumulated Depreciation							
As at 01 April 2016	-	-	-	-	-	-	-
Charge for the year	55,607	13,345	33,352	31,812	142,064	9,218	285,398
Disposals during the period	-	-	-	-	-	-	
As at 31 March 2017	55,607	13,345	33,352	31,812	142,064	9,218	285,398
Charge for the period	756,804	27,607	483,548	193,230	1,806,695	233,863	3,501,747
Disposals	-	-		-	-	-	-
As at 31 March 2018	812,411	40,952	516,900	225,042	1,948,759	243,081	3,787,145
Net Block							
As at 31 March 2018	18,855,070	81,617	2,099,970	1,009,748	14,240,358	1,052,339	37,339,102
As at 31 March 2017	12,702,720	41,474	1,869,810	434,088	12,857,301	306,202	28,211,595

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INTICORE VJP ADVANCE SYSTEMS PVT. LTD. *

4 Intangible Assets

Particulars	Computer software	Capital work in progress	Total
Gross block			
Cost or Valuation			
As at 01 April 2016	-	-	-
Additions during the period	-	675,242	675,242
Disposals for the period	-	-	-
As at 31 March 2017	-	**675,242**	**675,242**
Additions	1,245,242	-	1,245,242
Disposals	-	-	-
As at 31 March 2018	**1,245,242**	-	**1,245,242**
Accumulated Depreciation			
As at 01 April 2016	-	-	-
Charge for the period	-	-	-
Disposals during the period	-	-	-
As at 31 March 2017	-	-	-
Charge for the period	35,221	-	35,221
Disposals	-	-	-
As at 31 March 2018	**35,221**	-	**35,221**
Net Block			
As at 31 March 2018	**1,210,021**	-	**1,210,021**
As at 31 March 2017	-	**675,242**	**675,242**

6 Income tax

The major components of income tax expense for the period ended 31 March 2018 :

(Amount in Rs)

Particulars	**For the period ended 31 March 2018**	**For the period ended 31 March 2017**
Statement of profit and loss account		
Current income tax:		
In respect of the current period	-	-
Deferred tax		
In respect of the current period	-	-
Income tax expense reported in the statement of profit and loss	-	-
Other comprehensive Income		
Deferred tax related to items recognised in OCI during the period	-	-
Total	-	-

Deferred tax

The company has not recognised deferred tax asset as at 31 March 2018 due to absense of reasonable certainty of set off of unabsorbed losses against taxable profits in the forseeable future.

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

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Income tax assets	1,041,076	1,002,029
Income tax liabilities	-	-
Net income tax liability at the end of the period	**1,041,076**	**1,002,029**

5 Other non-current financial assets

(Amount in Rs)

	31 March 2018	31 March 2017
Deposit held as margin money (due to mature after 12 months from the reporting date)	330,000	330,000
	330,000	**330,000**

6 Income tax assets (net)

(Amount in Rs)

	31 March 2018	31 March 2017
Advance income tax	1,041,076	1,002,029
	1,041,076	**1,002,029**

7 Other non-current assets

(Amount in Rs)

	31 March 2018	31 March 2017
(Unsecured and considered good)		
Capital advances	-	4,304,351
Security deposits	108,850	108,850
	108,850	**4,413,201**

8 Inventories

(Amount in Rs)

	31 March 2018	31 March 2017
(Valued at lower of cost and net realizable value)		
Raw materials	1,175,191	1,449,142
Work-in-progress	1,314,946	594,896
Stock Consumables	733,753	-
Tools	6,374,327	2,298,754
Finished Goods	167,880	1,624,361
	9,766,097	**5,967,153**

9 Trade receivables

(Amount in Rs)

	31 March 2018	31 March 2017
Unsecured		
Considered good	13,409,948	16,695,982
Doubtful	1,564,604	-
Less: allowances for credit losses	(1,564,604)	-
	13,409,948	**16,695,982**

Of the above, the amount receivable from related parties are as follows:

	31 March 2018	31 March 2017
Trade receivable from related parties (Refer note 39)	9,987,845	3,158,660

10 Cash and cash equivalents

(Amount in Rs)

	31 March 2018	31 March 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	51,611	47,413
	51,611	**47,413**

11 Other bank balances

(Amount in Rs)

	31 March 2018	31 March 2017
Balance with banks held as margin money deposits	568,354	240,850
	568,354	**240,850**

12 Other financial assets

(Amount in Rs)

	31 March 2018	31 March 2017
(Unsecured and considered good)		
Interest accrued but not due	62,730	10,113
	62,730	**10,113**

13 Other current assets

(Amount in Rs)

	31 March 2018	31 March 2017
(Unsecured and considered good)		
Advances other than capital advances		
Advances to suppliers	1,166,363	1,666,933
Advances to employees	44,538	48,794
Other advances	-	115,873
Prepaid expenses	259,984	242,130
Balance with government authorities	6,636,797	2,256,703
	8,107,682	**4,330,433**

14 Share capital

(Amount in Rs)

	31 March 2018	31 March 2017
Authorised		
50,000 equity shares of par value of Rs 10 each	500,000	500,000
	500,000	**500,000**
Issued, subscribed and paid-up		
38,400 equity shares of par value of Rs 10 each, fully paid up	384,000	384,000
	384,000	**384,000**

14.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

	As at 31 March 2018		As at 31 March 2017	
Particulars	**shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
Opening Balance	38,400	384,000	-	-
Shares issued during the period	-	-	38,400	384,000
Balance as at 31 March 2018	**38,400**	**384,000**	**38,400**	**384,000**

14.2 Shares held by Holding Company

	As at 31 March 2018		As at 31 March 2017	
Particulars	**Number of shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited, the holding company	28,400	284,000	28,400	284,000
	28,400	**284,000**	**28,400**	**284,000**

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

	As at 31 March 2018		As at 31 March 2017	
Particulars	**shares**	**% holding**	**Number of shares**	**% holding**
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	28,400	73.96%	28,400	73.96%
Vee J Pee Aluminimum Foundry Private Limited	9,990	26.02%	9,990	26.02%

14.4 Rights, preferences and restrictions attached to equity shares

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

15 Other equity

(Amount in Rs)

	31 March 2018	31 March 2017
Securities premium account at the end of the period*	34,704,800	34,704,800
Balance in statement of profit and loss at the beginning of the period*	(1,231,958)	-
Balance in statement of profit and loss at the end of the period*	(19,192,038)	(1,231,958)
Other reserves*	500,000	250,000
	14,780,804	**33,722,842**

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

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares.

16 Non-current borrowings

(Amount in Rs)

	31 March 2018	31 March 2017
Secured		
From Banks	5,316,409	7,011,845
	5,316,409	**7,011,845**

Term Loan is taken from Yes Bank Limited which carries interest rate of 0.6% over the marginal cost of funds based lending rate computed. These are secured by way of pari passu first charge on the entire current assets and movable fixed assets of the Company both present and future and corporate guarantee from Quess Corp Limited, the holding company. Term loan is repayable as per the repayment schedule.

17 Non-current provisions

(Amount in Rs)

	31 March 2018	31 March 2017
Provision for employee benefit		
Provision for gratuity (Refer note 40)	134,376	38,701
Provision for compensated absences (Refer note 40)	83,872	59,251
	218,248	**97,952**

18 Current borrowings

(Amount in Rs)

	31 March 2018	31 March 2017
Loans from bank repayable on demand		
Secured		
Cash credit*	21,442,351	2,532,330
	21,442,351	**2,532,330**

* Cash credit from banks carry interest @ 0.80% over the the marginal cost of funds based lending rate computed on a monthly basis on actual amount utilised, and are repayable on demand. These are secured by way of pari passu first charge on the entire current assets and movable fixed assets of the Company both present and future and corporate guarantee from Quess Corp Limited, holding company.

19 Trade payables

(Amount in Rs)

	31 March 2018	31 March 2017
Trade payable to related parties (Refer note 39)	1,532,350	-
Other trade payable	20,174,482	8,337,701
	21,706,832	**8,337,701**

As on 31 March 2018, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

20 Other current financial liabilities

(Amount in Rs)

	31 March 2018	31 March 2017
Current maturities of long-term borrowings	3,101,236	4,428,530
Interest accrued and not due	70,825	82,690
Other Payables		
Accrued expenses	2,560,877	4,509,604
	5,732,938	**9,020,824**

21 Other current liabilities

(Amount in Rs)

	31 March 2018	31 March 2017
Advance received from customers	2,045,387	242,795
Statutory dues	336,405	551,997
	2,381,792	**794,792**

22 Current provisions

(Amount in Rs)

	31 March 2018	31 March 2017
Provision for employee benefits		
Provision for gratuity (Refer note 40)	407	110
Provision for compensated absences (Refer note 40)	31,690	21,614
	32,097	21,724

23 Revenue from operations

(Amount in Rs)

Particulars	For the period from 01 April 2017 to 31 March 2018	For the period from 14 March 2016 to 31 March 2017
Sale of goods including excise duty*	47,566,343	41,874,860
	47,566,343	**41,874,860**

*Includes income from related parties (Refer Note 39)

24 Other income

(Amount in Rs)

Particulars	For the period from 01 April 2017 to 31 March 2018	For the period from 14 March 2016 to 31 March 2017
Interest on bank deposits	91,326	30,401
Exchange gain	449,259	2,898
Duty drawback	177,904	52,509
	718,489	**85,808**

25 Cost of goods sold

(Amount in Rs)

Particulars	For the period from 01 April 2017 to 31 March 2018	For the period from 14 March 2016 to 31 March 2017
Inventory at the beginning of the period	5,967,153	-
Add: purchases during the period	37,855,573	37,597,487
Less: Inventory at the end of the period	9,766,097	5,967,153
Cost of goods sold	**34,056,629**	**31,630,334**

26 Employee benefits expense

(Amount in Rs)

Particulars	For the period from 01 April 2017 to 31 March 2018	For the period from 14 March 2016 to 31 March 2017
Salaries and wages	7,249,869	1,270,820
Contribution to provident and other funds	224,265	114,672
Gratuity	106,158	38,811
Compensated absence	34,697	80,865
Staff welfare expenses	256,951	14,750
	7,871,940	**1,519,918**

27 Finance costs

(Amount in Rs)

Particulars	For the period from 01 April 2017 to 31 March 2018	For the period from 14 March 2016 to 31 March 2017
Interest expense*	2,380,141	961,860
Other borrowing costs	-	181,063
	2,380,141	**1,142,923**

*Includes interest to Holding company (Refer Note 39)

VARAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

ADVANCE SYSTEMS PVT. LTD. INTI

30 **Financial instruments**
Accounting classification and fair values

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.

The following table shows the carrying amount and fair value of financial assets and financial liabilities, classified under Level 3.

As at 31 March 2018 *(Amount in Rs)*

Particulars	Carrying value 31 March 2018	Fair value 31 March 2018	Carrying value 31 March 2017	Fair value 31 March 2017
Financial assets				
Amortised cost				
Trade receivable	13,409,948	13,409,948	16,695,982	16,695,982
Cash and cash equivalents	51,611	51,611	47,413	47,413
Other assets	961,084	961,084	580,963	580,963
Total assets	**14,422,643**	**14,422,643**	**17,324,358**	**17,324,358**
Financial liabilities				
Amortised cost				
Loans and borrowings	21,442,351	21,442,351	2,532,330	2,532,330
Trade payables	21,706,832	21,706,832	8,337,701	8,337,701
Other liabilities	5,732,938	5,732,938	9,020,824	9,020,824
Total liabilities	**48,882,121**	**48,882,121**	**19,890,855**	**19,890,855**

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.

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:**

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.

B **Financial Liabilities:**

1 **Borrowings:** It includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

2 **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.

3 **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.

33 Capital commitments

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	2,716,760
	-	**2,716,760**

34 Contingent liabilities and commitments (to the extent not provided for)

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Bank guarantee	2,066,450	330,000
	2,066,450	**330,000**

35 Earnings per share

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Nominal value of equity shares	38,400	38,400
Net profit after tax for the purpose of earnings per share	(19,192,038)	(1,231,958)
Weighted average number of shares used in computing basic earnings per share	38,400	18,921
Basic earnings per share	(499.79)	(65.11)
Weighted average number of shares used in computing diluted earnings per shar	38,400	18,921
Diluted earnings per share	(499.79)	(65.11)

36 Earnings in foreign currency

(Amount in Rs)

Particulars	For the year ended 31 March 2018	31 March 2017
Sale of goods	20,344,233	6,589,119
	20,344,233	**6,589,119**

37 Expenditure in foreign currency

(Amount in Rs)

Particulars	31 March 2018	31 March 2017
Sales commission	382,875	-
	382,875	**-**

38 Unhedged foreign currency exposure

Foreign currency exposures on account of trade receivable not hedged by derivative instruments are as follows

(Amount in Rs)

Particulars		31 March 2018		31 March 2017	
		Foreign Currency	Amount in Rs	Foreign Currency	Amount in Rs
Trade receivable	EUR	27,455	2,218,535	31,260	2,166,067
	GBP	11,180	1,031,677	-	-
	USD	1,190	77,579	-	-
		39,825	**3,327,791**	**31,260**	**2,166,067**

Inticore VJP Advance Systems Private Limited
Notes to the financial statements for the year ended 31 March 2018

39 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited (from 01 December 2016)
	Vee J Pee Aluminimum Foundry Private Limited (till 30 November 2016)
-Subsidiaries of Quess Corp Ltd	Coachieve Solutions Private Limited
	MFX Infotech Private Limited
	Brainhunter Systems Limited, Canada
	Mindwire Systems Ltd, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) L'
	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., Malay
	Aravon Services Private Limited (formerly known as ARAMARK India Private Limited
	Ikya Business Services (Private) Limited
	MFXchange Holdings Inc, Canada
	MFXchange (Ireland) Limited
	MFXchange US Inc.
	MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 201
	Quess Corp Lanka Private Limited (Formerly known as Ranstad Lanka private Limited)
	Dependo Logistics Solutions Private Limited
	Inticore VJP Advanced Solutions Private Limited
	Comtel Solutions Pte Ltd
	CentreQ Business Services Private Limited
	Excelus Learning Solutions Private Limited
	ConnectQ Business Services Private Limited
	(Formerly known as Tata Business Support Services Private Limited)
	Vedang Cellular Services Private Limited
	Master Staffing Solutions Private Limited
	Golden Star Facilities and Services Private Limited
	Comtelpro Pte. Ltd
	Comtelink Sdn. Bhd
	Monster.com.SG PTE Limited
	Monster.com.HK Limited
	Monster Malaysia SDN. BHD
	Monster.com (India) Pvt Ltd
-Associates of Quess Corp Ltd	Simpliance Technologies Private Limited
	Heptagon Technologies Pvt Ltd
	Terrier Security Services (India) Private Limited
-Joint Ventures of Quess Corp Ltd	Trimax Smart Infraprojects Private Limited
-Joint Ventures of subsidiary of Quess Corp Limited	Himmer Industrial Services (M) Sdn Bhd

Key executive management personnel

Name	**Designation**
Guru Prasad Srinivasan	Additional Director
Sudharshan Manivel	Director
Ranjit Nair	Director

(ii) Related party transactions during the year

(Amount in Rs)

Particulars		31 March 2018	31 March 2017
Revenue from operations			
	Vee J Pee Aluminimum Foundry Pvt Ltd	13,545,977	5,365,975
Other expenses			
	Vee J Pee Aluminimum Foundry Pvt Ltd	1,000,535	4,007,144
	Terrier Security Services (India) Pvt Ltd	935,451	-
	Quess Corp Limited	1,523,906	-
Finance costs			
- Interest expense	Quess Corp Limited	27,350	-
Repayment of loans taken from related parties			
	Quess Corp Limited	4,600,000	-

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables (gross of loss allowance)		
Vee J Pee Aluminimum Foundry Private Limited	9,987,845	3,158,660
Trade payables		
Vee J Pee Aluminimum Foundry Private Limited	1,000,535	-
Terrier Security Services (India) Pvt Ltd	81,232	-
Quess Corp Limited	450,582	-

40 Assets and liabilities relating to employee benefits

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2018 and 31 March 2017

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability, gratuity plan	134,782	38,811
Liability for compensated absences	115,562	80,865
Total employee benefit liabil	**250,344**	**119,676**
Current	32,097	21,724
Non-current	218,248	97,952
	250,345	**119,676**

VASAN & SAMPATH LLP CHARTERED ACCOUNTANTS BANGALORE

INTICORE VJP ADVANCE SYSTEMS PVT. LTD.

SRIRAMULU NAIDU & CO.
Chartered Accountants

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E-Mail : contactddca@gmail.com

Independent Auditor's Report
To the Members of Master Staffing Solutions Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Master Staffing Solutions Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, 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 "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of this Ind AS financial statement 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 relevant rules issued thereunder.

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

Auditor's Responsibility

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

In continuing our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

SRIRAMULU NAIDU & CO. BANGALORE Chartered Accountants

SRIRAMULU NAIDU & CO.
Chartered Accountants

G-8 'H' Block, "Golden Orchid Apartments"
Kasturba Road, Bangalore - 560 001
Phone : 080-4124 6474, 4202 4527
E-Mail : contactddca@gmail.com

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2018, 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 Section 143(3) of the Act, based on our audit we report that:

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

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

(c) the balance sheet, the statement of profit and loss, 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) with respect to the other matters to be included in the Auditor's Report in accordance with 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 financial statements;

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

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

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

for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm's registration number: 008975S

SRIRAMULU NAIDU & CO. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership number: 205194

Place :Bengaluru
Date : 9 MAY 2018

Annexure - A to the 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 Master Staffing Solutions Private Limited ("the Company") as of 31 March 2018 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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.

SRIRAMULU NAIDU & CO. BANGALORE Chartered Accountants

SRIRAMULU NAIDU & CO.
Chartered Accountants

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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 2018, 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 **Sriramulu Naidu & Co.**
Chartered Accountants
Firm's registration number: 08975S

SRIRAMULU NAIDU & CO. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership number: 205194

Place :Bengaluru
Date : 9 MAY 2018

SRIRAMULU NAIDU & CO.
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Annexure -B to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

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

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

(c) The Company does not hold any immovable properties. Accordingly, provisions of clause 3(ii) (c) of the Order are not applicable.

(ii) The Company is in the business of providing facility management services and does not have any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

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

(v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order is not applicable.

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

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing 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 other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

b) The dues outstanding in respect of service tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount Paid Under Protest (₹)	Period to which the amount relates	Period to which the amount relates	Forum where dispute is pending
Finance Act 1994	Non Payment of Services Tax	40,22,237	30,00,10	April 2010 to March 2012	FY 2010-11 FY 2011-12	Commissioner (Appeals)
Finance Act 1994	Claim Of ineligible inputs	9,05,714	-	April 2012 to February 2013	FY 2012-13	CESTAT

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

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

SRIRAMULU NAIDU & CO.
Chartered Accountants

G-8 'H' Block, "Golden Orchid Apartments"
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(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) In our opinion and according to the information and explanation given to us, Company is a private limited company, hence the provisions of sec 197 of the Act, not applicable. Accordingly paragraph 3(xi) of the Order is not applicable.

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

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

(xiv) According to the information and explanations 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 has not entered into 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 **Sriramulu Naidu & Co.**
Chartered Accountants
Firm's registration number: 08975S

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership number: 205194

Place :Bengaluru
Date 09 MAY 2018

Master Staffing Solutions Private Limited

(Amount in Rs)

Balance Sheet	Note	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,325,170	1,466,639
Financial assets			
Non-current loans	4	250,050	4,561,297
Deferred tax assets (net)	5	37,069,161	40,950,922
Income tax assets (net)	5	38,970,051	31,167,302
Other non-current assets	6	300,010	300,010
Total non-current assets		**77,914,442**	**78,446,170**
Current assets			
Financial assets			
(i) Trade receivables	7	426,297,583	264,270,697
(ii) Cash and cash equivalents	8	11,184,416	1,952,015
(iii) Current loans	9	5,291,330	1,760,208
(iv) Unbilled revenue	10	24,940,001	1,450,098
Other current assets	11	10,469,247	7,917,156
Total current assets		**478,182,577**	**277,350,174**
Total Assets		**556,097,019**	**355,796,344**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	10,100,000	10,100,000
Other equity	13	153,621,715	121,593,516
Total equity		**163,721,715**	**131,693,516**
Liabilities			
Non-current liabilities			
Financial liabilities			
Non-current provisions	14	26,397,469	-
Total non-current liabilities		**26,397,469**	-
Current liabilities			
Financial liabilities			
(i) Current borrowings	15	-	68,811,145
(ii) Trade payables	16	42,235,005	9,110,831
(iii) Other current financial liabilities	17	256,427,633	73,928,444
Current provisions	18	5,765,827	51,965,401
Other current liabilities	19	61,549,370	20,287,007
Total current liabilities		**365,977,835**	**224,102,828**
Total Liabilities		**392,375,304**	**224,102,828**
Total Equity and Liabilities		**556,097,019**	**355,796,344**

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No.: 205194

Place: Bengaluru
Date : - 9 MAY 2018

for and on behalf of Board of Directors of
Master Staffing Solutions Private Limited

Srinivasan Guruprasad
Director
DIN: 07596207

Chidambaram Anand Sundar Raj
Director
DIN: 079[illegible]1482

MASTER STAFFING SOLUTIONS PVT. LTD. Bangalore

Master Staffing Solutions Private Limited

(Amount in Rs)

Statement of Profit and Loss	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	20	1,711,890,774	1,397,787,303
Other income	21	9,751	40,022
Total Income		**1,711,900,525**	**1,397,827,325**
Expenses			
Employee benefits expenses	22	1,617,720,047	1,325,966,135
Finance costs	23	620,613	3,403,883
Depreciation and amortization expenses	24	880,046	422,286
Other expenses	25	45,480,908	41,068,920
Total expenses		**1,664,701,614**	**1,370,861,224**
Profit before tax		**47,198,911**	**26,966,101**
Tax expense			
Current tax	5	(11,691,344)	(13,977,946)
Deferred tax	5	(3,914,033)	22,437,324
Total tax expenses		**(15,605,377)**	**8,459,378**
Profit for the year		**31,593,534**	**35,425,479**
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset		(97,607)	(3,100,105)
Income tax relating to items that will not be reclassed to profit or loss		32,272	1,024,988
Other comprehensive income/ (expense) for the year, net of income tax		(65,335)	(2,075,117)
Total comprehensive income for the year		**31,528,199**	**33,350,362**
Earnings per equity share (face value of Rs 10 each)			
Basic	30	31.28	35.07
Diluted	30	31.28	35.07

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

SRIRAMULU NAIDU & Co. BANGALORE

S Deenadayal
Partner
Membership No.: 205194

for and on behalf of Board of Directors of
Master Staffing Solutions Private Limited

Srinivasan Guruprasad
Director
DIN: 07596207

Chidambaram Anand Sundar Raj
Director
DIN: 07971482

Place: Bengaluru
Date : - 9 MAY 2018

MASTER STAFFING SOLUTIONS PVT. LTD. Bangalore

Master Staffing Solutions Private Limited

		(Amount in Rs)
Statement of Cash Flows	**For the year ended**	
	31 March 2018	**31 March 2017**
Cash flow from operating activities		
Profit before tax	47,198,911	26,966,101
Adjustments for:		
Depreciation expenses	880,046	422,286
Bad debts written off	1,233,275	-
Impairment loss allowance on financial assets, net	(1,198,666)	3,641,564
Finance costs	620,613	3,403,883
Operating cash flows before working capital changes	**48,734,179**	**34,433,834**
Working capital adjustments:		
Changes in:		
Trade receivables and security deposits	(161,665,001)	(44,224,448)
Other current, non-current, unbilled revenue and financial assets	(25,658,365)	20,348,725
Trade payables and other financial liabilities	136,044,974	1,915,379
Other liabilities and provisions	100,941,041	7,252,612
Cash generated from operating activities	**98,396,829**	**19,726,102**
Income taxes paid, net of refund	(19,494,093)	(13,258,275)
Net cash (used in) / provided by operating activities (A)	**78,902,736**	**6,467,827**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangibles	(738,577)	(505,476)
Net cash (used in) / provided by investing activities (B)	**(738,577)**	**(505,476)**
Cash flows from financing activities		
Finance cost paid	(120,613)	(3,403,884)
Short-term borrowings, net of repayments	(68,811,145)	(1,776,592)
Net cash (used in) / provided by financing activities (C)	**(68,931,758)**	**(5,180,476)**
Net increase in cash and cash equivalents (A+B+C)	**9,232,401**	**781,875**
Cash and cash equivalents at the beginning of the year	1,952,015	1,170,140
Cash and cash equivalents at the end of the period (refer note 8)	**11,184,416**	**1,952,015**

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountant
Firm registration number: 008975S

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No.: 205194

Place: Bengaluru
Date 9 MAY 2018

for and on behalf of Board of Directors of
Master Staffing Solutions Private Limited

Srinivasan Guruprasad
Director
DIN: 07596207

Chidambaram Anand Sundar Raj
Director
DIN: 07971482

MASTER STAFFING SOLUTIONS PVT. LTD. Bangalore

Master Staffing Solutions Private Limited
Statement of Changes in Equity for the year ended 31 March 2018

(A) Equity share capital

(Amount in Rs)

Particulars	Note	31 March 2018	31 March 2017
Opening balance	12	10,100,000	10,100,000
Changes in equity share capital	12	-	-
Closing balance		**10,100,000**	**10,100,000**

(B) Other equity

(Amount in Rs)

Particulars	Note	Reserves and Surplus		Other items of other comprehensive Income	Total equity attributable to equity holders of the Company
		Retained earnings	Other Reserves	Remeasurement of the net defined benefit liability/asset	
Balance as of 1 April 2016		**81,245,456**	**500,000**	**6,497,698**	**88,243,154**
Add: Profit for the year		35,425,479	-	-	35,425,479
Add: Other comprehensive income (net of tax)		-	-	(2,075,117)	(2,075,117)
Balance as of 31 March 2017		**116,670,935**	**500,000**	**4,422,581**	**121,593,516**
Balance as of 1 April 2017		**116,670,935**	**500,000**	**4,422,581**	**121,593,516**
Add: Profit for the year		31,593,534	-	-	31,593,534
Add: Fair value of financial guarantee received	13	-	500,000	-	500,000
Add: Other comprehensive income (net of tax)		-	-	(65,335)	(65,335)
Balance as of 31 March 2018		**148,264,469**	**1,000,000**	**4,357,246**	**153,621,715**

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

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

SRIRAMULU NAIDU & Co. BANGALORE Chartered Accountants

S Deenadayal
Partner
Membership No.: 205194

Place: Bengaluru
Date : 9 MAY 2018

for and on behalf of Board of Directors of
Master Staffing Solutions Private Limited

Srinivasan Guruprasad
Director
DIN: 07596207

Chidambaram Anand Sundar Raj
Director
DIN: 07971482

MASTER STAFFING SOLUTIONS PVT. LTD. Bangalore

1. Company overview
Master Staffing Solutions Private Limited ("the Company"), a private limited company, was incorporated on 13 November 2009 under the provisions of the Companies Act, 1956. The registered office of the Company is located in Bengaluru. The Company is engaged in the business of providing facility management services.

2. Significant accounting policies
This note provides a list of the significant accounting policies adopted in the preparation of these 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') 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 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 35.

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

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

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

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

ii) Income taxes: Significant judgements are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Availability of future taxable profits against which deferred tax amount can be used.

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) 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 nonfinancial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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2.4 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 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:

Asset Category	Estimated useful life
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 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'

Impairment of property, plant and equipment
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.

2.5 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.

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.

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

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

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

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

Revenue from providing facility management is recognised upon rendering of services.

2.7 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.

2.8 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 26 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.

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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.

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

Financials gurantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make the payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial guranee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortised to the statement of profit and loss over the period of such gurantee availed.

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.

2.9 Employee benefit

(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 State Bank 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.

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(b) Compensated absences

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

c) Defined contribution plan

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

d) 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.

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.

2.10 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.

2.11 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.

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.

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2.12 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.

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.

2.13 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.

2.14 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.

2.15 Cash flow statement

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

2.16 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. The company does not have potential dilutive equity shares outstanding during the period.

2.17 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, the Company is engaged in the business of providing facility management services and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

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Master Staffing Solutions Private Limited
Notes to the financial statements for the year ended 31 March 2018

3. Property, plant and equipment

(Amount in Rs)

Particulars	Furniture and fixtures	Office equipment	Computer equipment	Total
Gross carrying amount as at 1 April 2016	341,692	779,294	1,032,811	2,153,797
Additions during the year	60,000	177,319	268,157	505,476
Disposals for the year	-	-	-	-
Balance as at 31 March 2017	401,692	956,613	1,300,968	2,659,273
Additions during the year	7,000	47,785	683,792	738,577
Disposals for the year	-	-	-	-
Balance as at 31 March 2018	408,692	1,004,398	1,984,760	3,397,850
Accumulated depreciation as at 1 April 2016	76,800	224,053	469,496	770,348
Depreciation for the year	81,731	75,439	265,115	422,286
Accumulated depreciation on deletions	-	-	-	-
Balance as at 31 March 2017	158,531	299,492	734,611	1,192,634
Depreciation for the year	95,837	294,963	489,246	880,046
Accumulated depreciation on deletions	-	-	-	-
Balance as at 31 March 2018	254,368	594,455	1,223,857	2,072,680
Net carrying amount :				
As at 31 March 2018	154,324	409,943	760,903	1,325,170
As at 31 March 2017	243,161	657,121	566,357	1,466,639

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

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4 Non-current loans

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	250,050	4,561,297
	250,050	**4,561,297**

5 Taxes

A Amount recognized in profit or loss

(Amount in Rs)

Particulars	For the year ended 31 March 2018	31 March 2017
Current income tax:		
In respect of the current period	11,691,344	13,977,946
Deferred tax		
Attributable to:		
Origination and reversal of temporary differences	3,914,033	(22,437,324)
Income tax expense/(Income) reported in the statement of profit and loss	**15,605,377**	**(8,459,378)**

B Income tax recognized in other comprehensive income

(Amount in Rs)

Particulars	For the year ended 31 March 2018	31 March 2017
Remeasurement of the net defined benefit liability/asset		
Before tax	(97,607)	(3,100,105)
Tax (expense)/benefit	32,272	1,024,988
Net of tax	**(65,335)**	**(2,075,117)**

C Reconciliation of effective tax rate

(Amount in Rs)

Particulars	For the year ended 31 March 2018		31 March 2017	
Profit before tax		47,198,911		26,966,101
Tax using the Company's domestic tax rate	33.06%	15,605,377	33.06%	8,915,799
Effect of:				
Non-deductible expenses	-	-	0.25%	67,743
Less: Excess provision relating to earlier years	-	-	(58.59%)	(15,800,264)
Effective tax rate	**33.06%**	**15,605,377**	**(25.28%)**	**(6,816,721)**
Less: Excess provision relating to earlier years	-	-	**6.60%**	1,779,805
Income tax expense reported in the Statement of profit and loss	**33.06%**	**15,605,377**	**(31.37%)**	**(8,459,378)**

D The following tables provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017

Non-current tax assets (net)

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	103,325,962	83,831,869
Income tax liabilities	(64,355,911)	(52,664,567)
Net income tax assets at the end of the year	**38,970,051**	**31,167,302**

E Deferred tax assets, net

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset and liabilities are attributable to the following:		
Deferred tax assets:		
Impairment loss allowance on financial assets	1,997,104	2,393,419
Provision on employee benefits	34,935,904	38,491,323
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	136,153	65,965
Others	-	215
Net deferred tax assets	**37,069,161**	**40,950,922**

The movement of deferred tax aggregating to Rs (3,881,761) for the year ended 31 March 2018 (31 March 2017: Rs 23,462,311) comprises of Rs (3,914,033) (31 March 2017: Rs 22,437,324) charged to statement of profit and loss and Rs 32,272 (31 March 2017: Rs 10,24,988) charged to other comprehensive income.

F Recognized deferred tax assets and liabilities

Movement of deferred tax assets presented in the balance sheet

(Amount in Rs)

For the year ended 31 March 2018	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:				
Impairment loss allowance on financial assets	2,393,419	(396,315)	-	1,997,104
Provision on employee benefits	38,491,323	(3,587,691)	32,272	34,935,904
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	65,965	70,188	-	136,153
Others	215	(215)	-	-
Net deferred tax assets	**40,950,922**	**(3,914,033)**	**32,272**	**37,069,161**

(Amount in Rs)

For the year ended 31 March 2017	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax assets on:				
Impairment loss allowance on financial assets	1,189,409	1,204,010	-	2,393,419
Provision on employee benefits	16,211,546	21,254,789	1,024,988	38,491,323
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	87,127	(21,162)	-	65,965
Others	529	(314)	-	215
Net deferred tax assets	**17,488,611**	**22,437,324**	**1,024,988**	**40,950,922**

6 Other non-current assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with government authorities	300,010	300,010
	300,010	**300,010**

7 Trade receivables

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured		
Considered good	430,354,391	268,250,209
Considered doubtful	1,983,491	3,259,452
	432,337,882	**271,509,661**
Loss allowance [refer note 26(i)]		
Unsecured considered good	(4,056,808)	(3,979,512)
Doubtful	(1,983,491)	(3,259,452)
	(6,040,299)	**(7,238,964)**
Net trade receivables	**426,297,583**	**264,270,697**

All trade receivables are current.

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

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables from related parties	396,833,857	125,600,961
Less: loss allowance	(2,020,507)	(874,242)
Net trade receivables	**394,813,350**	**124,726,719**

The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 27.

8 Cash and cash equivalents

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
In current accounts	11,184,416	1,952,015
Cash and cash equivalents in the statement of cash flow	**11,184,416**	**1,952,015**

9 Current loans

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	4,355,000	440,249
Advances to employees	936,330	1,319,959
	5,291,330	**1,760,208**

10 Unbilled revenue

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Unbilled revenue	24,940,001	1,450,098
	24,940,001	**1,450,098**

11 Other current assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Prepaid expenses	10,095,859	7,856,100
Advances to suppliers	50,000	61,056
Balances with government authorities	293,388	-
Other advances	30,000	-
	10,469,247	**7,917,156**

12 Equity share capital

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorized		
1,100,000 equity shares (31 March 2017: 1,100,000) of par value of Rs 10 each	11,000,000	11,000,000
	11,000,000	**11,000,000**
Issued, subscribed and paid-up		
1,010,000 (31 March 2017: 1,010,000) equity shares of par value of Rs 10 each, fully paid up	10,100,000	10,100,000
	10,100,000	**10,100,000**

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
At the commencement of the year	1,010,000	10,100,000	1,010,000	10,100,000
Add: Shares issued during the year	-	-	-	-
At the end of the year	**1,010,000**	**10,100,000**	**1,010,000**	**10,100,000**

12.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders 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.

12.3 Shares held by holding company

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	1,009,999	10,099,990	1,009,999	10,099,990
	1,009,999	**10,099,990**	-	-

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% Held	Number of shares	% Held
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	1,009,999	100.00%	1,000,000	99.01%
	1,009,999		**1,000,000**	

As per the records of the Company, including its register of members/shareholders, the above shareholding represents both legal and beneficial ownership of the shares.

13 Other equity*

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Retained earnings	148,264,469	116,670,935
Other reserves	1,000,000	500,000
Other comprehensive income	4,357,246	4,422,581
	153,621,715	**121,593,516**

* For detailed movement of reserves refer statement of changes in equity

14 Non-current provisions

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefit		
Provision for gratuity	26,397,469	-
	26,397,469	-

15 Current borrowings

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Loans from bank repayable on demand		
Secured		
Cash credit and overdraft facilities	-	68,811,145
	-	**68,811,145**

Information about the Company's exposure to interest rate and liquidity risk is included in note 27.

15.1 The Company has taken cash credit and overdraft facilities having interest rate at 12 months MCLR + spread 2.90 i.e 11.50%. 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 movable assets and exclusive charge on the current assets of the Company.

16 Trade payables

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Dues to micro, small and medium enterprises (refer note 35)		
Other trade payables	42,235,005	9,110,831
	42,235,005	**9,110,831**

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 27.

17 Other current financial liabilities

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Other payables		
Accrued salaries and benefits	99,378,248	5,506,085
Provision for bonus and incentive	73,501,358	64,452,722
Provision for expenses	83,548,027	3,969,637
	256,427,633	**73,928,444**

The Company's exposure to currency and liquidity risk related to other current financial liabilities is disclosed in note 27.

18 Current provisions

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity	5,104,306	35,747,791
Provision for compensated absences	661,521	16,217,610
	5,765,827	**51,965,401**

19 Other current liabilities

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balances payable to government authorities	52,741,477	20,287,007
Amount payable to related parties	8,807,893	-
	61,549,370	**20,287,007**

The Company's exposure to currency and liquidity risk related to other current liabilities is disclosed in note 27.

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20 Revenue from operations

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Facility management services	1,711,890,774	1,397,787,303
	1,711,890,774	**1,397,787,303**

21 Other income

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income under the effective interest method on:		
Interest income on present valuation of financial instruments	9,751	40,022
	9,751	**40,022**

22 Employee benefits expense

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	1,377,599,649	1,122,099,982
Contribution to provident and other funds	164,709,804	141,735,774
Expenses related to compensated absences	8,533,549	9,972,532
Expenses related to defined benefit plans	49,473,782	32,647,686
Staff welfare expenses	17,403,263	19,510,161
	1,617,720,047	**1,325,966,135**

23 Finance costs

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest and other borrowing costs	620,613	3,174,883
Other borrowing costs	-	229,000
	620,613	**3,403,883**

24 Depreciation expense

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 3)	880,046	422,286
	880,046	**422,286**

25 Other expenses

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Rent	6,332,938	7,201,623
Power and fuel	1,433,297	1,722,156
Repairs & maintenance		
- buildings	840,680	141,349
- plant and machinery	1,268,320	1,505,858
- others	50,394	45,193
Legal and professional fees [refer note 24(1)]	32,684,746	21,209,845
Rates and taxes	602,833	1,856,506
Printing and stationery	565,117	726,325
Travelling and conveyance	397,613	1,467,000
Communication expenses	1,192,518	975,706
Impairment loss allowance on financial assets, net [refer note 27(i)]	(1,198,666)	3,641,564
Bank charges	9,092	22,241
Bad debts written off	1,233,275	-
Business promotion and advertisement expenses	11,302	282,578
Miscellaneous expenses	57,449	270,976
	45,480,908	**41,068,920**

25.1 Payment to auditor

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Auditor's remuneration		
Audit fee		
Statutory audit	200,000	145,000
Limited review	80,000	50,000
Tax audit fee	100,000	80,400
	380,000	**275,400**

26 Financial instruments-fair value and risk management

Accounting classification and fair values

The carrying value and fair value of financial instruments by categories as at 31 March 2018 and 31 March 2017 is as follows:

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 Rs)

Particulars	Carrying value	Fair value		
	31 March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	5,541,380	-	-	-
Trade receivables	426,297,583	-	-	-
Cash and cash equivalents	11,184,416	-	-	-
Unbilled revenue	24,940,001	-	-	-
Total financial assets	**467,963,380**	-	-	-
Financial liabilities measured at amortised cost				
Trade payables	42,235,005	-	-	-
Current borrowings	-	-	-	-
Other current financial liabilities	256,427,633	-	-	-
Total financial liabilities	**298,662,638**	-	-	-

(Amount in Rs)

Particulars	Carrying value	Fair value		
	31 March 2017	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	6,321,505	-	-	-
Trade receivables	264,270,697	-	-	-
Cash and cash equivalents	1,952,015	-	-	-
Unbilled revenue	1,450,098	-	-	-
Total financial assets	**273,994,315**	-	-	-
Financial liabilities measured at amortised cost				
Trade payables	9,110,831	-	-	-
Current borrowings	68,811,145	-	-	-
Other current financial liabilities	73,928,444	-	-	-
Total financial liabilities	**151,850,420**	-	-	-

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-thecounter 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:

A. Financial Assets:

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.

B. Financial Liabilities:

1. **Borrowings:** It includes cash credit and overdraft 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.

2. **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.

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27 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

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

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

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 and investments in debt securities. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by 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 31 March 2017 and as at 31 March 2018 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 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
As at 31 March 2018

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	209,918,297	0.03%	69,297	No	209,849,000
Past due 1-90 days	215,672,892	0.99%	2,139,274	No	213,533,618
Past due 91-180 days	3,325,016	31.95%	1,062,405	No	2,262,611
Past due 181-270 days	1,438,184	54.64%	785,832	No	652,352
Past due 271-360 days	1,618,194	100.00%	1,618,194	Yes	-
Above 360 days	365,297	100.00%	365,297	Yes	-
	432,337,880		**6,040,299**		**426,297,581**

As at 31 March 2017

(Amount in Rs)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	136,083,499	0.04%	48,804	No	136,034,695
Past due 1-90 days	124,254,857	1.23%	1,526,296	No	122,728,561
Past due 91-180 days	5,515,183	25.21%	1,390,590	No	4,124,593
Past due 181-270 days	2,396,670	42.30%	1,013,823	No	1,382,847
Past due 271-360 days	17,029	100.00%	17,029	Yes	-
Above 360 days	3,242,423	100.00%	3,242,423	Yes	-
	271,509,661		**7,238,965**		**264,270,696**

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 was as follows.

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	7,238,965	3,723,869
Impairment loss allowances recognised	(1,198,666)	3,515,096
Balance as at the end of the year	**6,040,299**	**7,238,965**

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:

The Company has taken cash credit and overdraft facilities having interest rate at 12 months MCLR + spread 2.90 i.e 11.50%. 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 movable assets and exclusive charge on the current assets of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payments and excludes netting arrangements:

As at 31 March 2018

(Amount in Rs)

Particulars		Contractual cash flow			
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Current borrowings	-	-	-	-	-
Trade payables	42,235,005	42,235,005	-	-	-
Other current financial liabilities	256,427,633	256,427,633	-	-	-

As at 31 March 2017

(Amount in Rs)

Particulars		Contractual cash flow			
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Current borrowings	68,811,145	68,811,145	-	-	-
Trade payables	9,110,831	9,110,831	-	-	-
Other current financial liabilities	73,928,444	73,928,444	-	-	-

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.

Currency risk

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

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 includes cash credit facilities which carries fixed rate of interest.

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 Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	-	-
Fixed rate borrowings	-	68,811,145
Total borrowings	-	**68,811,145**

28 Capital management

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

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 Rs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Total External liabilities	-	68,811,145
Less: Cash and cash equivalent	11,184,416	1,952,015
Adjusted net debt (total borrowings net of cash and cash equivalent)	**(11,184,416)**	**66,859,130**
Total equity	163,721,715	131,693,516
Net debt (total external liabilities) to equity ratio	**-**	**0.51**

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

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Indirect tax matters (see note (i) and (ii) below)	4,627,941	-
	4,627,941	-

(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.

30 Earnings per share

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Nominal value of equity shares (Rs per share)	10	10
Net profit after tax for the purpose of earnings per share (Amount in Rs)	31,593,534	35,425,479
Weighted average number of shares used in computing basic earnings per share	1,010,000	1,010,000
Basic earnings per share (Rs)	**31.28**	**35.07**
Weighted average number of shares used in computing diluted earnings per share	1,010,000	1,010,000
Diluted earnings per share (Rs)	**31.28**	**35.07**

31 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 allocatesresources based on an analysis of various per formance indicators by service offerings. Accordingly, the Company is engaged in the business of providing facility management services and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

32 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Fellow Subsidiaries	Coachieve Solutions Private Limited MFX Infotech Private Limited Brainhunter Systems Limited, Canada Mindwire Systems Ltd, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC USA Quess (Philippines) Corp. (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN BHD (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange US Inc. MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) Quess Corp Lanka Private Limited (Formerly known as Ranstad Lanka private Limited) Dependo Logistics Solutions Private Limited Inticore VJP Advanced Solutions Private Limited Comtel Solutions Pte Ltd CentreQ Business Services Private Limited Excelus Learning Solutions Private Limited ConnectQ Business Services Private Limited (Formerly known as Tata Business Support Services Private Limited) Vedang Cellular Services Private Limited Golden Star Facilities and Services Private Limited Comtelpro Pte. Ltd Comtelink Sdn. Bhd Monster.com (India) Private Limited Monster.com.sg Pte. Limited Monster.com.HK Limited Monster Malaysia Sdn. Bhd.

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- Associates of the holding company	Terrier Security Services (India) Private Limited Simpliance Technologies Private Limited Heptagon Technologies Pvt Ltd Quess Recruit Inc.
- Joint Venture of a fellow subsidiary	Trimax Smart Infraprojects Private Limited Himmer Industrial Services (M) Sdn Bhd
- Entity having common directors	Golden Star Facilities & Services Private Limited
- Fellow subsidiary	National Collateral Management Services Limited
-Entities in which key managerial personnel of holding company has significant influence	Styracorp Management services IME Consultancy

Key management personnel

Ajit Isaac	Chairman & Managing Director & CEO
Subrata Kumar Nag	Whole time Director & Chief Financial Officer
Srinivasan Guruprasad	Director
Chidambaram Anand Sundar Raj	Director

(ii) Related party transactions during the year

(Amount in Rs)

Particulars		For the year ended	
		31 March 2018	31 March 2017
- Revenue from operations	Quess Corp Limited	1,074,894,612	529,969,763
	Golden Star Facilities & Services Private Limited	-	4,067,975
- Employee benefits expense	Quess Corp Limited	8,138,807	-
- Other expenses	Quess Corp Limited	30,000,000	589,810
- Corporate guarantee given to bank by the holding company	Quess Corp Limited	100,000,000	100,000,000

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in Rs)

Particulars		As at 31 March 2018	As at 31 March 2017
- Trade receivables (Gross of loss allowance)	Quess Corp Limited	396,833,857	125,600,961
- Trade payables	Quess Corp Limited	7,723,492	-
- Other current financial liabilities	Quess Corp Limited	30,000,000	-
- Other current liabilities	Quess Corp Limited	8,807,893	-

(iv) Compensation of key managerial personnel

The compensation paid to key managerial personnel charged to the statement of profit & loss for the year ended 31 March 2018 is Rs. Nil (31 March 2017 is Rs. Nil).

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.

33 Leases

Operating Leases

The Company has taken, offices and residential premises under operating leases. The leases typically run for a period of one to five 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 Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Payable within 1 year	-	4,296,247
Payable between 1-5 years	-	450,000

(Amount in Rs)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Total rental expense relating to operating lease	6,332,938	7,201,623
- Non-cancellable	-	-
- Cancellable	6,332,938	7,201,623

Bangalore

NAIDU & Co. BANGALORE

34 Assets and liabilities relating to employee benefits

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability, gratuity	31,501,775	35,747,791
Liability for compensated absences	661,521	16,217,610
Total employee benefit liability	**32,163,296**	**51,965,401**
Current	5,765,827	51,965,401
Non-current	26,397,469	-

The Company does not have any assets relating to employee benefits. For details about the related employee benefit expenses, see note 22.

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.

The company contributes to a gratuity fund maintained with an insurance company in the form of Qualifying insurance Policy.

A 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 Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Reconciliation of present value of the defined benefit obligation		
Obligation at the beginning of the year	119,954,634	87,018,517
Current service cost	36,791,198	30,830,411
Interest cost	8,762,467	6,580,249
Benefit settled	(4,357,293)	(7,869,121)
Liabilities Settled on Divestiture	(8,807,893)	-
Actuarial (gains)/ losses recognized in other comprehensive income	1,782,337	3,394,578
Obligation at end of the year	**154,125,450**	**119,954,634**
Reconciliation of present value of plan assets		
Plan assets at beginning of the year, at fair value	65,575,480	59,759,104
Interest income on plan assets	4,790,169	4,762,975
Return on plan assets recognised in other comprehensive income	1,879,944	294,472
Contributions by employer	54,735,375	8,628,050
Benefits paid/Reversed	(4,357,293)	(7,869,121)
Plan assets at the end of the year, at fair value	**122,623,675**	**65,575,480**
Net defined benefit liability	**31,501,775**	**54,379,154**

B (i) Expense recognized in profit or loss

(Amount in Rs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	36,791,198	30,830,411
Interest cost	8,762,467	6,580,250
Interest income	(4,790,169)	(4,762,975)
Net gratuity cost	**40,763,496**	**32,647,686**

(ii) Remeasurement recognized in other comprehensive income

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017
Remeasurement of the net defined benefit liability	1,782,337	(3,394,577)
Remeasurement of the net defined benefit asset	(1,879,944)	294,472
Other comprehensive income/ (expense) for the year, net of income tax	**(97,607)**	**(3,100,105)**

C Plan assets

(Amount in Rs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Funds managed by insurer	**122,623,675**	65,575,480	68,586,929
	122,623,675	**65,575,480**	**68,586,929**

D Defined benefit obligation - Actuarial Assumptions

Particulars	For the year ended 31 March 2018	31 March 2017	31 March 2016
Discount rate	7.20% - 7.80%	7.31%	7.92%
Future salary growth	7.50% - 8.00%	8.00%	8.00%
Attrition rate	3.10% - 30.00%	3.10%	3.10%
Rate of return on planned assets	7.92%	7.92%	8.00%

E 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 Rs)*

Particulars	As at					
	31 March 2018		31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,592,195	1,701,162	-	-	-	-
Future salary growth (1% movement)	1,700,468	1,591,858	-	-	-	-
Attrition rate (1% movement)	1,564,321	1,748,250	-	-	-	-

Associate employees *(Amount in Rs)*

Particulars	As at					
	31 March 2018		31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	132,266,845	177,345,137	106,759,624	134,829,009	74,785,992	102,122,640
Future salary growth (1% movement)	177,041,641	132,130,534	131,950,097	109,398,626	101,711,582	74,903,695
Attrition rate (1% movement)	150,805,693	154,370,753	116,835,814	122,713,591	85,413,406	88,732,105

35 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2018 based on the information received and available with the Company. Also, the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

As per our report of even date attached
for **Sriramulu Naidu & Co.**
Chartered Accountants
Firm registration number: 008975S

S Deenadayal
Partner
Membership No.: 205194

Place: Bengaluru
Date: 9 MAY 2018

for and on behalf of Board of Directors of
Master Staffing Solutions Private Limited

Srinivasan Guruprasad
Director
DIN: 07596207

Chidambaram Anand Sundar Raj
Director
DIN: 07971482

Independent Auditor's Report

To,
The Members
MFX Infotech Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **MFX Infotech Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2018**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (Herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the companies(Indian Accounting Standards) Rules,2015 as amended, and other accounting principles generally accepted in India.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

Vasan & Sampath LLP (LLPIN: AAJ-7762)
Formerly Vasan & Sampath, Chartered Accountants, converted to a Limited Liability Partnership on 22 June 2017

Jupiter-2, #190, 5th Cross, 3rd Main, MICO Layout
BTM 2nd Stage, Bangalore - 560076, INDIA

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   e. on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

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

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

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

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 9/5/2018

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2018, we report that:

1)

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

b. The fixed assets are physically verified by the management on a rotational basis at intervals of 3 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.

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

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

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

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

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

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

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's state Insurance, Income -tax, Sales tax, service tax, Goods and Service tax, Value Added tax, Custom duties, Excise duty, cess and other material statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax; value added tax and duty of excise.

b. There were no undisputed amount payable in respect of Provident fund, Employee's state Insurance, Income-tax, Sales tax, service tax, Goods and Service tax, Value Added tax, Custom

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duties, Excise duty, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

8) According to the information and explanations give to us and based on our examination of the records of the Company ,the Company has not defaulted in repayment of dues to any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

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

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

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

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

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

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

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

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

VASAN & SAMPATH LLP BANGALORE INDIA

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 9/5/2018

ANNEXURE B - to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of MFX Infotech Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Vasan & Sampath LLP**
Chartered Accountants
Firm Registration Number: 004542S/S20070

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 9/5/2018

MFX Infotech Private Limited

Balance Sheet as at	Note	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	8,153,605	8,921,722
Intangible assets	4	15,082	111,670
Financial assets			
Non Current Loans	5	-	12,292,290
Deferred tax assets (net)	6	5,439,107	4,501,951
Income tax assets (net)	6	9,989,909	407,988
Other non-current assets	7	-	877,791
		23,597,703	**27,113,412**
Current Assets			
Inventories		-	-
Financial assets			
Trade receivables	8	258,329,642	162,029,643
Cash and cash equivalents	9	23,375,875	33,518,623
Current loans	10	13,568,389	-
Other current financial assets	11	42,213,119	50,884,953
Other current assets	12	8,145,950	9,518,330
		345,632,975	**255,951,549**
Total Assets		**369,230,678**	**283,064,961**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	10,000,000	10,000,000
Other equity	14	70,916,727	41,827,482
		80,916,727	**51,827,482**
Liabilities			
Non-current liabilities			
Non-current provisions	15	16,804,110	11,448,612
		16,804,110	**11,448,612**
Current liabilities			
Financial liabilities			
Trade payables	16	7,248,736	7,415,713
Current borrowings	17	165,567,688	146,641,663
Other current financial liabilities	18	85,795,995	58,547,670
Current provisions	19	2,536,909	1,907,637
Other current liabilities	20	10,360,513	5,276,184
		271,509,841	**219,788,867**
Total Equity and Liabilities		**369,230,678**	**283,064,961**

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No:004542S/S200070

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

VASAN & SAMPATH LLP BANGALORE INDIA CHARTERED ACCOUNTANTS

for and on behalf of Board of Directors of
MFX Infotech Private Limited

MFX Infotech Pvt. Ltd. Bangalore

Ranjit Nair
Director

Place: Bengaluru
Date: 09 May 2018

Subrata Nag
Director

Place: Bengaluru
Date: 09 May 2018

MFX Infotech Private Limited

Statement of profit and loss	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	21	512,583,077	464,873,497
Other income	22	1,276,098	1,164,177
Total Income		**513,859,175**	**466,037,674**
Expenses			
Purchase of stock in trade	23	1,581,850	-
Changes in inventories	23	-	15,351,239
Employee benefit expenses	24	352,345,542	313,811,812
Finance costs	25	8,894,083	10,971,827
Depreciation and amortisation expense	26	4,887,774	3,735,304
Other expenses	27	104,834,993	70,465,160
Total expenses		**472,544,242**	**414,335,342**
Profit before income tax		**41,314,933**	**51,702,332**
Tax expense			
Current tax	6	(13,908,673)	(18,261,092)
Short provision of tax relating to earlier years	6	(398,737)	-
Deferred tax	6	1,169,835	2,383,255
Total tax expense		**(13,137,575)**	**(15,877,837)**
Profit for the year		28,177,359	35,824,495
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of the net defined benefit liability/asset		844,564	(441,585)
Income tax relating to items that will not be reclassed to profit or loss		(232,677)	(22,927)
Other comprehensive income/(expense) for the for the year, net of income tax		**611,887**	**(464,512)**
Total comprehensive income for the year		**28,789,245**	**35,359,983**
Earnings per equity share (face value of 10 each)			
Basic		28.79	35.36
Diluted		28.79	35.36

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No:004542S/S200070

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 09 May 2018

Subrata Nag
Director

Place: Bengaluru
Date: 09 May 2018

MFX Infotech Private Limited
Statement of Changes in Equity for the year ended 31 March 2018

(Amount in Rs.)

Particulars	Share Capital	Other Equity			Total Equity attributable to Equity holders of the Company
		Retained Earnings	Other Items of Other comprehensive Income	Other Reserves	
Balance as of 1 April 2016	10,000,000	6,027,496	(309,997)	450,000	16,167,499
Add: Profit for the Period	-	35,824,495	-	-	35,824,495
Add: Fair value of financial guarantee received	-	-	-	300,000	300,000
Less: Re-measurement gains / (losses) on defined benefit plan	-	-	(464,512)	-	(464,512)
Balance as of 31 March 2017	10,000,000	41,851,991	(774,509)	750,000	51,827,482

Balance as of April 1, 2017	10,000,000	41,851,991	(774,509)	750,000	51,827,482
Add: Profit for the Period	-	28,177,359	-		28,177,359
Add: Fair value of financial guarantee received	-	-	-	300,000	300,000
Less: Re-measurement gains / (losses) on defined benefit plan	-	-	611,887	-	611,887
Balance as of 31 March 2018	10,000,000	70,029,349	(162,622)	1,050,000	80,916,727

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No:004542S/S200070

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

VASAN & SAMPATH LLP • CHARTERED ACCOUNTANTS • BANGALORE INDIA

for and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 09 May 2018

MFX Infotech Pvt. Ltd. * Bangalore *

Subrata Nag
Director

Place: Bengaluru
Date: 09 May 2018

MFX Infotech Private Limited

Statement of Cash Flows	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Profit before tax	41,926,820	51,237,820
Adjustments for:		
Depreciation and amortisation expenses	4,887,774	3,735,304
Foreign Exchange Loss	(558,576)	4,342,356
Finance costs	8,894,083	10,971,827
Impairment loss allowance on financial asset, net	163,344	-
Movement in Other Equity	300,000	300,000
Operating cash flows before working capital changes	**55,613,446**	**70,587,307**
Working capital adjustments		
Changes in inventories and trade receivables	(94,406,995)	(3,776,426)
Changes in loans, other financial assets and other assets	9,878,584	(26,909,565)
Changes in trade payables and other financial liabilities	27,081,348	34,431,833
Changes in other liabilities and provisions	11,069,099	6,871,328
Cash generated from operating activities	**9,235,481**	**81,204,477**
Income tax paid, net	(23,889,331)	(17,864,294)
Net cash (used in) / provided by operating activities (A)	**(14,653,850)**	**63,340,183**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangibles	(4,023,069)	(4,467,833)
Net cash used in by investing activities (B)	**(4,023,069)**	**(4,467,833)**
Cash flows from financing activities		
Proceeds from borrowings	17,428,254	(22,316,262)
Finance cost paid	(8,894,083)	(10,971,827)
Net cash used in by financing activities (C)	**8,534,171**	**(33,288,089)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(10,142,748)	25,584,261
Cash and cash equivalents at the beginning of the year	33,518,623	7,934,362
Cash and cash equivalents at the end of the year (refer note 9)	**23,375,875**	**33,518,623**

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

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No:004542S/S200070

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

for and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date 09 May 2018

Subrata Nag
Director

Place: Bengaluru
Date: 09 May 2018

1 Company overview

MFX Infotech Private Limited('the Company') is a Company incorporated under the provisions of the Companies Act, 2013('the Act') on June 20, 2014 originally as 'Private Limited Company'. The company has its registered office in Bengaluru, India. The company is engaged in the business of Software Support Services.

2 Significant accounting policies

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 accounting and preparation of standalone Ind AS financial statements

Statement of compliance:

The company being subsidiary Company of M/s.Quess Corp Ltd., a company whose equity is listed in both Bombay Stock Exchange (BSE) & National Stock Exchange,(NSE), these standalone 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 Company's standalone 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 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 Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("IGAAP"), which was the Previous GAAP.

The Company's standalone Ind AS financial statements are approved for issue by the Company's Board of Directors on 9th May 2018.

These standalone Ind AS financial statements are presented in Indian Rupees ("INR"), which is also the Company's functional currency.

2.2 Basis of measurement

The standalone 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); and

ii. Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of Defined Benefit Obligations ("DBO")

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2.3 Use of estimates and judgement

The preparation of the standalone 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 standalone 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. Availability of future taxable profits against which deferred tax amount can be used.

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

2.4 Measurement of fair values

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

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

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

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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 categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

2.5 Functional and presentation currency

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

2.6 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 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 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 Company estimated the useful lives for items of property, plant and equipment as follows:-

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Asset category	Estimated useful life
Plant and machinery	3 Years
Computer Equipment	3 Years
Furniture and fixtures	5 Years
Leasehold Improvements	Lease Term or Estimated useful life whichever is lower
Office equipment	5 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'.

2.7 Intangible assets

(i) 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 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 Company 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.

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

(iv) Amortisation

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 (owned)	3 years

Amortisation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each financial year.

2.8 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.

2.9 Leases

Leases of property, plant and equipment that transfer to the Company 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.

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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 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.

2.10 Inventories

Inventories 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 assesses the obsolescence of inventory on a quarterly basis.

2.11 Revenue recognition

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

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

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

2.12 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.

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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.

Dividend income is recognised when the right to receive payment is established.

2.13 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 INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

2.14 Financial instruments

a) Recognition and initial measurement

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

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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 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 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 Company 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 Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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a) 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 29 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 receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL

b) **Derecognition of financial assets**

The Company 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
- Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Where the Company 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 Company 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 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:

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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 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 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.

c)Financial guarantee contracts

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

d) 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.

e) 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 realize the asset and settle the liability simultaneously.

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

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

Remeasurement of the net defined benefit liability/ 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 Company 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 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.

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2.16 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 realize 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.
- 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 Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax can be 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.

2.17 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 risks specific to the liability. The unwinding of discount is recognised as finance cost. Expected future operating losses are not provided for.

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(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/ 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 Company are segregated.

2.21 Earnings per share

The basic earnings per share is computed by dividing the net profit/ (loss) 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/ (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.

2.22 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.

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2.23 Impairment
(a) 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 29 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.

2.24 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies(Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)
The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. "

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

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Notes to the financial statements for the period ended 31 March 2018

3 Property, plant and equipment

Particulars	Leasehold improvements	Office equipment	Computer equipment	Total
Gross block				
As at 1 April 2016	1,003,037	2,882,170	5,722,302	9,607,509
Additions during the period	-	1,729,826	2,738,006	4,467,832
Disposals for the period	-	-	-	-
As at 31 March 2017	**1,003,037**	**4,611,996**	**8,460,308**	**14,075,341**
Additions	-	616,205	3,406,865	4,023,070
Disposals	-	-	-	-
As at 31 March 2018	**1,003,037**	**5,228,201**	**11,867,173**	**18,098,411**
Accumulated Depreciation				-
As at 1 April 2016	68,972	676,088	769,844	1,514,904
Depreciation for the year	334,040	860,959	2,443,716	3,638,715
Accumulated depreciation on deletions	-	-	-	-
As at 31 March 2017	**403,012**	**1,537,047**	**3,213,560**	**5,153,619**
Depreciation for the year	334,041	1,007,656	3,449,490	4,791,187
Accumulated depreciation on deletions	-	-	-	-
As at 31 March 2018	**737,053**	**2,544,703**	**6,663,050**	**9,944,806**
Net Block :				-
As at 31 March 2018	**265,984**	**2,683,498**	**5,204,123**	**8,153,605**
As at 31 March 2017	**600,025**	**3,074,949**	**5,246,748**	**8,921,722**

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4 **Intangible Assets**

Particulars	Computer software	Total
Gross block		
Cost or Valuation		
As at 1 April 2016	-	-
Additions during the period	290,027	290,027
Disposals for the period	-	-
As at 31 March 2017	**290,027**	**290,027**
Additions	-	-
Disposals	-	-
As at 31 March 2018	**290,027**	**290,027**
Accumulated Depreciation		
As at 1 April 2016	81,769	81,769
Amortization for the year	96,588	96,588
Accumulated amortization on deletions	-	-
As at 31 March 2017	**178,357**	**178,357**
Amortization for the year	96,588	96,588
Accumulated amortization on deletions	-	-
As at 31 March 2018	**274,945**	**274,945**
Net Block		
As at 31 March 2018	**15,082**	**15,082**
As at 31 March 2017	**111,670**	**111,670**

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6 Income tax

Income Tax Assets/Liabilities in the Balance Sheet are as follows :-

Particulars	As at 31 March 2018	As at 31 March 2017
Advance income tax/(Provision for Income Tax) net	9,989,909	407,988
	9,989,909	**407,988**

A Amount recognized in Profit or Loss

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
In respect of the current period	13,908,673	18,261,092
Short provision of tax relating to earlier years	398,737	-
Deferred tax		
Origination & reversal of temporary differences		
Increase/Reduction of Tax rate		
In respect of the current period	(1,169,835)	(2,383,255)
Income tax expense reported in the statement of profit and loss	13,137,575	15,877,837

B Income tax recognized in Other comprehensive Income

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Remeasurement of the net defined benefit Liability/Asset		
Before tax	844,564	(441,585)
Tax (expense)/Benefit	(232,677)	(22,927)
Net of Tax	611,887	(464,512)

C Reconciliation of effective tax rate

Particulars	Tax Rate %	For the year ended 31 March 2018	Tax Rate %	For the year ended 31 March 2017
Profit before tax		41,314,933		51,702,332
Tax using company's domestic tax rate	27.55%	11,383,297	33.05%	17,086,055
Effect of:				-
Expenses disallowed for tax purpose(net)	3.28%	1,355,541	-2.34%	(1,208,218)
Foreign tax (net)		-		-
Tax reversals		-		
Others		-		
Effective tax rate	**30.83%**	**12,738,838**	**30.71%**	**15,877,837**
Add: Short provision for prior year	0.97%	398,737		
Total income tax expense	**31.80%**	13,137,575	**30.71%**	15,877,837

The tax rates under Indian Income Tax Act, for the year ended March 31, 2018 and March 31, 2017 is 27.55% and 33.05%.

D **The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018, 31 March 2017:-**

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	42,571,075	25,013,740
Income tax liabilities	32,581,166	24,605,752
Net income tax assets/(liability) at the end	**9,989,909**	**407,988**

E **Deferred tax (net)**

Deferred tax relates to the following:-

Particulars	Balance sheet	
	As at 31 March 2018	As at 31 March 2017
Excess of depreciation provided for in books of accounts	28,691	190,440
Provision for compensated absence	2,047,373	1,905,311
Provision for Gratuity	3,281,077	2,222,345
Others	37,003	183,855
Impairment loss allowance on Financial assets	44,962	-
Net deferred tax assets/ (liabilities)	**5,439,107**	**4,501,951**

F **Recognised deferred tax assets and liabilities**

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

As at 31 March 2018

Particulars	Opening balance	Recognized in Profit or loss	Recognized in OCI	Closing Balance
Excess of depreciation provided for in books of accounts	190,440	(161,749)		**28,691**
Provision for compensated absence	1,905,311	142,063		**2,047,373**
Provision for Gratuity	2,222,345	1,058,732		**3,281,077**
Others	183,855	85,825	(232,677)	**37,003**
Impairment loss allowance on Financial assets	-	44,962		**44,962**
	4,501,951	1,169,833	(232,677)	5,439,107

As at 31 March 2017

Particulars	Opening balance	Recognized in Profit or loss	Recognized in OCI	Closing Balance
Excess of depreciation provided for in books of accounts	(513,958)	704,398		**190,440**
Provision for compensated absence	1,370,693	534,618		**1,905,311**
Provision for Gratuity	1,104,829	1,117,516		**2,222,345**
Others	180,059	26,723	(22,927)	**183,855**
Impairment loss allowance on Financial assets		-		-
	2,141,623	2,383,255	(22,927)	4,501,951

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5 Non Current Loans

Particulars	As at 31 March 2018	As at 31 March 2017
(Unsecured and considered good)		
Security deposits	-	12,292,290
	-	12,292,290

7 Other non-current assets

Particulars	As at 31 March 2018	As at 31 March 2017
Prepaid expenses	-	877,791
	-	**877,791**

8 Trade receivables

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured		
Considered good *	258,329,642	162,029,643
Considered doubtful *	163,204	-
Less: Allowances for credit loss	(163,204)	-
	258,329,642	**162,029,643**
** Includes receivables from related parties. Refer note 34.*	256,574,874	161,627,859

9 Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	23,375,875	33,518,623
	23,375,875	**33,518,623**

10 Current Loans

Particulars	As at 31 March 2018	As at 31 March 2017
(Unsecured and considered good)		
Security deposits	13,568,389	-
	13,568,389	-

11 Other current financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
Unbilled revenue*	42,213,119	50,884,953
	42,213,119	**50,884,953**
** Includes unbilled revenue from related parties . Refer note 34.*	36,979,525	50,884,953

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12 Other current assets

Particulars	As at 31 March 2018	As at 31 March 2017
Advances to suppliers	480,263	32,000
Employee advances	2,117,534	1,822,348
Prepaid expenses	1,900,314	5,463,089
Balances with government authorities	3,312,770	2,200,893
Other Advances	335,069	-
	8,145,950	**9,518,330**

13 Share capital

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised		
20,00,000 (31 March 2018 : 20,00,000) Equity shares of par value of Rs	20,000,000	20,000,000
	20,000,000	**20,000,000**
Issued, subscribed and paid-up		
10,00,000 (31 March 2018 : 10,00,000) equity shares of par value of Rs 10	**10,000,000**	10,000,000
	10,000,000	10,000,000

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

Particulars	31 March 2018 and 31 March 2017	
	Number of Shares	Amount
Equity shares		
At the commencement of the year	1,000,000	10,000,000
Shares issued	-	-
At the end of the year	1,000,000	10,000,000

13.2 Shares held by Holding Company

Particulars	31 March 2018 and 31 March 2017	
	Number of Shares	Amount
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited	999,999	9,999,990

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

Particulars	31 March 2018 and 31 March 2017	
	Number of Shares	% Held
Equity shares of par value Rs 10 each		
Quess Corp Limited	999,999	99.99%

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14 Other Equity

Particulars	As at 31 March 2018	As at 31 March 2017
Retained earnings at the end of the period*	70,029,349	41,851,991
Other comprehensive income at the end of the period*	(162,622)	(774,509)
Other reserves at the end of the period*	1,050,000	750,000
	70,916,727	41,827,482

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

15 Non-current provisions

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefit		
Provision for compensated absences(Refer note 37)	5,382,184	4,376,540
Provision for gratuity(Refer note 36)	11,421,926	7,072,072
	16,804,110	11,448,612

16 Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017
Dues to micro, small and medium enterprises (refer note 39)	-	-
Dues to other than micro, small and medium enterprises *	7,248,736	7,415,713
	7,248,736	7,415,713

As on 31 March 2018 and 31 March 2017, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

** Includes trade payables to related parties . Refer note 34.*	2,519,117	1,425,316

17 Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
Loans from bank repayable on demand		
Secured		
Bill discounting facility from bank *	59,539,644	63,536,189
Loan from related parties, unsecured		
From Holding company**	106,028,044	83,105,474
	165,567,688	146,641,663

*The Company has availed packing credit in foreign currency (PCFC) & post shipment credit in foreign currency (PSFC) facilities from Yes bank Limited and utilised 59,539,644 (previous period: Rs 63,536,189.) of PSFC. The facility is secured by way of pari passu first charge on the entire current assets of the Company. The rate of interest is bank's base rate plus 1.75% p.a.

** The company has availed short term loan from its holding company- Quess Corp Limited wherein the repayment date should be not exceeding 12 months from the date of disbursement. The interest rate is charged at equivalent of 10 year India Government Bond rate with monthly interest periods. Refer note 34.

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18 Other current financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Accrued salaries and benefits	27,408,928	24,161,037
Accrued Expenses *	58,387,067	34,386,633
	85,795,995	58,547,670
* *Includes accrued expenses for related parties . Refer note 34.*	27,000,000	-

19 Current provisions

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity (Refer note 36)	487,611	322,816
Provision for compensated absences (Refer note 37)	2,049,298	1,584,821
	2,536,909	1,907,637

20 Other current liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Balances payable to government authorities	10,360,513	5,276,184
	10,360,513	5,276,184

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21 Revenue from operations

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Software sales and service	512,583,077	464,873,497
	512,583,077	464,873,497

22 Other income

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income under effective interest method on:		
Interest income on present valuation of financial instruments	1,276,098	1,164,177
	1,276,098	1,164,177

23 Purchase of stock in trade and change in inventory

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Purchase of license	1,581,850	-
Work in progress		
Inventory at the beginning of the year	-	15,351,239
Less: Inventory at the end of the year	-	-
		-
	1,581,850	15,351,239

24 Employee benefits expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, Remuneration and incentives	334,507,653	298,965,166
Gratuity	5,359,213	3,466,421
Compensated absences	1,470,121	2,000,737
Contribution to provident and other funds	7,309,492	6,715,360
Staff welfare expenses	3,699,063	2,664,128
	352,345,542	313,811,812

25 Finance costs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense*	8,014,012	10,048,548
Other borrowing costs	880,071	923,279
	8,894,083	10,971,827

**Includes Interest to Holding company. Refer Note No 34.*

26 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation and amortisation	4,887,774	3,735,304
	4,887,774	3,735,304

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27 Other expenses

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Rent	23,316,863	23,273,589
Repairs and maintenance		
- buildings	1,480,122	960,202
- computer and equipment	668,101	773,265
Rates and taxes	204,617	639,890
Legal and professional fees* (includes professional charges to holding company. Refer note 34)	37,680,492	7,309,189
Travel expenses	18,676,328	14,699,629
Local conveyance	1,826,805	1,332,776
Communication expenses	3,972,556	4,290,076
Printing and stationery	303,748	527,919
Power and fuel	6,765,182	6,183,192
Subscription	2,888,343	2,456,533
Bank charges	126,394	122,899
Foreign exchange loss, net	3,283,830	6,376,424
Impairment loss allowance on financial assets, net	163,204	-
Business Promotion	1,490,471	359,683
Insurance	125,518	97,097
Security Charges	1,862,419	1,062,796
	104,834,993	**70,465,160**

***Auditors' remuneration (net of GST; included in legal and professional fees)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fees	232,500	215,172
Tax audit fees	763,150	-
	995,650	**215,172**

28 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.

Particulars	Carrying amount	Fair value		
	31-Mar-18	Level 1	Level 2	Level 3
Financial assets				
Amortised cost				
Trade receivable	258,329,642	-	-	258,329,642
Cash and cash equivalents	23,375,875	-	-	23,375,875
Loans	13,568,389	-	-	13,568,389
Other assets	42,213,119	-	-	42,213,119
Total financial assets	**337,487,026**	-	-	**337,487,026**

Particulars	Carrying amount	Fair value		
	31-Mar-18	Level 1	Level 2	Level 3
Financial liabilities				
Amortised cost				
Loans and borrowings	165,567,688	-	-	165,567,688
Trade payables	7,248,736	-	-	7,248,736
Other liabilities	85,795,995	-	-	85,795,995
Total financial liabilities	**258,612,419**	-	-	**258,612,419**

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Financial assets				
Amortised cost				
Trade receivable	162,029,643	-	-	162,029,643
Cash and cash equivalents	33,518,623	-	-	33,518,623
Loans	12,292,290	-	-	12,292,290
Other assets	50,884,953	-	-	50,884,953
Total financial assets	**258,725,509**	-	-	**258,725,509**

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Financial liabilities				
Amortised cost				
Loans and borrowings	146,641,663	-	-	146,641,663
Trade payables	7,415,713	-	-	7,415,713
Other liabilities	58,547,670	-	-	58,547,670
Total financial liabilities	**212,605,046**	-	-	**212,605,046**

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Fair value hierarchy

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes investment in equity, preference shares, mutual funds and debentures that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

A **Financial Assets:**

1) 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.

B **Financial Liabilities:**

1) **Borrowings**: It includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

2) **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.

3) **Financial liability:** The fair value of financial liability has been determined by discounting consideration payable on commitment to sell. The probability of the estimate within the range can be reasonably assessed and are used in the management's estimates of fair value of this put option.

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29 Financial risk management

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

• Credit risk ;
• Liquidity risk ; and
• Market risk

Risk management framework

The Board of Directors of MFX Infotech Private Limited 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by its customer. 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 credit worthiness 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 31 March 2017 and 31 March 2018 are as follows:

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

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.

At 31 March 2018, the Company's most significant customer, a MFXchange US, Inc accounted for Rs 247,917,880 of the trade and other receivables carrying amount (31 March 2017 : Rs 161,627,859).

Impairment

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

As at 31 March 2018

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	8,035,485	0.042%	3,355	No	8,032,130
Past due 1–90 days	145,030,346	0.049%	71,560	No	144,958,786
Past due 91–180 days	105,427,015	0.084%	88,430	No	105,338,585
Past due 181–270 days	-	1.020%	-	NA	-
Past due 271–360 days	-	7.143%	-	NA	-
Above 360 days	-	100%	-	NA	-

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MFX Infotech Pvt. Ltd. Bangalore

As at 31 March 2017

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	30,669,381	0.000%	-	No	30,669,381
Past due 1–90 days	99,885,926	0.000%	-	No	99,885,926
Past due 91–180 days	31,474,337	0.000%	-	No	31,474,337
Past due 181–270 days	-	0.000%	-	NA	-
Past due 271–360 days	-	0.000%	-	NA	-
Above 360 days	-	0.000%	-	NA	-

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 deposit. 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. The Company's objective is to maintain a balance between cash outflow and inflow. The company believes that the working capital is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

Financing arrangement

The Company maintains the following line of credit:

(i) The Company has taken bill discounting facilities from banks having interest rate of Base rate+1.75%. The facility is secured by way of pari passu first charge on the entire current assets of the Company and corporate guarantee from Holding company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2018 and 31 March 2017 :-

Particulars	Carrying amount	As at 31 March 2018		
		Less than 1 year	1-2 years	2 years and above
Borrowings	165,567,688	165,567,688	-	-
Trade payables	7,248,736	7,248,736	-	-
Other financial liabilities	85,795,995	85,795,995	-	-

Particulars	Carrying amount	As at 31 March 2017		
		Less than 1 year	1-2 years	2 years and above
Borrowings	146,641,663	146,641,663	-	-
Trade payables	7,415,713	7,415,713	-	-
Other financial liabilities	58,547,670	58,547,670	-	-

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

Currency risk

The Company is 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 Company companies.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk as reported to management is as follows:

Particulars	Currency	As at 31 March 2018		As at 31 March 2017	
		Foreign currency	Amount in Reporting Currency	Foreign currency	Amount in Reporting Currency
Trade receivables	USD	3,936,688	256,574,874	2,495,976	161,864,044
		3,936,688	**256,574,874**	**2,495,976**	**161,864,044**

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The following significant exchange rates have been applied

Particulars	Year end spot rate	
	31 March 2018	31 March 2017
USD/ INR	65.175	64.850

Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the USD against INR at 31 March 2018 and 31 March 2017 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
USD (2% movement)	5,131,497	(5,131,497)	3,717,770	(3,717,770)
31 March 2017				
USD (9% movement)	3,237,281	(3,237,281)	2,167,036	(2,167,036)

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 invoice discounting facility which carries fixed rate of interest and borrowings from holding company, which do not expose it to significant interest rate risk.

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:-

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	165,567,688	146,641,663
Total borrowings	**165,567,688**	**146,641,663**

Sensitivity analysis

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31 March 2018				
Variable rate borrowings	1,762,048	(1,762,048)	1,276,604	(1,276,604)
31 March 2017				
Variable rate borrowings	1,691,220	(1,691,220)	1,132,103	(1,132,103)

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, current borrowing, current maturities of long-term borrowings and current maturities of finance lease obligations less cash and cash equivalents.

The capital structure is as follows :-

Particulars	As at 31 March 2018	As at 31 March 2017
Gross debt	165,567,688	146,641,663
Less: Cash and cash equivalents	23,375,875	33,518,623
Adjusted net debt	142,191,813	113,123,040
Total equity	80,916,727	51,827,482
Less: Effective portion of cash flow hedges and cost of hedging	-	-
Total equity	80,916,727	51,827,482
Net debt to equity ratio	**1.76**	**2.18**

30 Contingent liabilities and Capital commitment

Particulars	As at 31 March 2018	As at 31 March 2017
Contingent liabilities	-	-
Capital Commitments	-	150,355
	-	150,355

31 Earnings in foreign currency

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Software sales and service	452,472,961	385,691,571
	452,472,961	385,691,571

32 Unhedged foreign currency exposure

Foreign currency exposures on account of trade receivables/ trade payables not hedged by derivative instruments are as follows:

Particulars		For the year ended		For the year ended	
	Currency	Foreign currency	Amount in Rs	Foreign currency	Amount in Rs
Trade receivables	USD	3,936,688	256,574,874	2,495,976	161,864,044
		3,936,688	256,574,874	2,495,976	161,864,044

33 Expenditure in foreign currency

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Travelling and conveyance	6,270,531	4,897,117
License Fee	1,581,850	-
Legal and professional fees	969,450	-
	8,821,831	4,897,117

MFX Infotech Private Limited
Notes to the financial statements for the period ended 31 March 2018

34 Related party disclosures

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

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Intermediate Holding Company	Thomas Cook (India) Limited
- Holding Company	Quess Corp Limited
- Fellow Subsidiaries	Coachieve Solutions Private Limited Brainhunter Systems Limited. Canada Mindwire Systems Ltd. Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.) Brainhunter Companies Canada Inc. Canada Brainhunter Companies LLC USA Quess (Philippines) Corp. (formerly known as Magna Ikya Infotech Inc. Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd. Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD.. Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc. Canada MFXchange (Ireland) Limited MFXchange US Inc. MFX Roanoke Inc. USA (merged with MFXchange US. Inc. effective 31 December 2015) Quess Corp Lanka Private Limited (Formerly known as Ranstad Lanka private Limited) Dependo Logistics Solutions Private Limited Inticore VJP Advanced Solutions Private Limited Comtel Solutions Pte Ltd CentreQ Business Services Private Limited Excelus Learning Solutions Private Limited ConnectQ Business Services Private Limited (Formerly known as Tata Business Support Services Private Li Vedang Cellular Services Private Limited Master Staffing Solutions Private Limited Golden Star Facilities and Services Private Limited Comtelpro Pte. Ltd Comtelink Sdn. Bhd Monster.com.SG PTE Limited Monster.com.HK Limited Monster Malaysia SDN. BHD Monster.com (India) Pvt Ltd
- Associates of Holding Company	Simpliance Technologies Pvt Ltd Terrier Security Services (India) Private Limited Heptagon Technologies Pvt Ltd
- Joint Venture of Holding Company	Himmer Industrial Services (M) SDN. BHD.
- Joint Venture of Quess Corp Limite	Trimax Smart Infraprojects Private Limited
- Fellow subsidiary	National Collateral Management Services Limited
- Entity having common directors	Net Resource Investments Private Limited Go Digit Infoworks Service Private Limited Go Digit General Insurance Limited
-Entities in which key managerial personnel have significant influence	Styracorp Management services IME Consultancy

Key management personnel

Ajit Isaac
Subrata Nag
Sudarshan Pallaap
Ranjit Nair

(ii) Related party transactions during the year/period

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	**498,528,552**	**451,456,199**
MFXchange US, Inc	432,463,453	373,394,273
MFXchange Holdings, Inc	1,832,953	-
Quess Corp Limited	55,820,055	78,061,926
Brainhunter Systems Limited, Canada	376,606	-
Quesscorp Holdings Pte. Ltd, Singapore	8,035,485	-
Go Digit General Insurance Limited	572,744	-
Expenses incurred by related parties on behalf of the Company	**10,588,036**	**23,828,191**
Quess Corp Limited	10,588,036	23,828,191
Unsecured loans received from	**120,000,000**	**169,500,000**
Quess Corp Limited	120,000,000	169,500,000
Repayment of loans received	**34,900,000**	**176,000,000**
Quess Corp Limited	34,900,000	176,000,000
Interest on unsecured loans	**6,336,359**	**7,737,040**
Quess Corp Limited	6,336,359	7,737,040
Rendering of services by related parties	**30,000,000**	**1,200,000**
Quess Corp Limited	30,000,000	-
Coachieve Solutions Private Limited	-	1,200,000
Thomas Cook (India) Limited	4,506,244	2,393,937

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables	**256,574,874**	**161,627,859**
MFXchange US, Inc	247,917,880	161,627,859
MFXchange Holdings Inc	621,509	-
Quess Corp Holdings Pte Ltd	8,035,485	-
Unbilled revenue	**36,979,525**	**50,884,953**
MFXchange US, Inc	36,829,525	34,681,456
Quess Corp Limited	-	16,203,497
Go Digit General Insurance Limited	150,000	-
Provision for expenses	**27,000,000**	-
Quess Corp Limited	27,000,000	-
Trade payables	**2,519,117**	**1,425,316**
Terrier Security Services India Pvt Ltd	2,385,342	-
Thomas Cook (India) Limited	133,775	165,316
Coachieve Solutions Private Limited	-	1,260,000
Unsecured Loan payable including interest	**83,105,474**	**110,185,717**
Quess Corp Limited	106,028,043	83,105,474

(iv) Compensation of key managerial personnel*

There is no compensation paid to Key Managerial Personnel during the year(Previous Year 2016-17:NIL)

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35 Leases

Operating Leases

The Company is obligated under cancellable and non-cancellable lease for office premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable and non-cancellable operating leases for the year ended 31 March 2018 amounted to Rs 15,725,472 (Rs 1,5725,472 for the period ended 31 March 2017) respectively.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Payable within 1 year	11,204,998	15,725,472
Payable between 1-5 years	-	11,204,998
Payable later than 5 years	-	-

36 Gratuity

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2018 and 31 March 2017

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Change in defined benefit obligation		
Obligation at the beginning of the year	7,394,888	3,666,469
Past service cost	20,615	
Current service cost	4,821,323	3,180,640
Interest cost	517,275	285,781
Benefit settled		(179,587)
Actuarial (gain) / loss- Experience	(177,071)	(50,724)
Actuarial (gain) / loss- demographic assumptions	-	-
Actuarial (gain) / loss- financial assumptions	(667,493)	492,309
Obligation at end of the year	**11,909,537**	**7,394,888**

Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	11,909,537	7,394,888
Liability recognised in the balance sheet	**11,909,537**	**7,394,888**
Current	487,611	322,816
Non-current	11,421,926	7,072,072

Gratuity cost for the year

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	4,821,323	3,180,640
Past service cost	20,615	-
Net interest on net defined benefit liability/(asset)	517,275	285,781
Re-measurement- actuarial gain/(loss) recognised on OCI	(844,564)	441,585
Net gratuity cost	**4,514,649**	**3,908,006**

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

	As at 31 March 2018		As at 31 March 2017	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1%	10,986,610	12,962,135	6,787,031	8,091,754
Future salary growth(1% movement)	12,937,945	10,989,415	8,060,945	6,794,337

Assumptions

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Discount rate	7.65%	7.00%
Estimated rate of return on plan assets	NA	NA
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Retirement age	58 years	58 years
Mortality Rate	LIC(2006-08) published table of Mortality Rates	LIC(2006-08) published table of Mortality Rates

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

Maturity profile of defined benefit obligation :-

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Within 1 year	487,611	322,816
2-5 years	5,035,163	2,706,521
6-10 years	6,845,812	4,191,146
>10 years	13,542,176	8,297,595
	25,910,762	**15,518,078**

37 Compensated absence

The company has accounted the cost of compensated absences based on the actuarial valuation report obtained as at 31 March 2018 and has estimated a compensated absence liability of 7,431,482(for the year ended 31 March 2017:5,961,361) under Projected Unit Credit Method as per IND AS 19. During the year, the Company has accounted in the incremental liability accounted in previous year in the statement of profit and loss for the year

Key Assumptions used in the valuation of Compensated absence are as given below

Assumptions

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Discount rate	7.65%	7.00%
Estimated rate of return on plan assets	NA	NA
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Retirement age	58 years	58 years
Mortality Rate	LIC(2006-08) published table of Mortality Rates	LIC(2006-08) published table of Mortality Rates

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Set out below is the movement in provision balances in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent

Particulars	Privilege Leave
Balance as at 1 April 2016	3,960,624
Add: Additions during the year	2,000,737
Less: Utilisation/reversal during the year	-
Closing balance as at 31 March 2017	**5,961,361**
Balance as at 1 April 2017	5,961,361
Add: Additions during the year	1,470,121
Less: Utilisation/reversal during the year	-
Closing balance as at 31 March 2018	**7,431,482**

38 Earnings per Share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit after Tax and Other Comprehensive Income	28,789,245	35,359,983
No.of Shares	1,000,000	1,000,000
Earnings per Share(EPS)	**28.79**	**35.36**
Diluted	**28.79**	**35.36**

39 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.

The company does not have any transactions with MSMED companies and hence balance payable is NIL as on 31 March 2018(31 March 2017:NIL)

40 Segment Reporting

The Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The company is engaged in the business of Software Support Services and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The company's management is of the opinion that the company does not have secondary segments and hence segment reporting is not applicable.

41 Transfer Pricing

The company's management is of the opinion that its international transactions with related parties entered during the previous year are at arms' length and is compliant with the transfer pricing legislation as per independent accountant's report for the year ended 31 March 2018. The company's management believes that the Company's transactions with the related parties continue to be at arms' length and that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of the provision for taxation.

for Vasan & Sampath LLP
Chartered Accountants
Firm's Registration No:004542S/S200070

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 09 May 2018

VASAN & SAMPATH LLP * BANGALORE INDIA * CHARTERED ACCOUNTANTS

for and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 09 May 2018

Subrata Nag
Director

Place: Bengaluru
Date: 09 May 2018

MFX Infotech Pvt. Ltd. Bangalore

MSKA
& Associates
Chartered Accountants

Manbhum Jade Towers,
II Floor, 6-3-1090/A/12 & 13,
Somajiguda, Hyderabad 500 082, INDIA
Tel: +91 40 3024 2999

INDEPENDENT AUDITOR'S REPORT

To the Members of Monster.com (India) Private limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Monster.com (India) Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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.

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 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India.

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

Auditor's Responsibility

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

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

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

MSKA & ASSOCIATES * Chartered Accountants *

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the Balance Sheet (financial position) of the Company as at 31st March, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2017 and 31st March, 2018 on which we issued an unmodified audit opinion vide our reports dated November 10, 2017 and September 14, 2016 respectively on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have also been audited by us.

Our opinion is not modified in respect of this matters.

Report on Other Legal and Regulatory Requirements

1. 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.

MSKA & ASSOCIATES * Chartered Accountants *

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

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

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

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

For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan Govindan
Partner
Membership No. 205226

Place : Hyderabad, INDIA
Date : May 09, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MONSTER.COM (INDIA) PRIVATE LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in 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 **Monster.com (India) Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the 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) (the "Guidance Note". 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 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. 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.

MSKA & ASSOCIATES * Chartered Accountants *

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES * Chartered Accountants *

Ananthakrishnan Govindan
Partner
Membership No. 205226

Place : Hyderabad, INDIA
Date : May 09, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MONSTER.COM (INDIA) PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2018

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

(b) The fixed assets of the Company have not been physically verified by the management during the year. The company has not followed the regular program of verification in which the all the fixed assets needs to be physically verified at least once in a cycle of three years. Accordingly, material discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether such material discrepancies have been properly dealt with in the books of account.

(c) The Company does not have any immovable property. Accordingly, the requirements of paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, 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.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

MSKA & ASSOCIATES * Chartered Accountants *

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 with appropriate authorities 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 any other statutory dues applicable to it.

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Period to which the amount relates	Amount Disputed (Rs.)	Amount Paid (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	FY 2009-10	37,497,730	Nil	ITAT
Income Tax Act, 1961	Income Tax Demand	FY 2011-12	616,000	Nil	CIT(A)
Finance Act, 1994	Service Tax Demand	FY 2008-09 to FY 2013-14	63,723,857	Nil	CESTAT

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

ix. 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, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, 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.

xi. According to the information and explanations given to us, since the Company is a Private Company, the provisions of section 197 of the Act will not be applicable. Accordingly, the provisions stated in paragraph 3(xi) of the Order 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. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

MSKA & ASSOCIATES * Chartered Accountants *

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the 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. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

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

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES Chartered Accountants *

Ananthakrishnan Govindan

Partner

Membership No. 205226

Place : Hyderabad, INDIA

Date : May 09, 2018

Monster.com (India) Private Limited

(Amount in INR lakhs, unless stated otherwise)

Balance Sheet	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	551.04	714.73	589.52
Financial assets				
(i) Investments	4	-	-	5,182.88
(ii) Loans	5	410.29	408.87	356.06
(iii) Other financial assets	6	16.74	16.74	16.74
Deferred tax assets (net)	7	-	713.54	713.54
Income tax assets (net)	8	2,504.47	3,450.40	2,906.30
Other non-current assets	9	31.68	56.98	84.21
Total non-current assets		**3,514.22**	**5,361.26**	**9,849.26**
Current assets				
Financial assets				
(i) Trade receivables	10	4,156.29	6,240.35	5,579.32
(ii) Cash and cash equivalents	11	1,630.57	1,274.43	4,841.99
(iii) Bank balances other than cash and cash equivalents above	12	2,514.51	15.17	14.71
(iv) Loans	13	47.57	34.45	68.11
(v) Other financial assets	14	24.90	6.09	26.18
Other current assets	15	1,331.84	438.04	454.24
Asset Held for Sale	16	-	5,182.88	-
Total current assets		**9,705.67**	**13,191.42**	**10,984.55**
Total Assets		**13,219.89**	**18,552.68**	**20,833.81**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	5.00	5.00	5.00
Other equity	18	3,009.51	4,935.53	7,390.43
Total equity		**3,014.51**	**4,940.53**	**7,395.43**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Other financial liabilities	19	2,137.35	2,137.35	2,137.35
Non-current provisions	20	646.16	743.46	738.92
Total non-current liabilities		**2,783.51**	**2,880.81**	**2,876.27**
Current liabilities				
Financial liabilities				
(i) Trade payables	21	630.75	1,824.15	1,265.08
(ii) Other financial liabilities	22	849.31	769.16	820.59
Current provisions	23	11.11	12.01	14.28
Other current liabilities	24	5,930.71	8,126.01	8,462.17
Total current liabilities		**7,421.87**	**10,731.33**	**10,562.11**
Total Liabilities		**10,205.39**	**13,612.14**	**13,438.38**
Total Equity and Liabilities		**13,219.89**	**18,552.68**	**20,833.81**

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

As per our report of even date
For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad, INDIA
Date: May 09, 2018

For and on behalf of the Board of Directors
Monster.com (India) Private Limited
CIN: U72200TG2000PTC035617

Abhijeet Mukherjee
Director
DIN: 08065972

Manoj Jain
Director
DIN: 03275058

Rajender Kalyani
Head of Finance

Place: Hyderabad, INDIA
Date: May 09, 2018

Monster.com (India) Private Limited

(Amount in INR lakhs, except per share data)

Statement of Profit and Loss	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	25	13,204.85	15,626.79
Other income	26	672.00	279.94
Total income		**13,876.86**	**15,906.73**
Expenses			
Employee benefit expenses	27	7,620.19	9,783.30
Marketing and business promotional expenses		3,574.53	3,887.53
Finance costs	28	94.88	95.67
Depreciation and amortisation expenses	3	246.27	249.20
Other expenses	29	3,629.75	4,340.36
Total expenses		**15,165.61**	**18,356.07**
Profit/(Loss) before income tax		**(1,288.76)**	**(2,449.34)**
Tax expense			
Current tax		-	-
-Tax expense of foreign branches	7	(36.23)	(60.76)
Deferred tax	7	(713.54)	-
Total tax expenses		**(749.76)**	**(60.76)**
Profit/(Loss) for the year		**(2,038.52)**	**(2,510.10)**
Other comprehensive income/ (expense)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/ asset		112.49	55.21
Income tax relating to items that will not be reclassed to profit or loss		-	-
Other comprehensive income/ (expense) for the year, net of income tax		**112.49**	**55.21**
Total comprehensive income for the year		**(1,926.03)**	**(2,454.89)**
Earnings/(Loss) per equity share (face value of Rs 10 each)			
Basic earnings /(loss) per share (in INR)	35	(4,077)	(5,020)
Diluted earnings /(loss) per share (in INR)	35	(4,077)	(5,020)

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

As per our report of even date

For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad, INDIA
Date: May 09, 2018

For and on behalf of the Board of Directors
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Abhijeet Mukherjee
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Manoj Jain
Director
DIN: 03275058

Rajender Kalyani
Head of Finance

Place: Hyderabad, INDIA
Date: May 09, 2018

Monster.com (India) Private Limited

(Amount in INR lakhs, unless stated otherwise)

Statement of Cash Flows	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit/(Loss) before tax	(1,288.76)	(2,449.34)
Adjustments for:		
Depreciation and amortisation expenses	246.27	249.20
Gain on sale of investment into subsidiaries	(45.42)	-
Unrealised Foreign Exchange loss/(gain) (net)	(236.87)	632.52
Liabilities no longer required written back	(2.36)	(18.09)
Impairment loss allowance on financial assets (net)	256.08	401.14
Interest income	(219.01)	(88.71)
(Profit)/Loss on Sale of Assets	-	(1.89)
Exchange fluctuation gain on sale of investment	(221.62)	-
Interest income on present valuation of financial instruments	(39.22)	(37.74)
Impact of amortisation of financial asset	37.98	39.60
Impact of remeasurement of defined benefits obligation to OCI	112.49	55.21
Operating cash flows before working capital changes	(1,400.42)	(1,218.10)
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Trade and other receivables	1,787.70	(1,001.05)
Current loans & Other current assets	(906.91)	49.86
Non-current loans & other non-current assets	25.12	(27.45)
Adjustments for increase/(decrease) in operating liabilities:		
Non-current provisions	(97.30)	4.54
Trade payables	(912.29)	(118.08)
Other current liabilities	(2,116.77)	(385.97)
Current provisions	(0.90)	(2.26)
Cash generated from operating activities	(3,621.77)	(2,698.52)
Income taxes paid (net)	909.71	(604.86)
Net cash provided by/ (used in) operating activities (A)	(2,712.06)	(3,303.39)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(83.08)	(375.35)
Proceeds from sale of property, plant and equipment	0.51	2.83
Proceeds from sale of investment in subsidiaries	5,449.92	-
Interest received	200.19	108.81
Net cash used in investing activities (B)	5,567.54	(263.70)
Cash flows from financing activities		
Net cash provided by financing activities (C)	-	-
Net increase in cash and bank balances (A+B+C)	2,855.48	(3,567.09)
Cash and bank balances at the beginning of the year	1,289.61	4,856.70
Cash and bank balances at the end of the year (refer note 11 & 12)	4,145.09	1,289.61

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

As per our report of even date
For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad, INDIA
Date: May 09, 2018

For and on behalf of the Board of Directors
Monster.com (India) Private Limited
CIN: U72200TG2000PTC035617

Abhijeet Mukherjee
Director
DIN: 08065972

Manoj Jain
Director
DIN: 03275058

Rajender Kalyani
Head of Finance

Place: Hyderabad, INDIA
Date: May 09, 2018

Monster.com (India) Private Limited
Statement of Changes in Equity for the year ended 31 March 2018

(A) Equity share capital

(Amount in INR lakhs, unless stated otherwise)

Particulars	Note	As at 31 March 2018	As at 31 March 2017
Opening balance	17	5.00	5.00
Changes in equity share capital	17.1	-	-
Closing balance		5.00	5.00

(B) Other equity

(Amount in INR lakhs, unless stated otherwise)

Particulars	Reserves and surplus			Other items of other comprehensive income	Total equity attributable to equity holders of the Company
	Securities premium	Retained earnings	Capital reserve	Remeasurement of the net defined benefit liability	
Balance as of 1 April 2016	2,360.54	5,000.80	29.09	-	7,390.43
Add: Profit for the year	-	(2,510.10)	-	-	(2,510.10)
Add: Other comprehensive income (net of tax)	-	-	-	55.21	55.21
Balance as of 31 March 2017	2,360.54	2,490.70	29.09	55.21	4,935.53
Balance as of 1 April 2017	2,360.54	2,490.70	29.09	55.21	4,935.53
Add: Profit for the year	-	(2,038.52)	-	-	(2,038.52)
Add: Other comprehensive income (net of tax)	-	-	-	112.49	112.49
Balance as of 31 March 2018	2,360.54	452.18	29.09	167.70	3,009.51

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

As per our report of even date

For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad, INDIA
Date: May 09, 2018

For and on behalf of the Board of Directors
Monster.com (India) Private Limited
CIN: U72200TG2000PTC035617

Abhijeet Mukherjee
Director
DIN: 08065972

Manoj Jain
Director
DIN: 03275058

Rajender Kalyani
Head of Finance

Place: Hyderabad, INDIA
Date: May 09, 2018

Monster.com (India) Private Limited

Notes to the Financial Statements for the year ended 31 March 2018
(Amount in INR Lakhs, unless otherwise stated)

1 Corporate Information/Background:

Monster.com (India) Private Limited ("the company") is a private limited company registered under the Indian Companies Act, 1956. The company provides online recruitment solutions through its various job portals. It provides the internet based (online) e-recruitment solutions by connecting employers with right job seekers at all levels and also provides personalized career services to job seekers. For employers, the company's goal is to provide the most effective solutions and easy to use technology to simplify the hiring process and cost effectively deliver access to the community of job seekers. For job seekers, the company's purpose is to help improve their careers by providing work-related content, services and advice.

The company's services and solutions include searchable job advertisements, access to Job seeker resume database, recruitment media solutions through our advertising network and partnerships and other career-related content. Job seekers can search our job advertisements and post their resumes for free on each of our career websites and mobile applications. Employers pay to advertise available jobs and recruitment related services, search our resume database and access other career-related services. The recruitment solutions to employers are mostly in the nature of payment of subscription fee for an agreed tenure. The company is conducting its operations in India, Gulf region and Philippines. The company is having three foreign branch offices in Dubai (UAE) & Riyadh (Kingdom of Saudi Arabia) catering to operations in Gulf/Middle east region and one foreign branch office in Manila (Philippines) catering to Philippines operations. However, the company has closed its branch in Abu Dhabi (UAE).

Further, Company is also engaged in providing low end tele-marketing call center services (BPO activity) to its related parties situated in the United States of America, Singapore and Malaysia in small scale; providing web design & IT support services to 14 related party entities; and providing internet advertisement services.

Information on changes in holding company:

During the financial year 2017-18, effective from end of business hours of Feb 8, 2018, the 100% shareholding of the company has been transferred by Monster.com Asia Limited & Monster Worldwide, Inc. to Quess Corp Limited, a public listed entity registered in India. As a result of this transaction, the shareholding and beneficial ownership of Monster.com (India) Private Limited has changed and has no impact on the operations of the business. Consequent to this transaction, the company became direct subsidiary of Quess Corp Limited.

2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Effective 1 April 2016, the Company has adopted all the Ind AS standards and the first time adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards with April 1, 2016 as the transition date.

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 43.

Accounting policies have been consistently applied to all the years presented 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.

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(b) **Basis of measurement**

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:-

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)

ii) Asset classified as held for sale

All assets and liabilities have been classified as current or non-current as per the Company's 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 service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liablities.

(c) **Use of estimates & judgements**

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

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

i) Income taxes: Significant judgments are involved in determining the reversal of deferred tax assets based on the probability of carryforward of losses.

ii) Measurement of defined benefit obligations: The cost of the defined benefit obligations are based on actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. All assumptions are reviewed on a periodic basis.

iii) Impairment of financial assets: The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost.

iv) Property, plant and equipment: : The useful lives of property, plant and equipment and intangible assets are determined by the management at the time the asset is acquired and reviewed periodically.

v) Other estimates: The impairment of non-financial assets involves key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets.

2.2 **Property, plant and equipment**

(i) Recognition and Measurement

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

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

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

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

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

(ii) Depreciation

Depreciation is provided on a Straight Line Method ('SLM') over estimated useful lives of the property, plant and equipment as estimated by the Management and is generally recognized in the statement of profit and loss. 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 some of these assets is different from the useful lives as prescribed under part C of Schedule II of the Companies Act, 2013.

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

Asset Category	Useful life (in years)
Furniture & Fixtures	10
Vehicle	8
Office Equipment	
Cell Phones	3
Other Office Equipment	5
Computer Equipment	
Computers & Data processing units (Servers and Netv	6
Computers & Data processing units (Desktops & Lapt	3
Electrical & Office Equipment	10

* Leasehold improvements are amortized over the lease term or estimated useful life of the asset whichever is lower.

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

2.3 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.4 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.5 Revenue Recognition

Revenue from Services

► Revenue from Online Recruitment Services where the terms of transaction provide for licensing the product on a subscription basis, revenue is recognized evenly over the contract / subscription period on a straight-line basis. Substantially all services are provided on a contracted price basis.

► Revenue from Business Process Outsourcing (BPO) services is recognized on time and material basis on rendering of related services as per the terms of the contract. The services are provided on cost plus mark up basis.

► Revenue from Internet Advertisement/media work services is recognised as and when services are rendered as per the terms of the contract and the collectability is reasonably assured.

'Unearned/unmatured revenues' included in other current liabilities represent billing in excess of revenue recognized.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of indirect taxes, trade allowances, rebates and amounts collected on behalf of third parties and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

Other Income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

However, in case of interest income from short term financial assets such as term deposits, interest income is recognized on a time proportion basis taking into account the amount outstanding and applicable interest rate.

Note: In case of interest income that may raise on refunds due from statutory authorities, income is recognised in the year of actual receipt of such interest on cash basis.

2.6 Taxes

Tax expense for the year, comprising current and deferred tax, are included in the determination of the net profit or loss for the year. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. 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 realize the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in 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 year 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 utilize those temporary differences and losses.

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 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.

(c) Tax expense relating to foreign branches

The amount of tax whatever name be called, that has been levied on income earned by branches outside of India, to the extent does not qualify for tax relief benefit under a particular double tax avoidance agreement or other or by any other reason that cannot be setoff with taxes payable in India, the same are charged to profit and loss account.

2.7 Assets classified as held for sale

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programmed to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

2.8 Leases

As a lessee

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

Also initial direct cost incurred in operating lease such as commissions, legal fees and internal costs is recognised immediately in the Statement of Profit and Loss.

2.9 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) 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 are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2.10 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation 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 there is a reliable estimate 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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 Company 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 or a reliable estimate of the amount cannot be made.

2.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.12 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 Company are segregated.

Amendment to Ind AS 7:

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

2.13 Financial Instruments

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

(a) Financial assets

(i) Initial recognition and measurement

At initial recognition, financial asset is measured 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.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized 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 amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

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 recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on 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 years, 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. However, in case of trade receivables, in line with group policy, ECL measured at past 6 quarter average is used subject to any other estimate as deemed appropriate by the management.

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 180 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) 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 financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(b) Financial liabilities

(i) Initial recognition and measurement

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

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

(ii) 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. 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 recognized in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and 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 fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

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 and Loss as finance costs.

(c) 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 recognized amounts and there is an intention to settle on a net basis or realize 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.

2.14 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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(b) **Other long-term employee benefit obligations**

(i) **Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) **Defined benefit plans**

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. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

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 end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

The employees are entitled for 21 days leave during the calendar year, which can be accumulated up to 42 days. The company provides for the liability at year end on account of unavailed leave as per the actuarial valuation using the Projected Unit Credit Method. Leaves under define benefit plans can be encashed only on discontinuation of service by employee.

2.15 Contributed equity

Equity shares are classified as equity share capital.

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.

2.16 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 or loss 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 the 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.

2.17 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Unallocated items include general corporate income and expense items, which are not allocated to any business segment.

2.18 Rounding off amounts

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

2.19 Standards (including amendments) issued but not yet effective

(a) Standards issued but not yet effective

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

Amendment to Ind AS 40, Investment Property

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

(i) There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.

(ii) There is evidence of the change in use.

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

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

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

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

Amendment to Ind AS 12, Income Taxes

The amendment to Ind AS 12 considers that:

(i) Tax law determines which deductions are offset against taxable income in determining taxable income in determining taxable profits.

(ii) No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

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

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

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

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

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

The amendment to Ind AS 112 provide that the disclosure requirements for interests in other entities also apply to interests that are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

(ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its standalone financial statements. The quantitative impact of adoption of Ind AS 115 on the standalone financial statements in the period of initial application is not expected to be material.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

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Notes to the financial statements for the year ended 31 March 2018

3 Property, plant and equipment

(Amount in INR lakhs, unless stated otherwise)

Particulars	Leasehold improvements	Furniture and fixtures	Vehicles	Electrical & Office Equipment	Computer equipment	Total
Deemed cost as at 1 April 2016*	41.79	49.68	0.04	195.57	302.45	589.52
Additions during the year	59.34	34.98	-	59.50	221.53	375.35
Disposals for the year	-	-	-	1.04	-	1.04
Balance as at 31 March 2017	101.12	84.66	0.04	254.03	523.98	963.83
Additions during the year				13.96	69.13	83.08
Disposals for the year	-	-	-	-	0.82	0.82
Balance as at 31 March 2018	101.12	84.66	0.04	267.99	592.29	1,046.10
Accumulated depreciation*						
Balance at 1 April 2016	-	-	-	-	-	-
Depreciation for the year	18.96	12.45	-	73.20	144.59	249.20
Accumulated depreciation on deletions	-	-	-	0.10	-	0.10
Balance as at 31 March 2017	18.96	12.45	-	73.11	144.59	249.10
Depreciation for the year	22.64	12.19		65.03	146.41	246.27
Accumulated depreciation on deletions	-	-	-	-	0.31	0.31
Balance as at 31 March 2018	41.60	24.64	-	138.13	290.69	495.06
Net carrying amount						
As at 31 March 2018	59.52	60.02	0.04	129.85	301.60	551.04
As at 31 March 2017	82.16	72.21	0.04	180.93	379.39	714.73
As at 1 April 2016	41.79	49.68	0.04	195.57	302.45	589.52

* There has been no impairment losses recognised during the year or previous year.

3.1 Optional exemptions availed

In preparing these financial statements, the Company has applied the below mentioned optional exemptions.

(i) Property, plant and equipment and intangible assets:

As per Ind AS 101 an entity may elect

(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 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.

4 **Non-current investments**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
I. Unquoted equity instruments			
Investment in subsidiaries at cost			
5,470,547 fully paid up equity shares of par value of INR 10 each of Monster Worldwide Services Holdings Limited, UK	-	-	5,182.88
Total non-current investments	-	-	5,182.88
Aggregate value of unquoted investments	-	-	5,182.88
Aggregate amount of impairment in value of investments	-	-	-

5 **Non-current loans**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Security deposits	410.29	408.87	356.06
	410.29	408.87	356.06

6 **Other non-current financial assets**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Bank deposits (due to mature after 12 months from the reporting date)	16.74	16.74	16.74
	16.74	16.74	16.74

7 **Taxes**

A **Amount recognised in profit or loss**

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	31 March 2017
Current tax:		
In respect of the current year	-	-
-Tax expense of foreign branches	(36.23)	(60.76)
Deferred tax:		
Attributable to:		
Origination and reversal of temporary differences	(713.54)	-
Increase/ reduction of tax rate	-	-
Income tax expense reported in the Statement of profit and loss	(749.76)	(60.76)

B **Income tax recognised in other comprehensive income**

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	31 March 2017
Remeasurement of the net defined benefit liability/ asset		
Before tax	112.49	55.21
Tax (expense)/ benefit	-	-
Net of tax	112.49	55.21

Monster.com (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018

C Reconciliation of effective tax rate

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	31 March 2017
Profit before tax	(1,288.76)	(2,449.34)
Carry forward of losses for the year	1,288.76	2,449.34
Taxable Profit	-	-
Tax rate	30.90%	30.90%
Taxable amount	-	-
Effect of:		
Tax exempt income	-	-
Non-deductible expenses	-	-
Effective tax rate	**0.00%**	**0.00%**

D The following table provides the details of income tax assets and income tax liabilities

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income tax assets (net)	2,504.47	3,450.40	2,906.30
Income tax liabilities (net)	-	-	-
Net income tax asset at the end of the year	**2,504.47**	**3,450.40**	**2,906.30**

E Deferred tax assets, net

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax asset and liabilities are attributable to the following:			
Deferred tax asset:			
Impairment loss allowance on financial assets	47.37	67.82	67.82
Provision for employee benefits	203.10	232.74	232.74
Provision for items allowed on payment basis in Income Tax	169.14	11.83	11.83
Difference of Depreciation provided for in the books	82.11	99.37	99.37
Carried forward business losses	567.45	301.78	301.78
Deferred tax liabilities:	-	-	-
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	-	-	-
Net deferred tax assets*	**1,069.17**	**713.54**	**713.54**

* Deferred tax asset has been reversed and no deferred tax asset has been provided for during the year.

F Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

(Amount in INR lakhs, unless stated otherwise)

For the year ended 31 March 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Gross deferred tax liability	-	-	-	-
Deferred tax assets on:				
Impairment loss allowance on financial assets	67.82	(67.82)	-	-
Provision for employee benefits	232.74	(232.74)	-	-
Provision for items allowed on payment basis in Tax	11.83	(11.83)		
Carried forward business losses	301.78	(301.78)	-	-
Difference of Depreciation provided for in the books	99.37	(99.37)	-	-
Gross deferred tax assets	**713.54**	**(713.54)**	-	-
Net deferred tax assets	**713.54**	**(713.54)**	-	-

(Amount in INR lakhs, unless stated otherwise)

For the year ended 31 March 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Gross deferred tax liability	-	-	-	-
Deferred tax assets on:				
Impairment loss allowance on financial assets	67.82	-	-	67.82
Provision for employee benefits	232.74	-	-	232.74
Provision for items allowed on payment basis in Tax	11.83	-	-	11.83
Carried forward business losses	301.78	-	-	301.78
Difference of Depreciation provided for in the books	99.37	-	-	99.37
Gross deferred tax assets	**713.54**	-	-	**713.54**
Net deferred tax assets	**713.54**	-	-	**713.54**

8 **Income tax assets (net)**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income Tax Receivable	2,504.47	3,450.40	2,906.30
	2,504.47	**3,450.40**	**2,906.30**

9 **Other non current assets**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	31.68	56.98	84.21
	31.68	**56.98**	**84.21**

10 **Trade and other receivables**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured			
Considered good	4,289.68	6,196.52	5,550.06
Considered doubtful	-	144.17	219.48
	4,289.68	**6,340.69**	**5,769.55**
Loss allowance (refer note 31(i))	(153.30)	(144.17)	(219.48)
	(153.30)	**(144.17)**	**(219.48)**
Other Receivables			
Other Receivables	19.90	43.83	29.26
Net trade receivables	**4,156.29**	**6,240.35**	**5,579.32**

All trade receivables are current.

Of the above, trade receivables from related parties are as

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivables from related parties	315.54	246.78	255.58
Less: loss allowance		-	-
Net trade receivables	**315.54**	**246.78**	**255.58**

11 Cash and cash equivalents

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash and cash equivalents			
Balances with banks			
In current accounts	947.52	857.02	1,326.01
In EEFC Accounts	183.05	117.41	15.98
In deposit accounts (with original maturity of less than 3 months)	500.00	300.00	3,500.00
Cash and cash equivalents	1,630.57	1,274.43	4,841.99

12 Bank balances other than cash and cash equivalents above

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
In deposit accounts (due to mature within 12 months from the reporting date)	2,514.51	15.17	14.71
	2,514.51	15.17	14.71

13 Current loans

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good			
Advance given to employees	47.57	34.45	68.11
	47.57	34.45	68.11

14 Other current financial assets

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Interest accrued but not due	24.90	6.09	26.18
	24.90	6.09	26.18

15 Other current assets

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	587.54	138.39	199.31
Advances to creditors	87.41	113.22	122.12
Balances with government authorities (GST receivable/ CENVAT Credit)	656.90	186.43	132.81
	1,331.84	438.04	454.24

16 Assets held for Sale

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
I. Unquoted equity instruments			
Investment in subsidiaries at cost			
5,470,547 fully paid up equity shares of par value of INR 10 each of Monster Worldwide Services Holdings Limited, UK	-	5,182.88	-
	-	5,182.88	-

17 **Equity share capital**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Authorised			
50,000 (31 March 2017: 50,000) equity shares of par value of INR 10 each	5.00	5.00	5.00
	5.00	5.00	5.00
300,000 5% Non-Cumulative Optional Convertible Redeemable Preference Shares	30.00	30.00	30.00
	30.00	30.00	30.00
Issued, subscribed and paid-up			
50,000 (31 March 2017: 50,000) equity shares of par value of INR 10 each, fully	5.00	5.00	5.00
	5.00	5.00	5.00

17.1 **Reconciliation of number of shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in INR lakhs	Number of shares	Amount in INR lakhs
Equity shares				
At the commencement of the year	50,000	5.00	50,000	5.00
Shares issued during the year	-	-	-	-
At the end of the year	50,000	5.00	50,000	5.00

17.2 **Rights, preferences and restrictions attached to shares**

A) Equity shares

The company has one class of equity shares having a par value of INR 10 per share. Each share holder is entitled to one vote per share held. 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 in the ensuing Annual General Meeting. During the current year, the amount of per share dividend recognized as distributions to equity shareholders was Nil (Previous year - Nil). In the event of liquidation of the company, the holders 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.

B) Preference shares

Redemption of Preference Shares: During the year 2014-15, Company has redeemed 290,875 fully paid 5% Non Cummulative OCRPS at par value of INR 10/- each due to expiry of 5 years from the date of Issue thereof. Preference shares are redeemed at INR 2,908,750 from the accumulated profits of the company.

17.3 **Shares held by holding company**

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount in INR lakhs	Number of shares	Amount in INR lakhs
Equity shares				
Equity shares of par value INR 10 each				
Monster.com Asia Limited (till 08.02.2018)	-	-	49,999	4.9999
Quess Corp Limited (w.e.f. 08.02.2018)	49,994	4.9994	-	-
	49,994	4.9994	49,999	5.00

17.4 **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% held	Number of shares	% held
Equity shares				
Equity shares of par value INR 10 each				
Monster.com Asia Limited (till 08.02.2018)	-	-	49,999	99.998%
Quess Corp Limited (w.e.f. 08.02.2018)	49,994	99.988%	-	-
	49,994	99.988%	49,999	99.998%

18 **Other equity***

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Securities premium account (refer note 18.1)	2,360.54	2,360.54	2,360.54
Capital redemption reserve account (refer note 18.2)	29.09	29.09	29.09
Retained earnings	452.18	2,490.70	5,000.80
Other comprehensive income (refer note 18.3)	167.70	55.21	-
	3,009.51	4,935.53	7,390.43

18.1 **Securities premium account**

Pursuant to the approved scheme of amalgamation effected from Apr 1, 2005 between Monster.com (India) Private Limited and Webneuron Services Limited, the accounting for amalgamation under pooling of interest method recorded was with securities premium of ₹. 236,053,729 along with carrying value of all the assets, liabilities of the transferor company.

18.2 **Capital redemption reserve account**

During the year 2014-15, the company has redeemed 290,875 preference shares of Rs. 10/- each fully paid. The redemption was carried out of accumulated profits of the company at the face value of ₹. 2,908,750. Accordingly, the value of redemption has been transferred from accumulated distributable profits to Capital redemption reserve.

18.3 **Other comprehensive income**

Remeasurement of the net 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.

18.4 **Dividend**

The Company has not declared any dividend during the current year.

19 **Other non-current financial liabilities**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Dues payable to others	2,137.35	2,137.35	2,137.35
	2,137.35	2,137.35	2,137.35

20 **Non-current provisions**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for gratuity (Refer Note No.44) (Unfunded)	457.17	522.66	511.36
Provision for compensated absences (Refer Note No.44) (Unfunded)	188.99	220.79	227.56
	646.16	743.46	738.92

21 Trade payables

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Dues to micro, small and medium enterprise (Refer Note No. 40)	-	-	-
Trade payables to related parties	40.87	1,206.88	787.15
Other trade payables	589.87	617.26	477.93
	630.75	**1,824.15**	**1,265.08**

22 Other current financial liabilities

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Employee Payables	847.09	769.16	820.59
Capital creditors	2.23	-	-
	849.31	**769.16**	**820.59**

23 Current provisions

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for gratuity (Refer Note No.44) (Unfunded)	7.78	8.24	10.06
Provision for compensated absences (Refer Note No.44) (Unfunded)	3.33	3.77	4.22
	11.11	**12.01**	**14.28**

24 Other current liabilities

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances payable to government authorities	288.50	227.01	227.00
Advance received from customers	10.08	4.46	3.73
Unearned Revenue *	4,359.49	6,608.46	6,882.88
Provision for rent equalisation	63.46	70.38	54.44
Provision for expenses	1,209.18	1,215.71	1,294.11
	5,930.71	**8,126.01**	**8,462.17**

* Unearned revenue represents the billing in excess of revenue recognized to the extent of unexpired period of the service contract (i.e., billing value corresponding to unexpired portion of the subscription/contract period for which services are yet to be availed by customers).

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25 Revenue from operations

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from Services (net of tax):		
- Recruitment and Distribution Services	10,597.55	13,051.02
- Income from BPO Operations	1,993.49	2,017.62
- Income from Internet Advertisement Fee [IAF]	613.81	558.15
	13,204.85	15,626.79

26 Other income

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income on fixed deposits	219.01	88.71
Interest income on present valuation of financial instruments	39.22	37.74
Interest on tax refunds	143.26	-
Gain on sale of investment into subsidiary	45.42	-
Exchange fluctuation gain (net)	221.62	132.21
Sundry Balances written back	2.36	18.24
Interest on other deposits	1.11	1.14
Profit on sale of property, plant and equipment	-	1.89
	672.00	279.94

27 Employee benefit expenses

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	6,940.37	9,074.88
Contribution to provident and other funds	248.20	294.64
Expenses related to defined benefit plans (gratuity) (refer Note 44)	127.15	142.24
Expenses related to compensated absences (refer Note 44)	53.90	67.16
Staff welfare expenses	250.57	204.38
	7,620.19	9,783.30

28 Finance costs

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense	0.62	1.03
Bank & Gateway charges	94.26	94.65
	94.88	95.67

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29 Other expenses

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	31 March 2017
Rent	662.87	772.97
Power and fuel	168.81	192.09
Repairs & maintenance		
- buildings	150.82	151.47
- plant and machinery	178.97	164.19
- others	31.53	33.57
Legal and professional fees	217.21	380.21
Remuneration to Auditors	33.35	23.00
Royalty and technical fee	142.73	244.61
Rates and taxes	38.51	36.16
Printing and stationery	35.08	39.94
Travelling and conveyance	256.59	478.06
Communication expenses	1,153.34	1,301.50
Impairment loss allowance on trade receivables (net)	256.08	401.14
Insurance	3.79	54.67
Foreign exchange loss, net	247.21	-
Expenditure on corporate social responsibility	2.50	11.47
Miscellaneous expenses	50.34	55.30
	3,629.75	**4,340.36**

29.1 Remuneration to auditors (net of tax)

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	31 March 2017
Statutory audit fees	19.00	19.00
Tax audit fees	4.00	4.00
Others Services	10.35	-
	33.35	**23.00**

29.2 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. As per calculation of CSR spent for the year FY 201718 u/s 135, the company is not required to spend any mandatory value. However, company has incurred the below value on voluntary basis by virtue of company's CSR policy and commitment. The funds required to be spent and funds spent during the year are explained below.

As per the CSR policy of the company, under the supervision of CSR committee, the company got estimated spent in the range of INR 10,000 to INR 500,000 towards CSR during the year 2017-18. The company had spend an amount of INR 250,000 towards committed CSR activities. The committed amount incurred is treated as an expense and hence charged to the statement of profit and loss.

(a) Gross amount qualify to be spent during financial year 2017-18 - INR Nil (Previous Year: INR 510,021)
(b) Amount spent during the financial year 2017-18 - INR 250,000 (Previous year: INR 1,147,000)
(c) Amount spent during the financial year 2017-18 from brought forward of previous years - Nil
(d) Total amount spent in cash during the financial year 2017-18 is INR 250,000

Particulars	For the year ended 31 March 2018	31 March 2017
Gross amount required to be spent:		
i. Construction/acquisition of any asset	-	-
- Under control of the company for future use		
- Not under control of the Company for future use		
ii. On purpose other than (i) above	2.5	5.10
	2.5	**5.10**
b) Amount spent during the year		
- In cash	2.5	23.97
- Yet to be paid in cash		
Total	2.5	**23.97**

30 Financial instruments - fair value and risk management

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.

Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

(Amount in INR lakhs, unless stated otherwise)

Particulars	Carrying amount	Fair value		
	31 March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	457.86	-	-	-
Trade receivables	4,156.29	-	-	-
Cash and cash equivalents including other bank balances	4,145.09	-	-	-
Other financial assets	41.64	-	-	-
Total financial assets	8,800.87	-	-	-
Financial liabilities measured at amortised cost				
Trade payables	630.75	-	-	-
Other financial liabilities	2,986.67	-	-	-
Total financial liabilities	3,617.41	-	-	-

(Amount in INR lakhs, unless stated otherwise)

Particulars	Carrying amount	Fair value		
	31 March 2017	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	443.32	-	-	-
Trade receivables	6,240.35	-	-	-
Cash and cash equivalents including other bank balances	1,289.61	-	-	-
Other financial assets	22.83	-	-	-
Total financial assets	7,996.10	-	-	-
Financial liabilities measured at amortised cost				
Trade payables	1,824.15	-	-	-
Other financial liabilities	2,906.52	-	-	-
Total financial liabilities	4,730.66	-	-	-

(Amount in INR lakhs, unless stated otherwise)

Particulars	Carrying amount	Fair value		
	1 April 2016	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	424.17	-	-	-
Trade receivables	5,579.32	-	-	-
Cash and cash equivalents including other bank balances	4,856.70	-	-	-
Other financial assets	42.92	-	-	-
Total financial assets	10,903.11	-	-	-
Financial liabilities measured at amortised cost				
Trade payables	1,265.08	-	-	-
Other financial liabilities	2,957.94	-	-	-
Total financial liabilities	4,223.02	-	-	-

Monster.com (India) Private Limited
Notes to the financial statements for the year ended 31 March 2018
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:

A **Financial Assets:**
Loans, Trade receivables, Cash and cash equivalents and other assets: 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.

B **Financial Liabilities:**
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.

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31 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.

Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

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. 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 2016, 31 March 2017 and 31 March 2018 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 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:

(Amount in INR lakhs, unless stated otherwise)

Particulars	31 March 2018	31 March 2017	1 April 2016
Provision under Expected Credit Loss method using Credit Loss Rate percentage	1.48	1.24	2.45
Provision as per management estimate	153.30	144.17	219.48
Actual Provision (Higher of A or B)	153.30	144.17	219.48

As at 31 March 2018

(Amount in INR lakhs, unless stated otherwise)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade
Not due	3,625.96	0.01%	0.23	No	3,625.73
Past due 1–90 days	642.07	0.12%	0.79	No	641.28
Past due 91–180 days	41.55	1.11%	0.46	No	41.09
Past due 181–270 days	-	16.15%	-	No	-
Above 270 days	-	33.33%	-	No	-
	4,309.58		1.48		4,308.10

As at 31 March 2017

(Amount in INR lakhs, unless stated otherwise)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade
Not due	3,648.06	0.01%	0.23	No	3,647.83
Past due 1–90 days	612.07	0.12%	0.76	No	611.31
Past due 91–180 days	19.07	1.11%	0.21	No	18.86
Past due 181–270 days	0.28	16.15%	0.05	No	0.23
Above 270 days	-	33.33%	-	No	-
	4,279.48		1.24		4,278.24

As at 1 April 2016

(Amount in INR lakhs, unless stated otherwise)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade
Not due	4,995.86	0.01%	0.31	No	4,995.55
Past due 1–90 days	717.72	0.12%	0.89	No	716.83
Past due 91–180 days	52.96	1.11%	0.59	No	52.37
Past due 181–270 days	2.02	16.15%	0.33	No	1.69
Above 270 days	0.99	33.33%	0.33	No	0.66
	5,769.55		2.45	-	5,767.10

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 was as follows.

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	144.17	219.48
Impairment loss allowances recognised	256.08	401.14
Bad Debt Written off	(246.96)	(476.45)
Balance as at the end of the year	153.30	144.17

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 deposit. 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.

Monster.com (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

(Amount in INR lakhs, unless stated otherwise)

Particulars	Carrying amount	Contractual cash flows			
		0-1 years	1-2 years	2-5 years	5 years and above
As at 31 March 2018					
Trade payables	630.75	630.75	-	-	-
Other financial liabilities	2,986.67	849.31	-	-	2,137.35
As at 31 March 2017					
Trade payables	1,824.15	1,824.15	-	-	-
Other financial liabilities	2,906.52	769.16	-	-	2,137.35
As at 1 April 2016					
Trade payables	1,265.08	1,265.08	-	-	-
Other financial liabilities	2,957.94	820.59	-	-	2,137.35

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.

a) **Foreign 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.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to management is as follows:

IR lakhs, unless stated otherwise)

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Foreign currency*	Amount	Foreign currency*	Amount	Foreign currency*	Amount
Trade receivables	GBP	-	-	5,570	4.51	24,590	23.352
	SGD	1,514,067	754.35	529,732	246.51	530,593	258.09
	PHP	14,060,852	174.59	16,957,250	219.66	10,583,323	152.12
	USD	2,543,003	1,657.40	3,008,288	1,952.78	3,398,143	2,263.92
	MYR	2,476,826	417.78	4,979	0.73	-	-
	EUR	-	-	-	-	8,122	6.06
	HKD	525,103	43.61				
Trade payables	CAD	-	-	69,317	33.74	85,668	43.27
	CHF	-	-	13,772	8.98	30,850	21.11
	CZK	-	-	39,016	1.00	39,749	3.20
	EUR	-	-	445,128	310.45	311,372	232.25
	GBP	-	-	116,295	94.10	41,299	39.22
	HKD	286,981	23.83	968,194	80.87	1,537,738	132.05
	SEK	-	-	173,385	12.65	9,134	0.73
	USD	439,023	286.13	49,229	31.96	349,627	232.93
	MYR	2,719,142	458.65	-	-	501,156	83.24
	PHP	415,663	5.16	179,034	2.32	-	-
	SAR	29,244	5.08	28,049	4.86	-	-
	AED	11,932	2.12	39,360	6.96	-	-
	SGD	944,857	470.75	-	-	-	-
	RUB	-	-	-	-	1,215,640	11.81

*Foreign currency values are absolute values and not rounded off to lakhs.

The following significant exchange rates have been applied

Currency	Year end spot rate		
	31 March 2018	31 March 2017	1 April 2016
GBP/INR	-	80.91	94.96
SGD/INR	49.82	46.54	48.64
PHP/INR	1.24	1.30	1.44
USD/INR	65.17	64.91	66.62
MYR/INR	16.87	14.70	-
EUR/INR	-	69.74	74.59
CAD/INR	-	48.68	50.51
CHF/INR	-	65.20	68.42
CZK/INR	-	2.57	8.04
HKD/INR	8.30	8.35	8.59
SEK/INR	-	7.30	8.04
SAR/INR	17.38	17.31	-
AED/INR	17.74	17.67	-
RUB/INR	-	-	0.97

Sensitivity analysis

A reasonably possible strengthening (weakening) of the foreign currencies against INR at 31 March 2018 and 31 March 2017 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in INR lakhs, unless stated otherwise)

Particulars	Profit and loss		Equity, net of tax	
	Strengthenin	Weakening	Strengthening	Weakening
31 March 2018				
SGD(4%)	11.34	(11.34)	11.34	(11.34)
PHP(5%)	8.46	(8.46)	8.46	(8.46)
USD(5%)	68.56	(68.56)	68.56	(68.56)
MYR(3%)	(1.23)	1.23	(1.23)	1.23
HKD(3%)	0.59	(0.59)	0.59	(0.59)
SAR(2%)	(0.10)	0.10	(0.10)	0.10
AED(2%)	(0.04)	0.04	(0.04)	0.04
31 March 2017				
GBP(5%)	(4.48)	4.48	(4.48)	4.48
SGD(4%)	9.86	(9.86)	9.86	(9.86)
PHP(5%)	10.87	(10.87)	10.87	(10.87)
USD(5%)	96.04	(96.04)	96.04	(96.04)
MYR(3%)	0.02	(0.02)	0.02	(0.02)
EUR(5%)	(15.52)	15.52	(15.52)	15.52
CAD(4%)	(1.35)	1.35	(1.35)	1.35
CHF(3%)	(0.27)	0.27	(0.27)	0.27
CZK(3%)	(0.03)	0.03	(0.03)	0.03
HKD(3%)	(2.43)	2.43	(2.43)	2.43
SEK(3%)	(0.38)	0.38	(0.38)	0.38
SAR(2%)	(0.10)	0.10	(0.10)	0.10
AED(2%)	(0.14)	0.14	(0.14)	0.14

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's does not have any borrowings which exposes it to interest rate risk.

32 **Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure of the company consists of equity attributable to equity holders, comprising issued capital and retained earnings. The company does not have externally imposed capital requirements.

33 **Capital commitments**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017
Estimated amount of contracts remaining to be executed on capital account not provided for,	-	-
Estimated amount of contracts remaining to be executed on non-capital account	-	-

34 **Contingent liabilities and commitment (to the extent not provided for)**

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017
a) Customer case pending against the company	-	-
b) Claims against the Company not acknowledged as debt	-	-
c) Income tax assessment	-	-

35 **Earnings per share**

(Amount in INR lakhs except number of shares and per share data)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Nominal value of equity shares (INR 10 per share)	10	10
Net Loss after tax for the purpose of earnings per share (INR in lakhs)	(2,038.52)	(2,510.10)
Weighted average number of shares used in computing basic earnings per share	50,000	50,000
Basic earnings per share (INR)	**(4,077.04)**	**(5,020.20)**
Weighted average number of shares used in computing diluted earnings per share	50,000	50,000
Diluted earnings per share (INR)	**(4,077.04)**	**(5,020.20)**

Computation of weighted average number of shares

Particulars	For the year ended	
	31 March 2018	31 March 2017
Number of equity shares outstanding at beginning of the year	50,000	50,000
Add: Weighted average number of equity shares issued during the year	-	-
Weighted average number of shares outstanding at the end of the year for computing basic earnings per share	50,000	50,000
Weighted average number of shares outstanding at the end of the year for computing diluted earnings per share	50,000	50,000

36 **Earnings in foreign currency (Receipt Basis)**

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Receipts from Operations	3,900.37	4,271.01

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Monster.com (India) Private Limited
Notes to the financial statements for the year ended 31 March 2018

37 **Expenditure in foreign currency (invoice basis)**

(Amount in INR lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
	149.33	108.62
Business promotion expenses	19.31	38.61
Legal and Professional charges	518.52	351.07
Internet Infrastructure Services	1.65	17.38
Other Operating expenses	468.24	534.14
Expenses incurred by Foreign Branches	142.73	244.61
Royalty and Technical Fee	-	50.21
Global Insurance Allocation	-	44.66
Personnel Expenses (Grants to employees)		

38 **Related party disclosures**

(i) Name of related parties and description of relationship:

- Ultimate Holding Company	Randstad Holding nv, the Netherlands (till 08-02-2018)
- Intermediate Holding Company	Monster Worldwide Inc., USA (till 08-02-2018)
- Holding Company	Monster.com Asia Limited, Hong Kong (till 08-02-2018) Quess Corp Limited, India (w.e.f. 08-02-2018)
- Subsidiaries (including step subsidiaries)	Monster Worldwide Services Holdings Limited (MWSHL), United Kingdom@ Monster Worldwide CZ s.r.o., Czech Republic@
- Entities under common control	Monster Belgium NV, Belgium # Monster Italia Srl, Italy # Monster Luxembourg SA, Luxembourg # Monster Recrutamento do Brasil Ltda., Brazil # Monster Worldwide Austria GmbH, Austria # Monster Worldwide Canada Inc., Canada # Monster Worldwide Deutschland GmbH, Germany # Monster Worldwide Ireland Limited, Ireland # Monster Worldwide Limited, United Kingdom # Monster Worldwide Netherlands B.V., Netherlands # Monster Worldwide SAS, France # Monster Worldwide Scandinavia AB, Sweden # Monster Worldwide SL, Spain # Monster Worldwide Switzerland AG, Switzerland # Gozaik LLC, USA # Monster Worldwide CZ s.r.o, Czech republic # Randstad India Private Ltd # Monster Malaysia Sdn. Bhd., Malaysia Monster.com HK Ltd., Hong Kong Monter.com SG Pte. Ltd., Singapore

Related party relationship exist till 08-Feb-2018. Refer Note#1 to the financial statements.
@ Consequent to sale of investment in MWSHL, UK on 01-Apr-2017, the entities ceased to be subsidiaries of the company
Note: Entities under common control of holding company with which the company do not have any transactions are not included above.

Key executive management personnel
Mr. Sanjay Modi - Director (till 08-02-2018)
Mr. Rajender Kalyani - Director (till 08-02-2018)
Mr. Abhijeet Mukherjee - Additional Director (w.e.f. 08-02-2018)
Mr. Manoj Jain - Additional Director (w.e.f. 08-02-2018)
Mr. Subrata Nag Kumar - Additional Director (w.e.f. 08-02-2018)
Mr. Lohit Bhatia - Additional Director (w.e.f. 08-02-2018)

Monster.com (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018

(ii) Related party transactions during the year

(Amount in INR lakhs, unless stated otherwise)

Particulars		For the year ended	
		31 March 2018	31 March 2017
Sale of Recruitment Solutions & IAF Services	Randstad India Private Ltd	1.00	9.48
	Quess Corp Limited	23.70	-
Income from BPO operations			
(a) Telecalling services #1	Monster Worldwide Inc. (till Jan 31, 2018, discontinued thereafter)	1,026.35	1,113.46
	Monster.com SG Pte. Ltd.	451.46	437.11
	Monster Malaysia Sdn. Bhd.	101.90	83.58
#1 Telecalling service is remunerated at cost plus 15% markup			
(b) Web design & IT support services #2 '(till Jan 31, 2018, discontinued thereafter)	Monster Worldwide Inc. (Gozaik)	204.34	135.55
	Monster Worldwide Austria GmbH	0.14	1.23
	Monster Belgium NV	2.09	3.30
	Monster Worldwide Canada Inc.	1.15	1.92
	Monster Worldwide SAS	2.70	5.53
	Monster Worldwide Deutschland GmbH	23.41	19.45
	Monster Worldwide Ireland Limited	0.68	2.15
	Monster Italia Srl	1.08	6.85
	Monster Luxembourg SA	0.60	1.11
	Monster Worldwide Netherlands B.V.	4.88	5.02
	Monster Worldwide Scandinavia AB	3.63	5.91
	Monster Worldwide SL	0.00	0.02
	Monster Worldwide Switzerland AG	0.42	2.04
	Monster Worldwide Limited	23.52	36.50
	Monster Worldwide Inc.	145.14	156.88
#2 Web design & IT support services are remunerated at cost plus 20% markup.			
Receipts from Distribution of access rights (net)	Monster.com SG Pte. Ltd.	386.48	216.39
	Monster Malaysia Sdn. Bhd.	95.55	82.31
	Monster.com HK Ltd.	35.86	24.37
	Monster Belgium NV	1.00	0.00
	Monster Italia Srl	4.83	1.18
	Monster Luxembourg SA	0.59	0.11
	Monster Worldwide Austria GmbH	0.33	0.12
	Monster Worldwide Canada Inc.	16.33	20.28
	Monster Worldwide Deutschland GmbH	11.82	0.69
	Monster Worldwide Inc.	822.00	653.74
	Monster Worldwide Ireland Limited	3.10	1.56
	Monster Worldwide Limited	50.53	64.51
	Monster Worldwide Netherlands B.V.	50.49	3.91
	Monster Worldwide SAS	13.56	17.44
	Monster Worldwide Scandinavia AB	1.37	-
	Monster Worldwide SL	1.10	-
	Monster Worldwide Switzerland AG	1.02	1.29
Purchase of Professional Services (Recruitment f	Randstad India Private Ltd	-	1.07

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Monster.com (India) Private Limited
Notes to the financial statements for the year ended 31 March 2018

Payment for Distribution of access rights (net)	Monster.com SG Pte. Ltd.	387.39	264.05
	Monster Malaysia Sdn. Bhd.	176.92	154.25
	Monster.com HK Ltd.	66.68	90.88
	Monster Belgium NV	5.85	35.94
	Monster Italia Srl	16.77	23.90
	Monster Luxembourg SA	3.13	5.58
	Monster Worldwide Austria GmbH	2.19	3.65
	Monster Worldwide Canada Inc.	73.53	58.48
	Monster Worldwide Deutschland GmbH	26.81	46.49
	Monster Worldwide Inc.	1,625.85	1,601.84
	Monster Worldwide Ireland Limited	7.08	9.03
	Monster Worldwide Limited	123.16	183.72
	Monster Worldwide Netherlands B.V.	31.13	22.67
	Monster Worldwide SAS	28.32	128.70
	Monster Worldwide Scandinavia AB	10.55	11.96
	Monster Worldwide SL	3.89	5.22
	Monster Worldwide Switzerland AG	5.32	8.13
Investment in Subsidiary	Monster Worldwide Services Holdings Ltd	-	5,182.88
(* Investment has been sold on 01-04-2017 for Rs.5449.92cr)			
Other transactions			
Royalty and Technical Fee	Monster Worldwide Inc.	142.73	244.61
Global Insurance allocation	Monster Worldwide Inc.	-	50.21
Personnel Expenses (Grants to employees)	Monster Worldwide Inc.	-	44.66

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in INR lakhs, unless stated otherwise)

Particulars		As at 31 March 2018	As at 31 March 2017
Trade receivables (net)	Monster.com SG Pte. Ltd.	283.59	245.00
	Monster Malaysia Sdn. Bhd.	-	0.73
	Monster.com HK Ltd.	19.78	0.00
	Randstad India Private Ltd	-	1.05
	Quess Corp Limited	12.17	-
Trade payables (net)	Monster Malaysia Sdn. Bhd.	40.87	0.00
	Monster.com HK Ltd.	-	80.87
	Monster Belgium NV	-	29.86
	Monster Italia Srl	-	24.74
	Monster Luxembourg SA	-	14.04
	Monster Recrutamento do Brasil Ltda.	-	14.63
	Monster Worldwide Austria GmbH	-	27.08
	Monster Worldwide CZ s.r.o.	-	1.00
	Monster Worldwide Canada Inc.	-	33.74
	Monster Worldwide Deutschland GmbH	-	66.14
	Monster Worldwide Inc.	-	2,787.82
	Monster Worldwide Ireland Limited	-	8.47
	Monster Worldwide Limited	-	94.10
	Monster Worldwide Netherlands B.V.	-	22.12
	Monster Worldwide SL	-	0.07
	Monster Worldwide SAS	-	117.92
	Monster Worldwide Scandinavia AB	-	12.65
	Monster Worldwide Switzerland AG	-	8.98

(iv) Compensation of key managerial

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Mr. Sanjay Modi (till 08-02-2018)	183.66	432.33
Mr. Rajender Kalyani (till 08-02-2018)	79.51	87.10
	263.17	519.43

*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.

39 Leases

Operating Leases

The Company's significant leasing arrangement is in respect of operating lease for premises. The Company has exclusive right to cancel the lease with prior notice. The aggregate lease rents payable are charged as rent in the Profit and Loss Account.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017
Payable within 1 year	38.37	18.27
Payable between 1-5 years	1.75	-
Payable later than 5 years	-	-

(Amount in INR lakhs, unless stated otherwise)

Total rental expense relating to operating lease	671.54	733.37
- Non-cancellable	79.49	99.01
- Cancellable	592.06	634.37

40 Dues to micro, small and medium enterprises

Information as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

In terms of the requirements of the Micro, Small and Medium Enterprises Development Act, 2006, (here after referred as "MSMED Act") the Company has continuously sought confirmations.

Based on the information available with the Company, there are no principal / interest amounts due to micro, small and medium enterprises towards supply of goods or services.

Particulars	As at 31 March 2018	As at 31 March 2017
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of the year;	-	-
The amount of interest paid by the buyer in terms of section 16 of the MEMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the 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.	-	-
The amount of interest accrued and remaining unpaid at the end of the 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 section 23 of the MSMED Act.	-	-

41 Segment reporting

Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, segment information has been presented both along business segments and geographic segments for the service offerings. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Reportable segment:

The company has considered "'Business Segment" as its primary segment and "'Geographic Segment" as its secondary segment. Revenues and expenses directly attributable to segments are reported under each reportable segment. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable in business segment reporting.

A) Business segment information

The segments have been identified taking into account the nature of service offerings.

1. Recruitment Solutions and IAF Services: This segment comprises of services primarily relating to services relating to recruitment solutions such as Resume database access, Job Postings, distribution of access rights of third party products and services, consumer services and fee for Internet advertisement services. The revenue from this segment is earned from domestic and outside India customers (i.e., export of sales from India & sales from foreign branches to their customers).

2. BPO Services: This segment comprises of business process outsourcing activity relating to (a) tele marketing/calling service offered to certain associated enterprises of the company and (b) Web Design & IT Support Services provided to certain associated enterprises of the company. The revenue from BPO services segment is earned from outside India customers (i.e., export of services from India).

A Business segment information for the year ended is as follows:

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at March 31, 2018			As at March 31, 2017		
	Recruitment Solutions & IAF Services	BPO Services	Total	Recruitment Solutions & IAF Services	BPO Services	Total
Segment revenue	11,211.36	1,993.50	13,204.85	13,609.17	2,017.62	15,626.79
Segment cost	13,413.78	1,718.48	15,132.26	16,592.51	1,740.56	18,333.07
Segment result	(2,202.42)	275.01	(1,927.41)	(2,983.33)	277.06	(2,706.27)
Other income			672.00			279.94
Unallocated corporate expenses			33.35			23.00
Profit before taxation	(2,202.42)	275.01	(1,288.76)	(2,983.33)	277.06	(2,449.34)
Taxation	-	-	(749.76)	-	-	(60.76)
Profit after taxation	(2,202.42)	275.01	(2,038.52)	(2,983.33)	277.06	(2,510.10)
Segment asset	10,467.82	92.26	10,560.09	13,512.99	520.45	14,033.44
Segment liabilities	12,110.45	-	12,110.45	15,306.51	-	15,306.51
Capital expenditure	83.08	-	83.08	375.35	-	375.35

B Geographic Information:

The geographical information analyses are allocated based on the Company's country of domicile (i.e. India) and other countries. The company operations are geographically spread across India, Middle East region (includes Dubai & Kingdom of Saudi Arabia) and Philippines. In presenting the geographical information, segment revenue has been based on the geographical location of the office that made the sale and segment assets which have been based on the geographical location of the assets.

(Amount in INR lakhs, unless stated otherwise)

Particulars	Revenue		Segment assets	
	As at		As at	
	31 March	31 March	31 March	31 March
India	10,775.44	12,213.49	9,361.73	12,873.08
Middle East	1,712.29	2,498.46	317.23	384.49
Philippines	717.12	914.84	881.14	775.87
Total	13,204.85	15,626.79	10,560.09	14,033.44

C Major customer

None of the customers of the Company has revenue which is more than 10 % of the Company's total revenue

42 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 2016 ("transition date"). For the year ended 31 March 2017, 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 period ending 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening standalone Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its standalone Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, 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) 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 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.

(ii) 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.

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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 2016 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 require an entity to classify and measure its financial assets into amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the business model assessment and solely payment of principal and interest ("SPPI") criterion based on facts and circumstances that exist at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.
Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

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Monster.com (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018

C Reconciliations

The following reconcillations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at 1 April 2016 and 31 March 2017.
2. Net profit for the year ended 31 March 2017.

Reconciliation of equity as previously reported under IGAAP to Ind AS *(Amount in INR lakhs, unless stated otherwise)*

Particulars	Note	Balance Sheet as at 31 March 2017			Balance Sheet as at 1 April 2016		
		IGAAP	Adjustment	Ind AS	IGAAP	Adjustment	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		714.73	-	714.73	589.52	-	589.52
Financial assets							
(i) Investments		-	-	-	5,182.88	-	5,182.88
(ii) Non-current loans	b	511.89	(103.02)	408.87	489.51	(133.45)	356.06
(iii) Other non- current financial assets		16.74	-	16.74	16.74	-	16.74
Deferred tax assets (net)		713.54	-	713.54	713.54	-	713.54
Income tax assets (net)	a	3,997.79	(547.39)	3,450.40	3,453.69	(547.39)	2,906.30
Other non-current assets	b	-	56.98	56.98	-	84.21	84.21
Total non-current assets		5,954.69	(593.43)	5,361.26	10,445.88	(596.62)	9,849.26
Current Assets							
Financial assets							
(i) Investments		-	-	-	-	-	-
(ii) Trade receivables	c	6,240.35	-	6,240.35	5,579.32	-	5,579.32
(iii) Cash and cash equivalents		1,274.43	-	1,274.43	4,841.99	-	4,841.99
(iv) Bank balances other than cash and cash equivalen		15.17	-	15.17	14.71	-	14.71
(v) Current loans		34.45	-	34.45	68.11	-	68.11
(vi) Other current financial assets		6.09	-	6.09	26.18	-	26.18
Other current assets	b	404.55	33.49	438.04	415.69	38.55	454.24
Asset held for sale		5,182.88	-	5,182.88	-	-	-
Total current assets		13,157.92	33.49	13,191.42	10,946.00	38.55	10,984.55
Total Assets		19,112.61	(559.93)	18,552.68	21,391.88	(558.07)	20,833.81
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		5.00	-	5.00	5.00	-	5.00
Other equity	d	5,495.47	(559.93)	4,935.53	7,948.50	(558.07)	7,390.43
Total equity		5,500.47	(559.93)	4,940.53	7,953.50	(558.07)	7,395.43
Liabilities							
Non-current liabilities							
Financial liabilities							
(i) Non-current borrowings		-	-	-	-	-	-
(ii) Other non-current financial liabilities		2,137.35	-	2,137.35	2,137.35	-	2,137.35
Non-current provisions		743.46	-	743.46	738.92	-	738.92
Total non-current liabilities		2,880.81	-	2,880.81	2,876.27	-	2,876.27
Current liabilities							
Financial liabilities							
(i) Trade payables		1,824.15	-	1,824.15	1,265.08	-	1,265.08
(ii) Other current financial liabilities		769.16		769.16	820.59		820.59
Current provisions		12.01	-	12.01	14.28	-	14.28
Other current liabilities	c	8,126.01	-	8,126.01	8,462.17	-	8,462.17
Total current liabilities		10,731.33	-	10,731.33	10,562.11	-	10,562.11
Total Liabilities		13,612.14	-	13,612.14	13,438.38	-	13,438.38
Total Equity and Liabilities		19,112.61	(559.93)	18,552.68	21,391.88	(558.07)	20,833.81

Monster.com (India) Private Limited
Notes to the financial statements for the year ended 31 March 2018
Explanations for Reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS:

(a) Impairment of income tax asset
Consequent to the consequential order for the assessment year 2013-14, department has adjusted an amount of INR 54,739,000 towards arrears pending as per department records. The company has impaired income tax receivable from department to the extent of such adjustment through opening retained earnings as on Apr 1, 2016.

(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 103.02 lakhs as at 31 March 2017 (1 April 2016: INR 133.45 lakhs). The prepaid rent increased by INR 90.48 lakhs as at 31 March 2017 (1 April 2016: INR 122.77 lakhs). Total equity decreased by INR 10.68 lakhs as on 1 April 2016. The profit for the year and total equity as at 31 March 2017 decreased by INR 39.60 lakhs due to amortisation of the prepaid rent and is partially off-set by the notional interest income of INR 37.74 lakhs recognised on security deposits.

(c) Trade receivables
The Company has carried out analysis of adjustment required using credit loss rate under ECL method. However, no adjustment has been made as part of transition to IndAS.

(d) 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 recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.

Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS

(Amount in INR lakhs, unless stated otherwise)

Particulars	Note	Year ended 31 March 2017		
		IGAAP		Ind AS
Income				
Revenue from operations		15,626.79	-	15,626.79
Other income	e	242.20	37.74	279.94
Total income		15,868.99	37.74	15,906.73
Expenses				
Employee benefit expenses	f	9,728.09	55.21	9,783.30
Marketing and business promotional expenses		3,887.53	-	3,887.53
Finance costs		95.67	-	95.67
Depreciation and amortization expenses		249.20	-	249.20
Other expenses	g	4,300.76	39.60	4,340.36
Total expenses		8,533.16	39.60	8,572.76
Profit before tax		7,335.83	(1.86)	7,333.96
Tax expense				
Current tax		-	-	-
Excess provision of tax relating to earlier years		-	-	-
Tax expense of foreign branches (current)		(60.76)	-	(60.76)
Deferred tax		-	-	-
Profit for the year		7,275.06	(1.86)	7,273.20
Other comprehensive income/ (expense)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability/ asset	h	-	55.21	55.21
Income tax relating to items that will not be reclassed to profit or loss		-	-	-
Other comprehensive income/ (expense) for the year, net of income tax		-	55.21	55.21
Total comprehensive income for the year		7,275.06	53.35	7,328.41

Monster.com (India) Private Limited
Notes to the financial statements for the year ended 31 March 2018
Explanations for Reconciliation of Profit or Loss as previously reported under IGAAP to Ind AS:

(e) Other income
Adjustment in other income pertains to interest income on present valuation of financial instruments i.e. on security deposits as an Ind AS adjustment of security deposits.

(f) 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 are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurement were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31 March 2017 increased by INR 55.21 lakhs. There is no impact on the total equity as at 31 March 2017.

(g) Other expenses
Ind AS adjustments in relation to other expenses pertains to amortisation of prepaid rent recognised against security deposits.

(h) 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 defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

43 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.

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44 **Assets and liabilities relating to employee benefits**

The Company operates post-employment defined benefit plan that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Net defined benefit liability, gratuity plan	464.95	530.91	521.41
Net defined benefit liability, Compensated absences/leave encashment	192.32	224.56	231.78
Total employee benefit liability	657.27	755.47	753.19
Current	11.11	12.01	14.28
Non-current	646.16	743.46	738.92
	657.27	755.47	753.19

The Company does not have any assets relating to employee benefits. For details relating to employee benefit expenses, see note
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 **Reconciliation of net defined benefit liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/ assets and its components:

(Amount in INR lakhs, unless stated otherwise)

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity
Reconciliation of present value of defined benefit obligation						
Obligation at the beginning of the year	224.56	530.91	231.78	521.41	209.12	500.00
Current service cost	51.21	77.12	69.84	100.37	67.95	97.59
Interest cost	16.93	40.03	18.54	41.87	16.73	40.00
Past service cost	-	10.00	-	-	-	-
Benefits settled	(86.14)	(80.62)	(74.38)	(77.53)	(61.25)	(83.01)
Actuarial (gains)/ losses recognised in other compreh	-	-	-	-	(0.77)	(33.17)
- Changes in experience adjustments	(6.41)	(94.88)	(36.70)	(89.29)	-	-
- Changes in demographic assumptions	-	-	-	-	-	-
- Changes in financial assumptions	(7.83)	(17.62)	15.48	34.08	-	-
Obligation at the end of the year	192.32	464.95	224.56	530.91	231.78	521.41

B **(i) Expense recognised in profit or loss**

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended					
	31 March 2018		31 March 2017		1 April 2016	
	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity
Current service cost	51.21	77.12	69.84	100.37	67.95	97.59
Interest cost	16.93	0.00	18.54	41.87	16.73	40.00
Past service cost	-	10.00	-	-	(0.77)	-
Net gratuity cost	68.14	87.12	88.38	142.24	83.90	137.59

(ii) Remeasurement recognised in other comprehensive income

(Amount in INR lakhs, unless stated otherwise)

Particulars	For the year ended					
	31 March 2018		31 March 2017		1 April 2016	
	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity
Actuarial (gains) /losses on defined benefit obligatior	(14.24)	(112.49)	(21.22)	(55.21)	(0.77)	(33.17)
	(14.24)	(112.49)	(21.22)	(55.21)	(0.77)	(33.17)

C Defined benefit obligation - Benefits paid

Particulars	For the year ended					
	31 March 2018		31 March 2017		1 April 2016	
	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity
Actual Benefit Payments	86.14	80.62	74.38	77.53	61.25	83.01

D Defined benefit obligation - Actuarial Assumptions

Particulars	For the year ended					
	31 March 2018		31 March 2017		1 April 2016	
	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity
Discount rate	7.80%	7.80%	7.54%	7.54%	8.00%	8.00%
Future salary growth	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

E Defined benefit obligation - bifurcation into current & non current

Particulars	For the year ended					
	31 March 2018		31 March 2017		1 April 2016	
	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity	Leave Encashmen	Gratuity
Current	3.33	7.78	3.77	8.24	4.22	10.06
Non-current	188.99	457.17	220.79	522.66	227.56	511.36

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:

(Amount in INR lakhs, unless stated otherwise)

	As at	
	31 March 2018	
	Increase	Decrease
Discount rate (0.5% movement)	(46.41)	50.92
Future salary growth (0.5% movement)	44.17	(41.60)

As per our report of even date

For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Ananthakrishnan Govindan
Partner
Membership No: 205226

Place: Hyderabad, INDIA
Date: May 09, 2018

For and on behalf of the Board of Directors
Monster.com (India) Private Limited
CIN: U72200TG2000PTC035617

Abhijeet Mukherjee
Director
DIN: 08065972

Manoj Jain
Director
DIN: 03275058

Rajender Kalyani
Head of Finance

Place: Hyderabad, INDIA
Date: May 09, 2018

Audit • Tax • Legal • Advisory

INDEPENDENT AUDITOR'S REPORT

To The Members of

VEDANG CELLULAR SERVICES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **VEDANG CELLULAR SERVICES PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we

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comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B " a statement on the matters specified in paragraphs 3 and 4 of the Order.

For UDYEN JAIN & ASSOCIATES
Chartered Accountants
ICAI Reg. No. : 116336W

Sachin Gupta

UDYEN JAIN & ASSOCIATES FRN 116336W

Mr. Sachin Gupta
Partner
Mem. No. 180377

Place: Mumbai
Date: 9th May, 2018

Annexure-A" to the Independent Auditors' Report - 31st March 2018

Report on the Internal Financial Control s under clause (i) of sub - section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Control over financial reporting of **VEDANG CELLULAR SERVICES PRIVATE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 Control over Financial Reporting issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of assets, the prevention and detection of fraud 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 have 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 and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with the 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 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 risk 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.

UDYEN JAIN & ASSOCIATES FRN 116335W

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 transaction 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 in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of internal Financial Controls over Financial Reporting

Because of inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not to 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 effectively as at March 31, 2018, 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 Institute of Chartered Accounts of India.

For UDYEN JAIN & ASSOCIATES
Chartered Accountants
ICAI Reg. No. : 116336W

Sachin Gupta

UDYEN JAIN & ASSOCIATES FRN 116336W

Mr. Sachin Gupta
Partner
Mem. No. 180377

Place: Mumbai
Date: 9th May, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of company's fixed assets;

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the Year, fixed assets have been physically verified by the management 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company does not hold title deed for immovable properties are held in the name of the Company.

(ii) The Company is a service company primarily engaged in the business of Installation, Commissioning & Manpower supply service. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of Order is not applicable.

(iii) In our opinion and according to the information and explanations given to us, the company has granted unsecured loan to companies in the register maintained under section 189 of the Companies Act 2013.

a) In the respect of said loan & interest thereon, there are no overdue amounts.

(iv) In our opinion and according to the information and explanations given to us, the company has neither granted any loans to directors, etc. nor made loan and investment under section 185 and 186 of the Companies Act, 2013 respectively. Hence, reporting under clause 3(iv) of the Order is not applicable to the company.

(v) According to the information and explanations given to us, the Company has not accepted deposits within the meaning of section 73 to 76 or any other relevant provisions of the Act and rules framed there under.

(vi) The Central Government has not prescribed the maintenance of cost records under sub-section (l) of section 148 of the Act, for any of activities of the Company.

(vii) According to the information and explanations given to us and on the basis of the our examination of the records of the Company, in respect of statutory dues:

(a) The company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax,, service tax, Goods & Service Tax and any other statutory dues to the appropriate authorities.

(b) There are no materials dues of income tax or service tax or Goods & Service Tax which have not been deposited with appropriate authorities as at 31st March, 2018 on account of any pending dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loan or borrowing to a financial institutions and bank. The company has not issued any debentures.

(ix) According to the information and explanations provided to us and as per the records of the company examined by us, company has not raised funds by way of public issue/ follow-on offer (including debt instruments) and term loans. Therefore paragraph 3(ix) of the Order is not applicable to the company.

(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) In our opinion and according to the information and explanations given to us, the Company being a private limited company, provisions of section 197 read with Schedule V to the Act are not applicable. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential allotment of Equity Share / private placement of shares or fully or partly convertible debenture. Therefore paragraph 3(xiv) not applicable to the company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with director or person connected with them

(xvi) In our opinion and according to information and explanation provide to us, Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore paragraph 3(xvi) of the Order is not applicable to the company.

For UDYEN JAIN & ASSOCIATES
Chartered Accountants
ICAI Reg. No. : 116336W

Sachin Gupta

UDYEN JAIN & ASSOCIATES FRN 116336W

Mr. Sachin Gupta
Partner
Mem. No. 180377

Place: Mumbai
Date: 9th May 2018

Vedang Cellular Services Private Limited

Register Address: 302,Evershine Mall Premises Co-Op Society LTD Chincholi Bunder Road, Link Road, Malad (West), Mumbai 400064
Company Identification Number : U32309MH2010PTC201638
BALANCE SHEET AS AT 31ST MAR 2018

Balance Sheet	Note	(Amount in INR) As at 31 March 2018	(Amount in INR) As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,98,03,319	5,17,23,134
Financial assets			
Advance Income tax assets (net)	4	1,92,99,941	1,45,13,238
Total non-current assets		**8,91,03,260**	**6,62,36,371**
Financial assets			
(i) Trade receivables	5	22,09,10,543	22,62,58,343
(ii) Cash and cash equivalents	6	1,51,079	5,64,461
(iii) Bank balances other than cash and cash equivalents above	7	5,00,000	5,00,000
(iv) Current loans	8	38,73,649	26,04,907
(v) Other current financial assets	9	1,93,355	1,49,562
(vi) Unbilled revenue	10	13,07,63,155	5,63,60,633
Other current assets	11	5,31,45,364	75,41,890
Total current assets		**40,95,37,145**	**29,39,79,797**
Total Assets		**49,86,40,405**	**36,02,16,168**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	18,20,830	17,25,000
Other equity	13	21,03,05,466	16,51,46,742
Total equity		**21,21,26,296**	**16,68,71,742**
Liabilities			
Non-current liabilities			
Deferred tax liabilities (net)	14	20,79,917	61,63,608
Non-current provisions	15	15,33,272	65,41,467
Total non-current liabilities		**36,13,189**	**1,27,05,075**
Current liabilities			
Financial liabilities			
(i) Current borrowings	16	12,51,91,255	2,91,62,827
(ii) Trade payables	17	4,64,46,880	8,28,11,989
(iii) Other current financial liabilities	18	4,12,80,189	3,43,19,961
Current provisions	19	21,24,810	49,15,408
Other current liabilities	20	6,41,78,422	2,94,29,165
Total current liabilities		**28,29,00,920**	**18,06,39,351**
Total Liabilities		**28,65,14,109**	**19,33,44,426**
Total Equity and Liabilities		**49,86,40,405**	**36,02,16,168**

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
for
Chartered Accountants
Firm's Registration No.: 116336W

Sachin Gupta

UDYEN JAIN & ASSOCIATES FRN 116336W

Mr. Sachin Gupta
Partner
Membership No. 180377

Place: Mumbai
Date: 09 May, 2018

for and on behalf of the Board of Directors of
Vedang Cellular Services Private Limited

AKapoor

Ashish Kapoor
DIN.0002752632

VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Satyakam Basu
DIN.0000274485

Vedang Cellular Services Private Limited
Register Address: 302,Evershine Mall Premises Co-Op Society LTD Chincholi Bunder Road, Link Road, Malad (West), Mumbai 400064
Company Identification Number : U32309MH2010PTC201638

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MAR 2018

(Amount in INR)

Statement of Profit and Loss	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	21	99,52,94,332	78,18,10,800
Other income	22	48,659	1,25,561
Total income		**99,53,42,991**	**78,19,36,361**
Expenses			
Employee benefit expenses	23	45,41,11,339	30,91,42,641
Finance costs	24	1,75,32,127	1,52,46,851
Depreciation and amortisation expenses	25	2,77,70,219	1,24,54,297
Other expenses	26	48,90,09,164	36,51,43,845
Total expenses		**98,84,22,850**	**70,19,87,634**
Profit before tax		**69,20,141**	**7,99,48,727**
Tax expense			
Current tax	27	(36,79,364)	(2,48,01,359)
Adjustments relating to earlier years		-	(66,081)
Deferred tax of previous years		50,59,915	
Deferred tax		13,19,351	(14,68,530)
Total tax expenses		**26,99,902**	**(2,63,35,970)**
Profit for the year		**96,20,043**	**5,36,12,757**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability/ asset		69,48,709	-
Income tax relating to items that will not be reclassified to profit or loss		(22,95,576)	-
Other comprehensive income/(Expense) for the Year, net of tax		**46,53,133**	-
Total comprehensive income for the year		**1,42,73,177**	**5,36,12,757**
Earnings per equity share (face value of Rs 10 each)			
Basic		53	300
Diluted		53	300

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
for
Chartered Accountants
Firm's Registration No.: 116336W

Sachin Gupta

Mr. Sachin Gupta
Partner
Membership No. 180377

UDYEN JAIN & ASSOCIATES FRN 116336W

Place: Mumbai
Date: 09 May, 2018

for and on behalf of the Board of Directors of
Vedang Cellular Services Private Limited

Kapoor

Ashish Kapoor
DIN.0002752632

Satyakam Basu
DIN.0000274485

VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Vedang Cellular Services Private Limited

Statement of Cash Flows	(Amount in INR) For the year ended 31 March 2018
Cash flows from operating activities	
Profit before tax	69,20,141
Adjustments for:	
Depreciation and amortisation expenses	2,77,70,219
Finance costs	1,75,32,127
Interest income	(92,452)
Impairment loss on financial assets	10,93,098
Operating cash flows before working capital changes	**5,32,23,134**
Changes in inventories, trade receivables and unbilled revenue	(6,91,66,443)
Changes in loans, other financial assets and other assets	(4,68,72,216)
Changes in trade payables and other financial liabilities	(2,94,04,881)
Changes in other liabilities and provisions	3,38,99,173
Cash generated from operating activities	**(5,83,21,233)**
Income taxes paid (net)	(47,86,703)
Net cash provided by/ (used in) operating activities (A)	**(6,31,07,937)**
Cash flows from investing activities	
Acquisition of property, plant and equipment and intangibles	(4,58,50,405)
Interest received on term deposits	48,659
Net cash used in investing activities (B)	**(4,58,01,746)**
Cash flows from financing activities	
Current borrowings, net of repayments	9,60,28,427
Proceeds from issue of equity shares	3,00,00,000
Interest paid	(1,75,32,127)
Net cash provided by financing activities (C)	**10,84,96,300**
Net increase in cash and cash equivalents (A+B+C)	**(4,13,382)**
Cash and cash equivalents at the beginning of the year	5,64,461
Cash and cash equivalents at the end of the year (refer note 13)	1,51,079

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached
for
Chartered Accountants
Firm's Registration No.: 116336W

Mr. Sachin Gupta
Partner

Place: Mumbai
Date: 09 May, 2018

for and on behalf of the Board of Directors of
Vedang Cellular Services Private Limited

Ashish Kapoor
DIN.0002752632

Satyakam Basu
DIN.0000274485

Vedang Cellular Services Private Limited

Statement of Changes in Equity for the period 1 April 2017 to 31 March 2018

(A) Equity share capital

(Amount in INR lakhs)

Particulars	Note	31 March 2018
Opening balance	12	17,25,000
Changes in equity share capital	12	95,830
Closing balance		**18,20,830**

(B) Other equity

(Amount in INR lakhs)

Particulars	Attributable to owners of the Company			Total attributable to equity holders of the Company
	Other equity			
	Reserves and surplus	Other equity	Other comprehensive income	
	Retained earnings	Securities premium account	Remeasurement of the net defined benefit liability/ asset	
Balance as of 1 April 2017	**16,51,46,742**	-	-	**16,51,46,742**
Add: Premium received on issue of equity shares	-	2,99,04,170	-	2,99,04,170
Add: Profit for the year	96,20,043	-	-	96,20,043
Add: Other comprehensive income (net of tax)	-	-	46,53,133	46,53,133
Balance as of 31st March 2018	**17,47,66,786**	**2,99,04,170**	**46,53,133**	**20,93,24,089**

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

for

Chartered Accountants

Firm's Registration No.: 116336W

Mr. Sachin Gupta

Partner

Place: Mumbai

Date: 09 May, 2018

for and on behalf of the Board of Directors of
Vedang Cellular Services Private Limited

Ashish Kapoor
DIN.0002752632

Satyakam Basu
DIN.0000274485

Vedang Cellular Services Private Limited

Notes to the financial statements for the period 1 April 2017 to 31st March 2018

3 Property, plant and equipment

(Amount in INR)

Particulars	Furniture and fixtures	Plant and machinery	Computer equipment	Total Property, plant and equipment
Balance as at 1 April 2017	23,14,497	52,64,433	4,41,44,695	5,17,23,626
Additions during the year	1,00,688	84,10,918	3,73,38,307	4,58,49,913
Balance as at 31st Mar 2018	24,15,185	1,36,75,351	8,14,83,002	9,75,73,538
Accumulated depreciation				
Depreciation for the Period	8,72,845	31,89,105	2,37,08,269	2,77,70,219
Balance as at 31st Mar 2018	8,72,845	31,89,105	2,37,08,269	2,77,70,219
Net carrying amount				
As at 31st Mar 2018	15,42,340	1,04,86,246	5,77,74,733	6,98,03,319

There has been no impairment losses recognised during the year or previous year.

VEDANG CELLULAR SERVICES PRIVATE LIMITED * MUMBAI

UDYEN JAIN & ASSOCIATES FRN 116336W *

4 Advance Income tax assets (net)

Particulars	(Amount in INR) As at 31 March 2018	(Amount in INR) As at 31 March 2017
Advance income tax	1,92,99,941	7,38,70,836
Provision for tax (net of advance tax)	-	(5,93,57,598)
	1,92,99,941	1,45,13,238

5 Trade receivables

Particulars	(Amount in INR) As at 31 March 2018	(Amount in INR) As at 31 March 2017
Unsecured		
Considered good	22,19,41,580	22,72,39,720
Considered doubtful	62,062	-
	22,20,03,641	22,72,39,720
Loss allowance		
Unsecured considered good	(10,31,037)	(9,81,377)
Doubtful	(62,062)	-
	(10,93,098)	(9,81,377)
Net trade receivables	22,09,10,543	22,62,58,343

All trade receivables are current.

For terms and conditions of trade receivables owing from related parties refer note 33.
The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 29.

6 Cash and cash equivalents

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
Cash and cash equivalents		
Cash on hand	32,130	4,14,256
Balances with banks		
In current accounts	1,18,949	1,50,205
Cash and cash equivalents in balance sheet	1,51,079	5,64,461
Bank overdraft used for cash management purpose	-	-
Cash and cash equivalents in the statement of cash flow	1,51,079	5,64,461

7 Bank balances other than cash and cash equivalents above

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
In deposit accounts (due to mature within 12 months from the reporting date)	5,00,000	5,00,000
	5,00,000	5,00,000

8 Current loans

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
Unsecured, considered good		
Security deposits	19,66,757	16,62,232
Other loans and advances		
Advances to employees	19,06,891	9,42,675
	38,73,649	26,04,907

9 Other current financial assets

Particulars	- As at 31 March 2018	(Amount in INR) As at 31 March 2017
Interest accrued but not due	1,93,355	1,49,562
	1,93,355	1,49,562

10 Unbilled revenue

Particulars	(Amount in INR) As at 31 March 2018	(Amount in INR) As at 31 March 2017
Unbilled revenue	13,07,63,155	5,63,60,633
	13,07,63,155	5,63,60,633

UDYEN JAIN & ASSOCIATES FRN 116336W

VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Company Identification Number : U32309MH2010PTC201638

Notes to the financial statements for the period ended 31st March 2018

11 Other current assets

Particulars	(Amount in INR) As at 31 March 2018	(Amount in INR) As at 31 March 2017
Prepaid expenses	12,65,143	26,66,362
Advances to suppliers	-	-
Travel advances to employees	-	-
Balance with Government Authorities	4,03,886	47,96,715
Advance income tax	5,14,76,335	-
Other Advance	-	78,813
	5,31,45,364	75,41,890

12 Equity share capital

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
Authorised		
250,000 (31 March 2017: 250,000) equity shares of par value of Rs 10	25,00,000	25,00,000
	25,00,000	25,00,000
Issued, subscribed and paid-up		
182,083 (31 March 2017: 172,500) equity shares of par value of Rs 10 each, fully paid up	18,20,830	17,25,000
	18,20,830	17,25,000

The Company has entered into a Share purchase agreement and Shareholder agreement dated 25 October 2017 with Quess Corp Ltd. (Quess) to allow Quess to acquire 100% equity stake. Till the year ended 31 March 2018, Quess has acquired 70% stake for a consideration of Rs. 300 lakhs. Accordingly Quess has become a holding company with effect from 10 November 2017.

12.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	(Amount in INR) As at 31 March 2018	(Amount in INR) As at 31 March 2017
	Number of shares	Number of shares
Equity shares		
At the commencement of the year	1,72,500	1,72,500
Shares issued during the year	9,583	-
At the end of the year	1,82,083	1,72,500

12.2 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.

12.3 Shares held by Holding Company

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
	Number of shares	Number of shares
Equity shares		
Equity shares of par value of Rs 10 each		
Vedang Radio Technology Private Limited	-	1,41,480
Quess Corp Ltd	1,27,458	-
	1,27,458	1,41,480

12.4 Details of shareholders holding more than 5% shares in the Company

(Amount in INR)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% Held	Number of shares	% Held
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Ltd	1,27,458	70%	-	0%
Vedang Radio Technology Private Limited	27,213	15%	1,41,480	82%
Ashish Kapoor	27,412	15%	31,000	18%
	1,82,083	100%	1,72,480	100%

12.5 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.

13 Other equity*

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
Securities premium account (refer note 13.1)	2,99,04,170	-
Retained earnings	17,57,48,162	16,51,46,742
Other comprehensive income (refer note 13.2)	46,53,133	-
	21,03,05,466	16,51,46,742

13.1 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. The Company has issued 9,583 shares during the period to Quess Corp ' Holding Company' as Quess acquired 70% stake in the Company. The share was issued at the face value of Rs. 10 and security premium of Rs. 3121 per share.

13.2 Other comprehensive income

Remeasurement of 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.

14 Deferred tax liabilities

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
Deferred tax liabilities	20,79,917	61,63,608
	20,79,917	61,63,608

N JAIN & ASSO

VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Company Identification Number : U32309MH2010PTC201638
Notes to the financial statements for the period ended 31st March 2018

15 Non-current provisions

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity (refer note 35)	15,33,272	65,41,467
	15,33,272	**65,41,467**

16 Current borrowings

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Loans from banks repayable on demand		
Secured		
Cash credit and overdraft facilities (refer note 16.1)	12,51,91,255	2,72,26,653
	12,51,91,255	2,91,62,827

Information about the Company's exposure to interest rate and liquidity risk is included in note 29.

16.1 The Company has taken cash credit facilities having interest rate of 1.20%+3m MCLR. These facilities are repayable on demand and are secured primarily by way of pari paasu 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 fixed assets of the Company including capital goods and capital work in progress excluding charge on vehicles both present and future of the Company.

17 Trade payables

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Dues to micro, small and medium enterprises (refer note 36)	-	-
Other trade payables	4,64,46,880	8,28,11,989
	4,64,46,880	8,28,11,989

All trade payables are current.
The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 29.

18 Other current financial liabilities

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Other payables		
Accrued salaries and benefits	4,12,80,189	3,43,19,961
	4,12,80,189	3,43,19,961

Income tax liabilities (net)

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for tax (net of advance tax)	36,79,364	-
	36,79,364	-

19 Current provisions

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity (refer note 35)	10,24,365	-
Provision for compensated absences	11,00,445	49,15,408
Other provisions		
Provision for Tax	-	-
Provision for onerous contracts (refer note 28.1)	-	-
	21,24,810	**49,15,408**

20 Other current liabilities

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Balances payable to government authorities	2,92,21,744	1,46,43,657
Advance received from customers	-	-
Provision for expenses	3,49,56,678	1,47,85,508
Income received in advance	-	-
Book overdraft	-	-
Provision for rent escalation	-	-
Amount payable to related parties	-	-
Control Accounts	-	-
	6,41,78,422	2,94,29,165

The Company's exposure to currency and liquidity risk related to other current liabilities is disclosed in note 29.

UDYEN JAIN & ASSOCIATES FRN 116336W

VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

21 Revenue from operations

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of services	92,08,91,810	76,93,39,131
Unbilled Revenue (Net) *	7,44,02,522	1,24,71,669
	99,52,94,332	**78,18,10,800**

* Changes in Unbilled Revenue (Unbilled Revenue - Net)

Opening Unbilled Revenue	5,63,60,633	4,38,88,964
Closing Unbilled Revenue	13,07,63,155	5,63,60,633
	7,44,02,522	**1,24,71,669**

22 Other income

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income under the effective interest method on:		
Deposits with banks	48,659	1,25,561
	48,659	**1,25,561**

23 Employee benefit expenses

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	44,11,37,060	30,21,47,804
Contribution to provident and other funds	1,05,76,933	53,45,417
Staff welfare expenses	23,97,346	16,49,420
	45,41,11,339	**30,91,42,641**

24 Finance costs

(Amount in INR)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense	1,75,32,127	1,52,46,851
	1,75,32,127	**1,52,46,851**

25 Depreciation and amortisation expenses

Particulars	*(Amount in INR)* For the year ended 31 March 2018	*(Amount in INR)* For the year ended 31 March 2017
Depreciation of property, plant and equipment (Refer Note 3)	2,77,70,219	1,24,54,297
	2,77,70,219	**1,24,54,297**

Vedang Cellular Services Private Limited
Register Address: 302,Evershine Mall Premises Co-Op Society LTD Chincholi Bunder Road, Link Road, Malad (West), Mumbai 400064
Company Identification Number : U32309MH2010PTC201638
Notes to the financial statements for the period 1 April 2017 to 31st March 2018

26 Other expenses

Particulars	(Amount in INR) For the year ended 31 March 2018	(Amount in INR) For the year ended 31 March 2017
Sub-contractor charges	2,47,77,548	2,00,21,343
Installation charges	14,76,61,559	10,42,71,924
Rent	48,03,300	38,46,604
Power and fuel	7,60,117	4,32,906
Repairs & maintenance		
- plant and machinery	8,23,515	39,13,426
- others	20,93,967	43,40,435
Legal and professional fees (refer note 26.1)	3,45,20,295	49,54,145
Impairment loss allowance on financial assets, net	10,93,098	9,81,377
Rates and taxes	20,53,706	19,40,793
Printing and stationery	56,34,976	25,87,396
Consumables	67,26,682	1,12,75,610
Travelling and conveyance	19,77,55,876	13,29,39,646
Communication expenses	1,33,87,939	87,02,837
Equipment hire charges	4,29,72,118	6,26,66,260
Insurance	14,01,549	6,93,579
Foreign exchange loss, net	91,119	-
Expenditure on corporate social responsibility	-	300
Miscellaneous expenses	24,51,800	15,75,266
	48,90,09,164	36,51,43,845

26.1 Payment to auditors (net of service tax; included in legal and professional fees)

(Amount in INR)

Particulars	For the period ended 31 March 2018	For the period ended 31 March 2017
Statutory audit fees	1,50,000	35,000
Tax audit fees	50,000	15,000
	2,00,000	50,000

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VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Vedang Cellular Services Private Limited
Notes to the financial statements for the period 1 April 2017 to 31st March 2018

27 Taxes

A Amount recognised in profit or loss

(Amount in INR)

Particulars	For the year ended 31 March 2018
Current tax:	
In respect of the current period	36,79,364
Deferred tax:	
Attributable to:	
Origination and reversal of temporary differences	(13,19,351)
Deferred tax related to previous period	(50,59,915)
Income tax expense reported in the Statement of Profit and Loss	**(26,99,902)**

B Income tax recognised in other comprehensive income

(Amount in INR)

Particulars	For the year ended 31 March 2018
Remeasurement of the net defined benefit liability/ asset	
Before tax	69,48,709
Tax (expense)/ benefit	(22,95,576)
Net of tax	**46,53,133**

C Reconciliation of effective tax rate

(Amount in INR)

Particulars	For the year ended 31 March 2018
	Amount
Profit before tax	69,20,141
Tax using the Company's domestic tax rate	22,88,006
Effect of:	
Income tax relating to items that will not be reclassified to profit or loss	(22,95,576)
Effective tax rate	**(7,569)**
Less: Impact on account of MAT credit	15,91,632.44
Less: Impact of account of change in rate of MAT vs normal tax rate	7,75,950.19
Less: Excess provision related to prior years	(50,59,915)
Income tax expense reported in the Statement of Profit and Loss	**(26,99,902)**

D The following tables provides the details of income tax assets and income tax liabilities as of 10 November 2017
Non-current tax assets (net)

(Amount in INR)

Particulars	As at 31 March 2018
Income tax assets	1,92,99,941
Income tax liabilities	-
Net income tax assets at the end of the year	1,92,99,941

*For current tax liabilities above, there is no legally enforceable right to set off against the non-current tax assets and accordingly disclosed separately.

E Deferred tax assets, net

Particulars	As at 31 March 2018
Deferred tax asset and liabilities are attributable to the following:	
Deferred tax:	
Provision on employee benefits- Gratuity	8,44,020
Provision on employee benefits- Compensated absences	3,63,147
Brought forward losses	-
Impairment on financial asset	3,40,242.06
Deffered tax on fixed assets	(36,27,326)
Net deferred tax liability	(20,79,917)

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VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Vedang Cellular Services Private Limited

Notes to the financial statements for the period 1 April 2017 to 31st March 2018

F Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

For the year ended 31 March 2018	Opening balance	Additions through business combinations	Recognized in profit or loss	Recognized in OCI
Deferred tax liability on:				
Excess of depreciation provided for in the books over the depreciation allowed under the Income tax laws	(48,84,461)	-	(12,57,135)	
Gross deferred tax liability	**(48,84,461)**		**(12,57,135)**	
Deferred tax assets on:				
Provision for employee benefits, compensated absences	37,80,768.75	-	2,78,026	-
Impairment on financial asset		-	(3,40,242.06)	-
Remeasurements gains / (losses) on defined benefit p	-	-	-	(22,95,575.51)
Brought forward losses		-	-	-
Gross deferred tax assets	**37,80,768.75**		**(62,216)**	**(22,95,575.51)**
Net deferred tax liability	**(11,03,693)**		**(13,19,351)**	**(22,95,575.51)**

G The Company does not have any on which deferred tax assets is created.

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VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Vedang Cellular Services Private Limited
Notes to the financial statements for the period 1 April 2017 to 31st March 2018

28 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 INR)

Particulars	Carrying amount	Fair value		
	31 March 2018	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	38,73,649	-	-	38,73,649
Trade receivables	22,09,10,543	-	-	22,09,10,543
Cash and cash equivalents including other bank balances	6,51,079	-	-	6,51,079
Other financial assets	1,93,355	-	-	1,93,355
Unbilled revenue	13,07,63,155	-	-	13,07,63,155
Total financial assets	**35,63,91,781**	-	-	**35,63,91,781**
Financial liabilities measured at amortised cost				
Trade payables	4,64,46,880	-	-	4,64,46,880
Current borrowings	12,51,91,255	-	-	12,51,91,255
Other financial liabilities	4,12,80,189	-	-	4,12,80,189
Total financial liabilities	**21,29,18,324**	-	-	**21,29,18,324**

(Amount in INR)

Particulars	Carrying amount	Fair value		
	31-Mar-17	Level 1	Level 2	Level 3
Financial assets measured at amortised cost				
Loans	26,04,907	-	-	26,04,907
Trade receivables	22,72,39,720	-	-	22,72,39,720
Cash and cash equivalents	10,64,461	-	-	10,64,461
Other financial assets	1,49,562	-	-	1,49,562
Unbilled revenue	5,63,60,633	-	-	5,63,60,633
Total financial assets	**28,74,19,284**	-	-	**28,74,19,284**
Financial liabilities measured at amortised cost				
Trade payables	8,28,11,989	-	-	8,28,11,989
Current borrowings	2,91,62,827			2,91,62,827
Other financial liabilities	3,43,19,961	-	-	3,43,19,961
Total financial liabilities	**14,62,94,778**	-	-	**14,62,94,778**

** The fair value of these financial instruments is determined by using level 3 inputs of the fair value hierarchy.*

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.

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:

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.

B Financial Liabilities:

Borrowings: It includes cash credit and overdraft facilities, working capital loan and bill discounting facilities. These short-term borrowings are classified and subsequently measured in the financial statements at amortized cost. Considering that the interest rate on the loan is reset on a monthly/quarterly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

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.

Vedang Cellular Services Private Limited
Notes to the financial statements for the period 1 April 2017 to 31st March 2018

29 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk

The Company's principal financial liabilities comprise loans and borrowings, Provisions, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Risk management framework

The Company's has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and current asset. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial asset represent the maximum credit exposure.

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 its customer. 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 credit worthiness 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.

At 31 March 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

Particulars	Period ended	
	31 March 2018	**31 March 2017**
India	22,20,03,641	22,72,39,720
	22,20,03,641	22,72,39,720

At 31 March 2018, the Company's most significant customer, a Nokia Solutions Services Pvt Ltd, accounted for Rs 10,97,66,787/- of the trade and other receivables carrying amount (31 March 2017 : Rs 11,82,12,373/-).

Expected credit loss assessment for corporate customers as at 31 March 2018 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 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 2018

(Amount in INR)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	10,07,26,521	0.12%	1,17,326.28	No	10,06,09,195
Past due 1–90 days	11,73,73,162	0.63%	7,45,144.09	No	11,66,28,018
Past due 91–180 days	37,41,148	4.28%	1,60,018.59	No	35,81,130
Past due 181–270 days	1,00,750	8.48%	8,547.58	No	92,202
Past due 271–360 days	-	29.47%	-	No	-
Above 360 days	62,062	100.00%	62,061.70	Yes	-
	22,20,03,643		**10,93,098**		**22,09,10,544**

As at 31 March 2017

(Amount in INR)

Particulars	Gross carrying amount	Expected credit loss rate	Expected credit losses	Whether receivable is credit impaired	Carrying amount of trade receivables
Not due	12,07,56,244	0.12%	1,40,657	No	12,06,15,586.77
Past due 1–90 days	10,29,09,227	0.63%	6,53,320	No	10,22,55,907.10
Past due 91–180 days	31,73,992	4.28%	1,35,760	No	30,38,231.72
Past due 181–270 days	3,15,997	8.48%	26,809	No	2,89,188.13
Past due 271–360 days	84,262	29.47%	24,831	No	59,430.99
Above 360 days		100.00%	-	Yes	-
	22,72,39,721.38		9,81,377		22,62,58,344.72

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Movement in allowance for impairment in respect of trade receivables:
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Particulars	0 31 March 2018	(Amount in INR) 31 March 2017
Balance as at the beginning of the year	9,81,377	-
Additions through business combination	-	-
Impairment loss allowances recognised/ (reversed)	1,11,722	9,81,377
Less: Amounts written off	-	-
Balance as at the end of the year	10,93,098	9,81,376.66

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Cash and cash equivalents includes investment in fixed deposits with banks.

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 deposit. 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 cash credit having interest rate of 1.20%+3m MCLR. These facilities are repayable on demand and are secured primarily by way of pari paasu 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 fixed assets of the Company including capital goods and capital work in progress excluding charge on vehicles both present and future of the Company.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	31 March 2018	(Amount in INR) 31 March 2017
Expiring within one year (cash credit and overdraft facilities)	12,51,91,255	2,72,26,653
Expiring within one year (bill discounting facility)	-	-

The table below provides details regarding the contractual maturities of significant financial liabilities as at 10 November 2017, 31 March 2017 and 1 April 2016. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018

(Amount in INR)

Particulars	Contractual cash flows				
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	12,51,91,255	12,51,91,255	-	-	-
Trade payables	4,64,46,880	4,64,46,880	-	-	-
Other financial liabilities	4,12,80,189	4,12,80,189	-	-	-
As at 31 March 2017					

As disclosed in note 16.1 and note 16.2, 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 not exposed to significant currency risk as the revenue and expenses are denominated only in Rupees.

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 includes cash credit facilities and bill discounting which carries variable rate of interest.

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:

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
Variable rate borrowings	12,51,91,255	2,91,62,827
Total borrowings	12,51,91,255	12,51,91,255

(b) Sensitivity

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31-Mar-18				
Variable rate borrowings	(1,56,99,043)	1,53,88,171	(1,05,08,939)	1,03,00,842
31-Mar-17				
Variable rate borrowings	(1,53,99,320)	1,50,94,382	(1,03,08,304)	1,01,04,180

30 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 2.50. The Company's adjusted net debt to equity ratio are as follows:

Particulars	As at 31 March 2018	(Amount in INR) As at 31 March 2017
Total liabilities	28,45,97,733	19,33,44,426
Less: Cash and cash equivalents	1,51,079	5,64,461
Adjusted net debt	28,44,46,654	19,27,79,964
Total equity	21,21,99,740	16,78,53,119
Total equity	21,21,99,740	16,78,53,119
Net debt to equity ratio	1.34	1.15

VEDANG CELLULAR SERVICES PRIVATE LIMITED ★ MUMBAI

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Vedang Cellular Services Private Limited

Notes to the financial statements for the period 1 April 2017 to 31st March 2018

The Company maintains the following line of credit:

(i) The Company has taken cash credit having interest rate of 1.20%+3m MCLR. These facilities are repayable on demand and are secured primarily by way of pari paasu 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 fixed assets of the Company including capital gooda and capital work in progress excluding charge on vehicles both present and future of the Company.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(Amount in INR)

Particulars	31 March 2018	31 March 2017
Expiring within one year (cash credit and overdraft facilities)	12,51,91,255	2,72,26,653
Expiring within one year (bill discounting facility)	-	-

The table below provides details regarding the contractual maturities of significant financial liabilities as at 10 November 2017, 31 March 2017 and 1 April 2016. The amounts are gross and undiscounted contractual cash flows and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2018

(Amount in INR)

Particulars		Contractual cash flows			
	Carrying amount	0-1 years	1-2 years	2-5 years	5 years and above
Borrowings	12,51,91,255	12,51,91,255	-	-	-
Trade payables	4,64,46,880	4,64,46,880	-	-	-
Other financial liabilities	4,12,80,189	4,12,80,189	-	-	-

As at 31 March 2017

As disclosed in note 16.1 and note 16.2, 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 not exposed to significant currency risk as the revenue and expenses are denominated only in Rupees.

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 includes cash credit facilities and bill discounting which carries variable rate of interest.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	12,51,91,255	2,91,62,827
Total borrowings	**12,51,91,255**	**12,51,91,255**

(b) Sensitivity

Particulars	Profit and loss		Equity, net of tax	
	1% Increase	1% decrease	1% Increase	1% decrease
31-Mar-18				
Variable rate borrowings	(1,56,99,043)	1,53,88,171	(1,05,08,939)	1,03,00,842
31-Mar-17				
Variable rate borrowings	(1,53,99,320)	1,50,94,382	(1,03,08,304)	1,01,04,180

30 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 2.50. The Company's adjusted net debt to equity ratio are as follows:

(Amount in INR)

Particulars	As at 31 March 2018	As at 31 March 2017
Total liabilities	28,45,97,733	19,33,44,426
Less: Cash and cash equivalents	1,51,079	5,64,461
Adjusted net debt	**28,44,46,654**	**19,27,79,964**
Total equity	21,21,99,740	16,78,53,119
Total equity	21,21,99,740	16,78,53,119
Net debt to equity ratio	**1.34**	**1.15**

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VEDANG CELLULAR SERVICES PRIVATE LIMITED MUMBAI

Consolidated Financial Statements of

BRAINHUNTER SYSTEMS LTD.

Year ended March 31, 2018

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Brainhunter Systems Ltd.

We have audited the accompanying consolidated financial statements of Brainhunter Systems Ltd., which comprise the consolidated balance sheet as at March 31, 2018, the consolidated statements of operations and deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brainhunter Systems Ltd. as at March 31, 2018, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 7, 2018
Vaughan, Canada

BRAINHUNTER SYSTEMS LTD.

Consolidated Balance Sheet

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 1,099,637	$ 875,878
Accounts receivable	11,222,885	11,440,248
Prepaid expenses (note 12)	481,464	324,529
	12,803,986	12,640,655
Non-current assets:		
Deposits	84,082	82,928
Deposits with government authorities (note 12)	347,391	–
Future tax asset (note 8)	550,872	–
Property and equipment (note 4)	517,448	622,863
	1,499,793	705,791
Total assets	$ 14,303,779	$ 13,346,446
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Bank indebtedness (note 5)	$ 9,302,472	$ 8,047,672
Accounts payable and accrued liabilities (note 6)	7,018,594	7,064,276
Due to related parties (note 7)	4,410,764	4,014,389
Deferred revenue	373,557	384,591
Income tax payable	264,956	–
	21,370,343	19,510,928
Non-current liabilities:		
Bank indebtedness (note 5)	706,860	2,002,000
Total liabilities	22,077,203	21,512,928
Shareholders' deficiency:		
Capital stock (note 9)	4,514,502	4,514,502
Deficit	(12,287,926)	(12,680,984)
	(7,773,424)	(8,166,482)
Economic dependence (note 1)		
Commitments (note 10)		
Total liabilities and shareholders' deficiency	$ 14,303,779	$ 13,346,446

See accompanying notes to consolidated financial statements.

BRAINHUNTER SYSTEMS LTD.

Consolidated Statement of Operations and Deficit

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue	$ 63,050,141	$ 68,487,622
Cost of sales	53,697,902	59,047,856
Gross margin	9,352,239	9,439,766
Expenses:		
Salaries and benefits	6,000,076	6,837,250
Office and general	2,073,494	2,262,582
	8,073,570	9,099,832
Income before the undernoted items	1,278,669	339,934
Other expenses:		
Amortization of property and equipment (note 4)	201,985	212,041
Interest expense (notes 5 and 7)	655,545	400,595
Financing costs	68,319	194,013
Loss on foreign exchange	45,861	33,929
	971,710	840,578
Income (loss) before income taxes	306,959	(500,644)
Income taxes (recovery):		
Current (note 8)	464,773	–
Future (note 8)	(550,872)	–
	(86,099)	–
Net income (loss)	393,058	(500,644)
Deficit, beginning of year	(12,680,984)	(12,180,340)
Deficit, end of year	$ (12,287,926)	$ (12,680,984)

See accompanying notes to consolidated financial statements.

BRAINHUNTER SYSTEMS LTD.

Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Net income (loss)	$ 393,058	$ (500,644)
Items not involving cash:		
Amortization of property and equipment	201,985	212,041
Future tax recovery	(550,872)	–
Accrued interest on bank indebtedness	36,860	33,351
Accrued interest on loans from related parties	101,414	58,698
Change in non-cash operating working capital:		
Accounts receivable	217,363	1,113,069
Prepaid expenses	(156,935)	(130,912)
Deposits	(1,154)	(9,802)
Accounts payable and accrued liabilities	(45,682)	(986,938)
Income tax payable	264,956	–
Deferred revenue	(11,034)	211,477
	449,959	340
Financing activities:		
Decrease bank indebtedness	(77,200)	(731,455)
Loans from related parties	294,961	2,037,826
	217,761	1,306,371
Investing activities:		
Purchase of property and equipment	(96,570)	(705,681)
Proceeds from maturity of term deposits	45,000	45,000
Investment in term deposits	(45,000)	(45,000)
Deposits with government authorities	(347,391)	–
	(443,961)	(705,681)
Increase in cash and cash equivalents	223,759	601,030
Cash and cash equivalents, beginning of year	875,878	274,848
Cash and cash equivalents, end of year	$ 1,099,637	$ 875,878
Supplemental cash flow information:		
Interest paid on bank indebtedness	$ 517,271	$ 308,546
Income taxes paid	199,731	–

See accompanying notes to consolidated financial statements.

Nature of operations:

The operations of Brainhunter Systems Ltd. (the "Company") primarily consists of staffing and consulting services in the information technology and engineering sectors. The Company was incorporated on October 2, 2009 under the Ontario Business Corporations Act.

Pursuant to a share purchase agreement dated September 17, 2014, Quess Corp Limited ("Quess" or the "Parent"), acquired 7,000,100 common shares of Zylog Systems (Canada) Ltd., representing all the issued and outstanding shares. Subsequent to the acquisition described above, the Company changed its legal name to Brainhunter Systems Ltd.

1. Economic dependence:

Quess has provided an unconditional commitment to provide financing to the Company during the period April 1, 2018 through March 31, 2019 to ensure that the Company will continue to have sufficient funding to satisfy its obligations as they come due and operate as a going concern during this period. As a result, these consolidated financial statements have been prepared on the basis that the Company will continue to be a going concern and has therefore continued to apply the going concern basis of accounting to the consolidated financial statements.

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), and are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements include all the accounts of the Company and its wholly owned subsidiaries, Mindwire Systems Ltd. and Brainhunter Companies LLC. All intercompany transactions and balances have been eliminated upon consolidation.

2. Significant accounting policies (continued):

(b) Property and equipment:

Property and equipment are recorded at cost. Amortization is provided annually on a straight-line basis over their estimated useful lives using the following annual rates:

Computer equipment	30%
Office furniture and fixtures	20%
Computer software	100%
Leasehold improvements	Term of lease

(c) Revenue recognition:

Revenue is generated from information technology and engineering staffing and consulting services.

Revenue from staffing services includes temporary and permanent placement fees. Revenue from temporary placement fees are recognized once the services have been rendered, collection is reasonably assured, and all significant obligations have been fulfilled. Revenue from permanent placement fees are based on a percentage of annual salaries and are recognized once the employees have been placed, collection is reasonably assured, and all significant obligations have been fulfilled.

The Company enters into contracts with customers to complete software consulting projects. Customer billings are prepared monthly based on hours worked and agreed rates, at which time revenue is recognized. To a significantly lesser degree, certain other contracts are fixed price, for which revenue is recorded monthly using the percentage-of-completion basis, whereby revenue is recorded at the estimated net realizable value of the work completed to date.

The Company earns revenue from software licenses for in-house developed software that is deferred and recognized over the term of the license. Software customization revenue is recognized in the year the customization is completed.

2. Significant accounting policies (continued):

(d) Deferred financing costs:

Financing costs relating to the long-term debt and bank indebtedness are deferred and amortized using the effective interest method over the expected term of the corresponding loans. As the loans are repaid, the corresponding financial costs are charged to net income. Deferred financing costs are presented under bank indebtedness and long-term debt in the consolidated balance sheet and the related amortization under financing costs in the consolidated statement of operations and deficit.

(e) Income taxes:

The Company accounts for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined by reference to the temporary differences between carrying values and the tax basis of assets and liabilities. The future income tax assets or liabilities are measured using the income tax rates and laws that are anticipated to apply when these differences are expected to be recovered or settled. Future income tax assets are recognized to the extent that realization of such benefits are considered more likely than not. The effect on future income tax assets and liabilities of a change in income tax rates is recognized into net income in the year that includes the enactment date.

(f) Use of estimates:

The preparation of consolidated financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(i) Allowance for doubtful accounts:

The Company makes a provision to allow for potentially uncollectible amounts owed from customers. The allowance is reviewed by management periodically based on an analysis of the age of the outstanding accounts receivable. At March 31, 2018, an allowance of $57,630 (2017 - $77,123) has been included in the consolidated balance sheet.

2. Significant accounting policies (continued):

(ii) Accrued liabilities:

Accrued liabilities, including those pertaining to commissions, bonuses and professional fees are established by management based on their best estimate of the actual obligation. Management believes that the estimates used in establishing these accrued liabilities are accurate.

(iii) Impairment of assets:

Property and equipment, goodwill and intangible assets are tested for impairment for each business unit should an event or circumstance indicate that their fair value has fallen below their carrying value. Should any negative variances occur in the comparison, an impairment representing the excess is made to the goodwill and then to intangible assets.

(iv) Income taxes:

The Company estimates its Canadian federal income taxes based on interpretation of tax rules and regulations. The Company is also subject to audits from the Canada Revenue Agency and the outcome of such audits may differ from original estimates. Management believes that a sufficient amount has been accrued for income taxes.

(g) Foreign currency translation:

Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the consolidated balance sheet date. Property and equipment and related amortization are translated at rates prevailing at the dates of acquisition. Revenue and expenses, other than amortization, are translated at the average rate of exchange in effect during the month that the transaction occurred. All exchange gains and losses are recognized in the current year's net income.

2. Significant accounting policies (continued):

(h) Intangible assets and goodwill:

The Company classifies intangible assets, obtained through acquisitions or developed internally, as definite-lived and indefinite-lived intangible assets, as well as goodwill. Definite-lived intangibles are amortized on a straight-line basis over the asset's useful life while indefinite-lived intangibles and goodwill are not amortized but are tested for impairment annually, or more frequently, if events or circumstances indicate that they might be impaired. The impairment test consists of allocating indefinite-lived intangibles and goodwill to reporting units and then comparing the book value of the reporting units, including indefinite-lived intangibles and goodwill, to their fair values. The Company determines fair value by using discounted future cash flows for reporting units. The excess of carrying value over fair value, if any, is recorded as an impairment charge to the consolidated statement of operations and deficit in the year in which the impairment is determined. Subsequent reversals of impairment are prohibited.

(i) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months from the date of acquisition.

(j) Related party transactions:

Monetary-related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

3. Cash and cash equivalents:

	2018	2017
Cash	$ 1,054,637	$ 830,878
Term deposits, bearing interest at 0.45% per annum	45,000	45,000
	$ 1,099,637	$ 875,878

At year end, the carrying value of cash and cash equivalents approximated fair market value due to the short-term nature of the investments.

4. Property and equipment:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 1,162,025	$ 1,076,364	$ 85,661	$ 62,593
Office furniture and fixtures	413,305	327,353	85,952	102,256
Computer software	204,587	204,587	–	39,878
Leasehold improvements	723,942	378,107	345,835	418,136
	$ 2,503,859	$ 1,986,411	$ 517,448	$ 622,863

The amortization of property and equipment totaled $201,985 in 2018 (2017 - $212,041).

5. Bank indebtedness:

	2018	2017
ICICI Bank of Canada working capital credit facility, bearing interest at the Canadian Dealer Offered Rate ("CDOR") plus 3.00% (2017 - 2.25%)	$ 7,970,472	$ 6,715,672
ICICI Bank of Canada term loan, bearing interest at CDOR plus 3.75% (2017 - 2.50%)	2,038,860	3,334,000
	10,009,332	10,049,672
Less current portion	9,302,472	8,047,672
	$ 706,860	$ 2,002,000

5. Bank indebtedness (continued):

On October 15, 2015, the Company completed the refinancing of its prior credit facility with ICICI Bank of Canada and signed an amendment to its working capital credit facility agreement. The outstanding bank indebtedness was refinanced to include the following two facilities: (a) a $4,000,000 term loan facility and (b) a $6,700,000 working capital facility. Interest on the term loan facility was payable quarterly at a rate of 2.50% plus CDOR per annum, increasing by 0.25% per annum commencing six months from the date of the refinancing and, thereafter, at the beginning of each subsequent three-month period. Quarterly principal repayments on the term loan facility of $333,000 commenced on December 1, 2016. Interest on the working capital facility was payable monthly at a rate of 2.25% plus CDOR per annum, increasing by 0.25% per annum commencing six months from the date of the refinancing and, thereafter, at the beginning of each subsequent three-month period. The working capital facility must be repaid 12 months after the date of the refinancing unless extended by ICICI Bank of Canada.

On November 10, 2016, the Company amended its existing facility with ICICI Bank of Canada. As part of the amendment, the term for the working capital facility was extended to January 31, 2017. Under the amendment, interest on the working capital facility is payable monthly at a rate of 2.25% plus CDOR per annum and interest on the term loan is payable quarterly at a rate of 2.5% plus CDOR per annum.

On May 30, 2017, the Company amended its existing facility with ICICI Bank of Canada. As part of the amendment, the term for the working capital facility was extended from January 31, 2017 to January 31, 2018.

On July 25, 2017, the Company amended its existing facility with ICICI Bank of Canada. As part of the amendment, working capital facility limit was increased to $8,800,000. Under the amendment, interest on the working capital facility is payable monthly at a rate of 3.00% plus CDOR per annum and interest on the term loan is payable quarterly at a rate of 3.75% plus CDOR per annum.

On January 31, 2018, the Company amended its existing facility with ICICI Bank of Canada. As part of the amendment, the term for the working capital facility was extended from January 31, 2018 to July 31, 2018.

5. Bank indebtedness (continued):

On April 30, 2018, the Company signed a 'Temporary Waiver and Consent' (the "Waiver") with ICICI Bank of Canada. ICICI Bank of Canada agreed to temporarily relax the Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") to net financial charges ratio from greater than or equal to 3 to 1, to greater than or equal to 1.5 to 1 for the period from April 1, 2017 to September 30, 2018. Long-term debt to EBITDA ratio which should not exceed 2.5:1 remains unchanged and is not impacted by the Waiver. Following receipt of the Waiver, the Company was in compliance with all financial covenants as at March 31, 2018. The Waiver shall expire on December 31, 2018.

There have been no events of default under the ICICI Bank of Canada term loan and working capital facilities agreement as at March 31, 2018. Quess Corp Limited and Quess Corp (USA) Inc. are parent guarantors to the ICICI Bank of Canada arrangement.

During the year ended March 31, 2018, the Company recognized $554,131 (2017 - $341,897) in interest expense on the facilities.

6. Accounts payable and accrued liabilities:

	2018	2017
Trade and accrued liabilities	$ 6,415,450	$ 3,646,304
Salaries and commissions payable	603,144	3,417,972
	$ 7,018,594	$ 7,064,276

Included in accounts payable and accrued liabilities as at March 31, 2018 are government remittances payable of $55,046 (2017 - $104,429) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

7. Due to (from) related parties:

The following balances are due on demand:

	2018	2017
Fairfax Financial Holdings Ltd., bearing interest at 3.00% per annum (2017 - 3.00%)	$ 1,049,591	$ 1,022,591
Quess Corp (US) Inc., bearing interest between 2.42% and 7.54% per annum (2017 - 2.42%)	2,752,297	2,452,027
MFX, bearing interest at nil per annum (2017 - nil)	663,139	597,742
Quess Corp - India	(54,263)	(52,000)
Other	–	(5,971)
	$ 4,410,764	$ 4,014,389

The balances payable to FairFax Financial Holdings Ltd. of $1,049,591 (2017 - $1,022,591), MFX of $663,139 (2017 - $597,742) and Quess Corp (US) Inc. of $2,752,297 (2017 - $2,452,027) represent funds received to support the Company's operating activities. The amounts receivable from Quess Corp - India in the amount of ($54,263) (2017 - ($52,000)), represent debit notes issued for the expenses incurred on behalf of Quess Corp - India. All of the related party balances are recorded at their carrying amounts.

During the year ended March 31, 2018, the Company recognized $101,414 (2017 - $58,698) in interest expense on the amounts due to related parties.

8. Income taxes:

The Company pays income taxes at a statutory rate of 26.5% (2017 - 26.5%). The difference between the Company's reported income tax expense on operating income and the expense that would otherwise result with the application of the applicable rate is as follows:

	2018	2017
Income (loss) before income taxes	$ 306,959	$ (500,644)
Expected provision for (recovery of) income taxes	$ 81,344	$ (132,031)
Increase (decrease) in income taxes resulting from:		
Permanent differences	10,132	12,113
Impact of U.S. tax rate change on deferred tax assets	325,533	–
Change in valuation allowance	(726,421)	333,920
Book-to-return differences	199,731	(172,580)
Tax rate differential in foreign subsidiary	(27,247)	(48,948)
Other	50,829	7,526
Income tax recovery	$ (86,099)	$ –

As at March 31, 2018, the Company has $2,593,889 of future tax assets before any valuation allowance. As at March 31, 2018, the Company recognized a future tax asset of $550,872 related to one of its subsidiaries, as it was determined to be more likely than not to recognize these future tax assets. The remaining balance of $2,043,017 of future tax assets has not been recognized as the future realization of these income tax assets did not meet the test of being more likely than not to occur. A summary of the future tax assets at March 31, 2018 is as follows:

	2018	2017
Future income tax assets (liabilities):		
Non-capital losses	$ 2,000,031	$ 2,711,410
Property and equipment	514,599	(38,684)
Sub-lease inducement	49,668	55,454
Other temporary differences	29,591	41,258
	2,593,889	2,769,438
Less valuation allowance	2,043,017	2,769,438
Net future income tax asset	$ 550,872	$ –

8. Income taxes (continued):

As at March 31, 2018, the Company has non-capital losses in Canada and the U.S. which can be used to reduce taxable income of future years. The potential tax benefit of these losses/costs has not been recorded in the consolidated financial statements. These losses are set to expire as follows:

Canada:

2034	$ 964,489
2035	486,996
2036	2,619,897
2037	1,146,245
2038	403,531
	$ 5,621,158

United States:

2033	$ 61,229
2034	267,246
2036	780,536
2037	780,362
2038	491,650
	$ 2,381,023

9. Capital stock:

	2018	2017
Authorized:		
Unlimited common shares		
Issued:		
14,300,100 common shares	$ 4,514,502	$ 4,514,502

10. Commitments:

The Company has entered into leases for office space. As at March 31, 2018, the Company has contractual obligations for basic rent payments as follows:

2019 - 2022	$ 1,393,638
2023 and thereafter	883,370
	$ 2,277,008

11. Financial risks and concentration of risk:

Financial instruments are initially recorded at fair value. Financial instruments that are short-term investments are written down when their carrying amounts exceed their quoted market values. All other financial instrument assets are written down when their carrying amounts exceed their estimated market values and this condition is expected to be other than temporary.

The Company's financial instruments recognized in the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, due to related parties, accounts payable and accrued liabilities and bank indebtedness. The fair values of cash and cash equivalents, accounts receivable, due to related parties, accounts payable and accrued liabilities approximate their recorded amounts due to the short-term receipt or payment of cash or determinable cash flow streams. The carrying value of the bank indebtedness approximates fair value because the interest rates approximate market rates.

(a) Credit risk:

The Company grants credit to its customers in the normal course of business. The consolidated financial statements take into account an allowance for bad debts. The Company is exposed to credit risk from their customers but the concentration of the risk is minimized because of the large customer base. There has been no change to the risk exposure from fiscal 2017.

(b) Interest rate risk:

The Company is financed through bank debt which bears interest at rates tied to the Canadian bankers' acceptance rates. Consequently, the Company is exposed to the risk of increases in the bankers' acceptance rates. There has been no change to the risk exposure from fiscal 2017.

11. Financial risks and concentration of risk (continued):

(c) Foreign exchange risk:

The Company carries out some transactions in U.S. dollars and, as such, is exposed to fluctuations in exchange rates. Approximately 6% of the Company's sales and purchases are in U.S. dollars (2017 - 2%). The Company has not entered into derivative instruments to mitigate these risks. During the year ended March 31, 2018, the Company recorded a foreign exchange loss of $45,861 (foreign exchange loss in 2017 - $33,929). There has been no change to the risk exposure from fiscal 2017.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk mainly with respect to its bank indebtedness. Refer to note 1 on the Company's economic dependence on Quess. There has been no change to the risk exposure from fiscal 2017.

12. Contingencies:

On November 10, 2016, the Company received a Notice of Assessment from the Canada Revenue Agency ("CRA") regarding its disagreement with amounts deducted by the Company within its October 22, 2014 income tax return of one of its subsidiaries. The Notice of Assessment, which includes imposed penalties, is for approximately $386,000, including interest. In the opinion of management, this assessment was without substantial merit and the Company filed a notice of objection in relation to the assessment. No provision was recorded as at March 31, 2018 (2017 - nil). As required by the CRA upon filing the notice of objection, the Company made certain prepayments to the CRA totaling $385,948 which has been recorded in prepaid expenses in the consolidated balance sheet at March 31, 2018. On April 17, 2018, subsequent to year-end, the Company was notified by the CRA that the notice of objection has been reviewed and the appeals division proposed to allow the Company's objection to the penalty provision in full. As a result, the amounts remitted will be refunded.

12. Contingencies (continued):

On December 13, 2016, the Company received a Notice of Assessment from the Ontario Ministry of Finance regarding an employer health tax audit related to calendar years 2012 to 2015. The amount in the Notice of Assessment is $576,118. In the opinion of management, this assessment is without substantial merit and the Company filed a Notice of Objection on June 7, 2017. Subsequent to filing the Notice of Objection, the Company entered into a compliance arrangement with the Ontario Ministry of Finance. Under this compliance agreement, the Company has agreed to remit the amount owing over an 18-month period while the objection is being reviewed. As at March 31, 2018, the Company has remitted payments totaling $347,391 (2017 - nil), which has been recorded as a deposit with government authorities on the consolidated balance sheet. The Company believes on the likelihood of success on the appeal on a "more likely than not" basis and therefore no provision has been recorded at March 31, 2018.

COMTEL SOLUTIONS PTE. LTD.

(Co. Reg. No.: 199801439D)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Joe Tan & Associates PAC
Chartered Accountants

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COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The directors are pleased to present their statement to the members together with the audited financial statements of Comtel Solutions Pte Ltd (the "Company") for the financial year ended 31 March 2018.

1. OPINION OF THE DIRECTORS

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Gopal Vasudev
Subrata Kumar Nag
Ajit Abraham Isaac

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial period was a company a party to any arrangement of which the object was to enable the directors of the Company to acquire benefits through the acquisition of share in, or debentures of, the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the company holding office at the end of the financial year had no interest of the share capital or debentures of the company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Cap. 50, except as follows:

Name of directors and companies In which interest are held	Shareholdings in the name of directors	
	As at 01.04.2017	As at 31.03.2018
	(No. of ordinary shares)	
The Company – Comtel Solutions Pte. Ltd.		
Gopal Vasudev	180,000	180,000
Subrata Kumar Nag	-	-
Ajit Abraham Isaac	-	-
The Ultimate Holding Company – Quess Corp. Limited.		
Gopal Vasudev	-	-
Subrata Kumar Nag	-	-
Ajit Abraham Isaac	18,585,960	17,585,960

5. **SHARES OPTIONS**

There were no options granted by the Company during the financial year.

There were no shares issued during the financial year by virtue of any exercise of option to take up unissued shares of the Company.

There were no unissued shares of the Company under shares option as at the end of the financial year.

6. **INDEPENDENT AUDITORS**

The auditors, **JOE TAN & ASSOCIATES PAC,** Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as Auditors.

On behalf of the Board of Directors,

Gopal Vasudev
Director

Subrata Kumar Nag
Director

Singapore

05 MAY 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMTEL SOLUTIONS PTE LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Comtel Solutions Pte Ltd (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement [set out on pages 1 to 2].

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Incorporated with Limited Liability Regn No. 200801266N

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Joe Tan & Assoc PAC

JOE TAN & ASSOCIATES PAC
Public Accountants and
Chartered Accountants

Singapore

0 5 MAY 2018

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COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 S$	2017 S$
ASSETS			
Non-current assets:			
Investment in subsidiary	4	1	-
Plant and equipment	5	-	-
Total non-current assets		1	-
Current assets:			
Trade and other receivables	6	21,934,900	17,792,710
Cash and cash equivalents	7	8,516,368	7,681,267
Total current assets		30,451,268	25,473,977
TOTAL ASSETS		30,451,269	25,473,977
EQUITY AND LIABILITIES			
Equity:			
Share capital	8	500,000	500,000
Retained earnings		21,235,038	15,345,252
Equity attributable to owners of the company		21,735,038	15,845,252
Current liabilities:			
Trade and other payables	9	7,464,024	8,058,293
Income tax payable		1,252,207	1,570,432
Total current liabilities		8,716,231	9,628,725
TOTAL EQUITY AND LIABILITIES		30,451,269	25,473,977

The accompanying notes form an integral part of these financial statements.

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S$	2017 S$
Revenue	10	89,625,954	95,850,434
Cost of services		(79,884,919)	(83,610,807)
Gross Profit		9,741,035	12,239,627
Other operating income	11	336,613	282,935
Administrative expenses		(3,019,009)	(4,126,105)
Profit before income tax	13	7,058,639	8,396,457
Income tax expense	14	(1,168,853)	(1,393,434)
Profit after income tax		5,889,786	7,003,023
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:-			
- Foreign currency translation		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Other comprehensive income(loss), net of tax		-	-
Total comprehensive income for the year		5,889,786	7,003,023

The accompanying notes form an integral part of these financial statements.

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Share capital S$	Retained earnings S$	Total S$
Balance at 1 April 2017		500,000	15,345,252	15,845,252
Profit for the year, representing total comprehensive income for the year		-	5,889,786	5,889,786
Balance at 31 March 2018		500,000	21,235,038	21,735,038
Balance at 1 April 2016		500,000	9,812,229	10,312,229
Profit for the year, representing total comprehensive income for the year		-	7,003,023	7,003,023
Dividend	15	-	(1,470,000)	(1,470,000)
Balance at 31 March 2017		500,000	15,345,252	15,845,252

The accompanying notes form an integral part of these financial statements.

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S$	2017 S$
Cash flows from operating activities			
Profit after income tax		5,889,786	7,003,023
Adjustments for:			
Depreciation of plant and equipment		38,570	11,534
Income tax expense		1,168,853	1,393,434
		7,097,209	8,407,991
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		(4,142,191)	1,303,161
(Decrease)/Increase in trade and other payables		(264,615)	3,538,692
Cash generated from from operations		2,690,403	13,249,844
Income tax paid		(1,497,078)	(738,076)
Income tax refund		10,000	131,833
Net cash generated from from operating acivities		1,203,325	12,643,601
Cash flows from investing activity			
Purchase of plant and equipment		(38,570)	(11,534)
Net cash used in investing activity		(38,570)	(11,534)
Cash flows from financing activities			
Repayment of amount due to director		(302,736)	(6,368,968)
Repayment of amount due to shareholder		(26,918)	-
Repayment of amount due to related party		-	(120,107)
Increase in banker's guarantee		(18,732)	-
Dividend paid		-	(1,470,000)
Net cash used in financing activities		(348,386)	(7,959,075)
Net increase in cash and cash equivalents		816,369	4,672,992
Cash and cash equivalents at the beginning of year		7,681,267	3,008,275
Cash and cash equivalents at the end of year	7	8,497,636	7,681,267

The accompanying notes form an integral part of these financial statements.

1. GENERAL

The Company is a private company limited by shares and is incorporated and domiciled in the Republic of Singapore.

The Company's immediate holding company is Quesscorp Holdings Pte. Ltd., incorporated in Singapore.

The Company's ultimate holding company is Quesscorp Holdings Limited, incorporated in India.

The registered office and principal place of business of the Company is located at 10 Hoe Chiang Road #15-02, Keppel Towers, Singapore 089315.

The principal activities of the Company are those of providing general (non IT) staffing services. There are no significant changes in the nature of these activities during the financial period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared in accordance with the provision of Singapore Companies Act, Cap.50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S$), which is the Company's functional currency.

ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any material effect on the financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

The following standards that have been issued but not yet effective are as follows:

Reference	Description	Effective for annual periods beginning on or after
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109	Financial Instruments	1 Jan 2018
Amendments to FRS 7	Disclosure Initiative	1 Jan 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115	Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019
Amendments to FRS 102	Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018
Amendments to FRS 40	Transfers of Investment Property	1 Jan 2018
Amendments to FRS 109	Financial instruments	1 Jan 2018
Amendments to FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2019
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 Jan 2019

Except for FRS 115, FRS116 and FRS109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS116 and FRS109 are described below.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will likely result in changes to the accounting policies relating to the Company's leases. Management does not intend to early adopt FRS 116, which is effective from financial year beginning 1 January 2019 and will perform a detailed assessment of the possible impact of implementing FRS 116 before its implementation date.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement
Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Company can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

FRS 109 *Financial Instruments - continued*

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FINANCIAL INSTRUMENTS

(a) Financial assets

Initial recognition and measurement
Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company has the following non-derivative financial assets: loans and receivables.

Subsequent measurement

Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalent comprise cash at banks and on hand.

De-recognition
A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FINANCIAL INSTRUMENTS – CONTINUED

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost
After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

De-recognition
A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

EFFECTIVE INTEREST METHOD
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fee on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

PLANT AND EQUIPMENT
All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

PLANT AND EQUIPMENT – CONTINUED

Depreciation is calculated using straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

		Useful lives
Office equipment	-	3 years
Computer	-	1 year
Renovation	-	1 year

Fully depreciated assets are retained in the business until they are no longer in use. Newly acquired assets below S$38,570, or a total of S$38,570 are amortised in one year.

The carrying value of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal of when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

INVESTMENT IN SUBSIDIARY

The investment in subsidiary is carried at cost less any accumulated allowance for impairment. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

CONSOLIDATION

The company did not consolidate the accounts of its subsidiary due to the exemption under FRS110 Consolidated Financial Statements as follows:

a) it is wholly owned subsidiary of another entity:
b) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the counter market, including local and regional markets):
c) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market: and
d) its ultimate produces consolidated financial statements that are available for public use.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF NON-FINANCIAL ASSETS – CONTINUED

Impairment losses are recognised in profit or loss, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes that asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

CASH AND CASH EQUIVALENTS

Cash and bank balances in the statement of financial position comprise cash on hand and bank which are subject to insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

PROVISIONS

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax that reflected, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

(a) **Defined contribution plans**

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

(a) **Rendering of services**

Revenue from services are recognised when consultancy services are rendered and accepted by the customers.

(b) **Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

TAXES

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

TAXES – CONTINUED

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

RELATED PARTIES

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint venture of the same third party.
(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii)The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deduct against share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

DIVIDENDS

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting when these dividends have been approved by the shareholders and declared, they are recognised as liability.

Interim dividends are simultaneously proposed and declared because the articles of association of the Company grant the directors the authority to declare interim dividends consequently interim dividends are recognised as a liability when they are proposed and declared.

OPERATING LEASES AS LESSEE

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

OPERATING LEASES AS LESSOR

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

3. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgement made in applying accounting policies

(i) Determination of functional currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the current that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's plant and equipment as at 31 March 2018 was S$Nil (2017: S$Nil).

3. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS – CONTINUED

(b) Key sources of estimation uncertainty – continued

(ii) Impairment of plant and equipment

The plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The Company assesses impairment of these assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of these assets is estimated to determine the impairment loss. The Company evaluates the recoverable amount of these assets based on the net present value of future cash flows (value in use) derived from such assets using cash flow projections which have been discounted at an appropriate rate.

As at 31 March 2018, no allowance for impairment loss of the plant and equipment was made as the recoverable amount was in excess of the carrying amount.

(iii) Allowance for trade and other receivables

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 March 2018 were S$21,987,821 (2017: S$17,792,710).

(iv) Provision for income taxes

The Company recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Company's income tax payable as at 31 March 2018 was S$1,252,207 (2017: S$1,570,432).

4. INVESTMENT IN SUBSIDIARY

Investment in subsidiary company

	2018 S$	2017 S$
Unquoted investments		
Equity shares, at cost	1	-
Accumulated impairment losses	-	-
	1	-
Movement in the allowance for impairment loss are as follows:		
At beginning of financial year	-	-
Impairment made	-	-
At end of financial year	-	-

The details of the subsidiary held by the Company are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity held by the Company		Cost of investment	
			2018 %	2017 %	2018 S$	2017 S$
Held by the Company:						
Comtelink Sdn. Bhd. *	Provide consultancy services	Malaysia	100%	-	1	-

* Audited by Selva & Associates Chartered Accountants (Malaysia).

5. PLANT AND EQUIPMENT

	Office Equipment S$	Computers and Software S$	Renovation S$	Total S$
Cost:				
As at 01.04.2016	888	108,467	-	109,355
Additions	-	11,534	-	11,534
As at 31.03.2017	888	120,001	-	120,889
Additions	-	-	38,570	38,570
As at 31.03.2018	888	120,001	38,570	159,459
Accumulated depreciation:				
As at 01.04.2016	888	108,467	-	109,355
Depreciation	-	11,534	-	11,534
As at 31.03.2017	888	120,001	-	120,889
Depreciation	-	-	38,570	38,570
As at 31.03.2018	888	120,001	38,570	159,459
Net carrying value:				
As at 31.03.2018	-	-	-	-
As at 31.03.2017	-	-	-	-

6. TRADE AND OTHER RECEIVABLES

	2018 S$	2017 S$
Trade receivables:		
- Fellow subsidiary	147,192	-
- Third party	13,047,287	16,731,657
Unbilled revenue	7,971,864	423,819
	21,166,343	17,155,476
Other receivables:		
- Deposits with bank	-	11,220
- Deposits - others	76,959	76,959
- Prepayment	61,805	90,408
- Advances to employees	314,639	271,289
- Amount due from related parties	220,469	112,913
- MOM – Government grant	90,365	74,447
- Other receivables	4,320	-
	768,557	637,234
	21,934,900	17,792,710

6. TRADE AND OTHER RECEIVABLES – CONTINUED

Trade receivables are unsecured, non-interest bearing and are generally settled on 30 to 90 (2017: 30 to 90) days term.

Unbilled revenue refers to services being rendered but not yet billed to customers.

The deposits with bank represents banker's guarantee to third parties and it is interest free.

Related parties comprise of companies which are controlled or significantly influenced by the Company's directors.

The other receivables are non-trade in nature, unsecured, interest free and has no fixed term of repayment.

The amount due from related parties and advances to employees are non-trade in nature, unsecured, interest free and has no fixed term of repayment.

There is no other class of financial assets that is past due and/or impaired except for trade receivable.

Trade receivables that are past due but not impaired

The Company had trade receivables amounting to S$6,678,588 (2017: S$8,643,686) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2018 S$	2017 S$
Trade receivables past due but not impaired:		
Lesser than 30 days	3,795,102	4,641,904
31 – 60 days	1,223,554	2,174,894
More than 61 days	1,659,932	1,826,888
	6,678,588	8,643,686

The carrying amounts of trade and other receivables approximate its fair value.

Trade and other receivables are denominated in Singapore dollar.

7. CASH AND CASH EQUIVALENTS

	2018 S$	2017 S$
Cash in hand	399	368
Cash at bank	8,497,237	7,680,899
Banker's guarantee	18,732	-
	8,516,368	7,681,267

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	2018 S$	2017 S$
Cash in hand	399	368
Cash at bank	8,497,237	7,680,899
Banker's guarantee	18,732	-
	8,516,368	7,681,267
Less: banker's guarantee pledged	(18,732)	-
	8,497,636	7,681,267

The banker's guarantee has a maturity term of 2 to 17 months (2017: Nil) from the end of the financial year and it is interest free.

The carrying amounts of cash and cash equivalents approximate their fair values.

The cash and cash equivalents are denominated in Singapore dollar.

8. SHARE CAPITAL

	2018 S$	2017 S$
Issued and fully paid, without par value:		
500,000 (2017: 500,000) ordinary shares	500,000	500,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

9. TRADE AND OTHER PAYABLES

	2018 S$	2017 S$
Trade payables:		
- Third parties	-	-
Sub-Contractor payables	670,864	406,785
	670,864	406,785
Other payables:		
- Salaries, CPF and FWL payables	4,325,460	4,678,052
- Deferred revenue	913,706	539,223
- Accruals	33,167	36,285
- Amount due to director	-	329,655
- Amount due to holding company	1	-
- Provision for incentives	27,727	-
- GST payables	1,493,099	2,068,293
	6,793,160	7,651,508
	7,464,024	8,058,293

Trade payables are non-interest bearing and are generally settled on 30 to 90 (2017: 30 to 90) days' term.

Deferred revenue comprises amounts billed to customers in respect of services to be rendered in future periods.

Other payables are non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

The amount due to director and holding company are unsecured, non-trade in nature, interest-free and repayable on demand.

The carrying amount of trade and other payables approximate their fair values.

Trade and other payables are denominated in the following currencies:

	2018 S$	2017 S$
Hong Kong dollar	109,779	-
Singapore dollar	7,354,245	8,058,293
	7,464,024	8,058,293

10. REVENUE

	2018 S$	2017 S$
Service Rendered	89,625,954	95,850,434

11. OTHER OPERATING INCOME

	2018 S$	2017 S$
Government grants	254,903	282,635
Other income	9,710	300
Rental income	72,000	-
	336,613	282,935

12. EMPLOYEE BENEFITS

	Note	2018 S$	2017 S$
Key management compensation:			
Director's remuneration & allowance	17	360,000	533,602
Staff costs:			
- Salaries and bonuses		2,125,587	2,485,173
- Staff amenities		29,740	5,108
- CPF contribution		87,854	78,484
		2,243,181	2,568,765
		2,603,181	3,102,367

13. PROFIT BEFORE INCOME TAX

	Note	2018 S$	2017 S$
Profit before taxation has been arrived at after charging:			
Depreciation on plant and equipment	5	38,570	11,534
Employee benefits	12	2,603,181	3,102,367
Office rental	16	216,976	240,190

14. INCOME TAX EXPENSE

The major components of income tax expense recognised in profit or loss for the financial period ended 31 March 2018 and 31 March 2017 were:

	2018 S$	2017 S$
Income tax expense:		
- Current year	1,168,853	1,393,434

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period ended 31 March 2018 and 31 March 2017 were as follows:

	2018 S$	2017 S$
Profit before income tax	7,058,639	8,396,457
Tax at the statutory tax rate at 17% (2017: 17%)	1,199,968	1,427,398
Tax effect on non-deductible expenses	439	1,961
Statutory stepped income exemption	(25,925)	(25,925)
Corporate tax rebate	(10,000)	(10,000)
Deferred tax asset not recognised	4,371	-
	1,168,853	1,393,434

15. DIVIDEND

	2018 S$	2017 S$
During the financial year, the following dividends were paid:		
Interim tax exempt (one-tier) dividend of S$Nil (2017: S$2.94) per share on the issued and paid up ordinary shares in respect of the current financial year ended 31 March 2018 (2017: year ended 31 March 2017)	-	1,470,000

16. OPERATING LEASE COMMITMENTS

Where Company is the lessee
At the end of reporting period, the Company was committed to making the following rental payments in respect of non-cancellable operating leases for office rental with an original term of more than one year:

		2018 S$	2017 S$
Not later than one year	13	227,834	208,848
Later than one year but not later than five years		-	-
		227,834	208,848

Operating lease payments represent rents payable by the Company for office premises and other operating facilities. Leases are negotiated for an average term of 12 months and rentals are fixed for an average of 12 months with no provisions for contingent rent or upward revision of rent based on market price indices.

Where Company is the lessor
The Company has entered into property leases on its office premise. These non-cancellable leases have remaining lease terms of 12 months.

At the reporting date, the total of future minimum lease rental receivables under non-cancellable operating leases is as follows:

	2018 S$	2017 S$
Not later than one year	72,000	-
Later than one year but not later than five years	-	-
	72,000	-

17. SIGNIFICANT RELATED PARTIES TRANSACTIONS

In addition to information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with its related parties, at terms agreed between both parties.

	Note	2018 S$	2017 S$
Transactions with fellow subsidiary			
Consultancy income charged to fellow subsidiary		147,797	-
Sub-contractor fee charged by fellow subsidiary		36,283	-
Rental income charged to fellow subsidiary		72,000	-
Miscellaneous expenses paid on behalf of fellow subsidiary		100,559	-
Director's remuneration paid on behalf of fellow subsidiary		47,910	-
Key management personnel compensation			
Director's remuneration & allowance	12	360,000	533,602

18. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7.

18. FINANCIAL RISK MANAGEMENT – CONTINUED

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligation.

	Carrying amount S$	Contractual Cash flows S$	One year or less S$
2018			
Financial Assets			
Cash and cash equivalents	8,516,368	8,516,368	8,516,368
Trade and other receivables (1)	21,558,456	21,558,456	21,558,456
	30,074,824	30,074,824	30,074,824
Financial Liabilities			
Trade and other payables (2)	5,057,219	5,057,219	5,057,219
	5,057,219	5,057,219	5,057,219
Total net undiscounted financial assets	25,017,605	25,017,605	25,017,605

	Carrying amount S$	Contractual Cash flows S$	One year or less S$
2017			
Financial Assets			
Cash and cash equivalents	7,681,267	7,681,267	7,681,267
Trade and other receivables (1)	17,431,015	17,431,015	17,431,015
	25,112,282	25,112,282	25,112,282
Financial Liabilities			
Trade and other payables (2)	5,450,777	5,450,777	5,450,777
	5,450,777	5,450,777	5,450,777
Total net undiscounted financial assets	19,661,505	19,661,505	19,661,505

(1) The trade and other receivables in this note excludes prepayments and advance to employees.

(2) The trade and other payables in this note excludes deferred revenue and GST payable.

18. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Company's exposure to interest rate risk arises primarily from cash and cash equivalents.

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from cash and cash equivalents.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily Hong Kong Dollar (HKD).

The Company's currency exposures to the HKD at the reporting date were as follows:

	2018 Hong Kong Dollar S$	2017 Hong Kong Dollar S$
Financial Assets:		
Cash and cash equivalents	-	-
Trade and other receivables (1)	-	-
	-	-
Financial Liabilities:		
Trade and other payables (2)	109,779	-
	109,779	-
Foreign currency exposure	(109,779)	-

(1) The trade and other receivables in this note excludes prepayments and advance to employees.

(2) The trade and other payables in this note excludes deferred revenue and GST payable.

18. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Market risk – continued

(ii) Foreign currency risk – continued

A 10% strengthening of Singapore dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss (after tax)	
	2018	**2017**
	S$	**S$**
Hong Kong Dollar	(9,112)	-

A 10% weakening of Singapore dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

19. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2018 and 31 March 2017.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2017.

20. FAIR VALUES

Fair value hierarchy

The Company categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

20. FAIR VALUES – CONTINUED

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair value due to the short-term nature of their balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

21. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	Note	2018 S$	2017 S$
Loans and receivables			
Trade and other receivables (1)	6	21,558,456	17,431,015
Cash and cash equivalents	7	8,516,368	7,681,267
Total loans and receivables		30,074,824	25,112,282
Financial liabilities measured at amortised cost			
Trade and other payables (2)	9	5,057,219	5,450,777
Total financial liabilities measured at amortised cost		5,057,219	5,450,777

(1) The trade and other receivables in this note excludes prepayments and advance to employees.
(2) The trade and other payables in this note excludes deferred revenue and GST payable.

22. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 05 MAY 2018

COMTEL SOLUTIONS PTE LTD

(Co. Reg. No.: 199801439D)

THE ACCOMPANYING SUPPLEMENTARY DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

COMTEL SOLUTIONS PTE LTD

(Co. Reg. No.: 199801439D)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Appendix A

	2018 S$	2017 S$
Revenue		
Consultancy income	89,625,954	95,850,434
	89,625,954	95,850,434
Less: Cost of services		
Consultants salaries	72,574,026	78,027,965
CPF contribution	2,860,538	2,326,141
FWL & SDL	773,256	403,809
Medical insurance	217,934	183,853
Recruitment expenses	189,447	300,558
Sub-contractor fee	3,226,255	2,322,706
Travelling expenses - consultants	32,313	16,025
Staff amenities - consultants	11,150	29,750
	(79,884,919)	(83,610,807)
Gross profit	9,741,035	12,239,627
Other operating income		
Government grant	254,903	282,635
Other income	9,710	300
Rental income	72,000	-
	336,613	282,935
	10,077,648	12,522,562
Less:		
Administrative expenses **(Appendix B)**	(3,019,009)	(4,126,105)
Profit before income tax	7,058,639	8,396,457

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Appendix B

	2018 S$	2017 S$
Administrative expenses		
Accounting fee	-	-
Advertisement charges	-	3,000
Audit & accounting prior years	-	-
Bank charges	10,173	10,414
Cleaning charges	10,526	11,634
Corporate entertainment/gift to customers	22,078	32,059
Depreciation of plant and equipment	38,570	11,534
Legal & Professional fees	42,922	587,960
Licenses	620	3,918
Miscellaneous expenses	368	9,630
Office supplies	28,477	29,955
Postage & Delivery	9,728	9,226
Refreshment expenses	339	3,893
Office rental	216,976	240,190
Rental of copier	2,922	3,740
Repair and maintenance	1,112	6,340
Subscription	10,712	18,975
Tax fee	-	-
Telephone expenses	14,051	17,906
Travelling expenses - Internal	917	11,623
Transport expenses	54	329
Training expenses	-	6,955
Utilities	5,283	4,457
Salaries and related costs		
Director remuneration & allowance	360,000	533,602
Staff salaries and bonuses	2,125,587	2,485,173
CPF contribution	87,854	78,484
Staff amenities - Internal	29,740	5,108
	3,019,009	4,126,105

COMPANY NO.

938724	A

DIRECTOR'S COPY

COMTELINK SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2018

COMPANY NO.

938724	A

COMTELINK SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2018

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COMTELINK SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS

GOPAL VASUDEV
SRI SHANTINI A/P BALAKRISHNAN

PRINCIPAL PLACE OF BUSINESS

SUITE 4.01, 4TH FLOOR MENARA RAI SURAI,
JALAN 15/48A,
SENTUL RAYA BOULEVARD,
51000 KUALA LUMPUR.

PRINCIPAL BANKER

UNITED OVERSEAS BANK (MALAYSIA) BHD

REGISTERED OFFICE

SUITE 11, 1ST FLOOR, MENARA TKSS ,
NO. 206 JALAN SEGAMBUT,
51200 KUALA LUMPUR.

AUDITORS

SELVA & ASSOCIATES
CHARTERED ACCOUNTANTS (MALAYSIA)
A MEMBER FIRM OF THE MALAYSIAN INSTITUTE OF ACCOUNTANTS

COMPANY NO.

938724	A

COMTELINK SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report together with the audited financial statements of the Company for the financial year ended 31st March, 2018.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of software development, hardware and technical infrastructure maintenance and support, e-commerce and mobile commerce development. There has no significant change in the principal activity during the year.

FINANCIAL RESULTS

Net profit for the financial year	RM 21,674

SHARE CAPITAL

There were no changes in the issued and paid up capital of the Company during the financial year.

HOLDING COMPANY

On 22nd September 2017, the Company's entire paid up shares of RM 1,000,000 was transferred to Comtel Solutions Pte Ltd (Incorporated in Singapore). By virtue of this transfer, Comtel Solutions Pte Ltd is deemed to be the Holding Company. The Company is effectively a wholly owned subsidiary of the Holding Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no issue of new shares or debentures during the financial year.

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the previous financial year and the Directors do not recommend any dividend in respect of the current financial year ended 31st March, 2018.

DIRECTORS' REMUNERATION

No directors' fees or remuneration was paid out during the year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Company were prepared, the directors took reasonable steps :

   (i) to ascertain that proper action had been taken in relation to the writing off the bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances :

   (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

   (ii) which would render the values attributed to the current assets in the financial statements of the Company misleading; or

   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist :

   (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person ; or

   (ii) any contingent liability of the Company which has arisen since the end of the financial year.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company to meet its obligation when they fall due.

(e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the directors :

   (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature ; and

   (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of the auditors' remuneration are set out in Note 11 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities been given or insurance premium paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

DIRECTORS' SHAREHOLDINGS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are :

Gopal Vasudev Balasubramaniam a/l Mani	(Appointed on 29th October 2013, Resigned on 30th August 2017)
Ragini a/p Chandran (f)	(Appointed on 29th October 2013, Resigned on 30th August 2017)
Sri Shantini a/p Balakrishnan	(Appointed on 29th August 2017)

COMPANY NO.
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According to the Register of Directors' Shareholding required to be kept under Section 59 of the Companies Act 2016, none of the directors who held office at the end of the financial year held any share or debentures in the Company during the financial year except as follows :-

	Number of ordinary shares			
	As at 01.04.2017	Bought	Sold 22.09.2017	As at 31.03.2018
Gopal Vasudev	999,999	-	999,999	-
Sri Shantini a/p Balakrishnan	-	-	-	-

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the benefits shown under directors' remuneration) by reason of a contract made by the Company or by a related corporation with the director or with a firm of which the director is a member, or with a company on which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The Auditors, SELVA & ASSOCIATES, Chartered Accountants, have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

....
Gopal Vasudev
Director

....
Sri Shantini a/p Balakrishnan
Director

Petaling Jaya
Dated: 03 MAY 2018

COMTELINK SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act, 2016)

We, the undersigned, being two of the Directors of **COMTELINK SDN. BHD.**, do hereby state that, in the opinion of the board of Directors, the accompanying financial statements together with the notes attached thereto are drawn up in accordance with the Malaysian Private Entities Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31st March 2018 and of its results and cash flows for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

Gopal Vasudev Director	Sri Shantini a/p Balakrishnan Director

Petaling Jaya
Dated: 03 MAY 2018

STATUTORY DECLARATION
(Pursuant to Section 251(1)(b) of the Companies Act, 2016)

I, Sri Shantini a/p Balakrishnan (NRIC: 920427-01-6020), being the Director primarily responsible for the financial management of **COMTELINK SDN. BHD.**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements together with the notes attached thereto are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960. Subscribed and solemnly declared by the above named **Sri Shantini a/p Balakrishnan** at Petaling Jaya in the state of Selangor Darul Ehsan on this 03 MAY 2018

Before me :

PESURUHJAYA SUMPAH
W 589
SAMSIAH BT. ALI
MALAYSIA

COMMISSIONER FOR OATHS

SAMSIAH BINTI ALI (No. W 589)
PESURUHJAYA SUMPAH
NO. 142B, TKT BAWAH,
BGN. UMNO SELANGOR
JALAN IPOH, 51200
KUALA LUMPUR W.P.

Sri Shantini a/p Balakrishnan

SELVA & ASSOCIATES (AF 1871)

CHARTERED ACCOUNTANTS
Firma Akauntan Bertauliah

A Member Firm of the Malaysian Institute of Accountants(MIA)
Website: www.selva-associates.com Email: selva@selva-associates.com

Suite 301, 3rd Floor, Block A4,
Leisure Commerce Square,
No.9 Jalan PJS 8/9
46150 Petaling Jaya,
Selangor Darul Ehsan,
Tel: 03 7490 2155
Fax: 03 7865 3414

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMTELINK SDN. BHD.
(COMPANY NO: 938724 - A)

Report on the Financial Statements

We have audited the financial statements of **COMTELINK SDN. BHD.**, which comprise the statement of financial position as at 31st March, 2018 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirement of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is no material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SELVA & ASSOCIATES
(No.AF: 001871)
Chartered Accountants

SELVA RASAN
C.A.(M),CTP,CFP,CPFA(UK),ASA(Aust),MIPA(Aust),
B.Acc(Hons)UKM,Dip.Acc.
No.02390/08/2018 J

Petaling Jaya, Malaysia
Dated: 03 MAY 2018

COMTELINK SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2018

	NOTE	2018 RM	2017 RM
CURRENT ASSETS			
Trade receivables		386,557	498,352
Other receivables		20,525	909,342
Tax recoverable		15,750	9,505
Cash and cash equivalent	7	781,311	75,376
		1,204,143	1,492,575
TOTAL ASSETS		1,204,143	1,492,575
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	8	1,000,000	1,000,000
Retained earnings		54,922	33,248
		1,054,922	1,033,248
CURRENT LIABILITIES			
Other payables and accruals		149,221	459,327
		149,221	459,327
TOTAL EQUITY AND LIABILITIES		1,204,143	1,492,575

The annexed notes form an integral part of these financial statements.

COMPANY NO.

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COMTELINK SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2018

	NOTE	2018 RM	2017 RM
Revenue	9 & 10	1,543,082	1,219,022
Less : Direct expenses		(1,372,437)	(1,137,144)
Gross profit		170,645	81,878
Other income		30	1,273
Staff cost		(111,995)	(58,209)
Administrative and other operating expenses		(30,779)	(20,817)
Profit before operations		27,901	4,125
Finance cost		(755)	(100)
Profit before tax	11	27,146	4,025
Income tax expenses	12	(5,472)	(779)
Net profit for the year		21,674	3,246

The annexed notes form an integral part of these financial statements.

COMPANY NO.

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COMTELINK SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

	Attributable to Equity Holders of the Company		
	Share capital RM	Accumulated profit RM	Total RM
31 March 2018			
Balance at 31 March 2017	1,000,000	33,248	1,033,248
Net profit for the year	-	21,674	21,674
Total Comprehensive Income for the year	-	21,674	21,674
Balance at 31 March 2018	1,000,000	54,922	1,054,922
31 March 2017			
Balance at 31 March 2016	1,000,000	30,002	1,030,002
Net profit for the year	-	3,246	3,246
Total Comprehensive Income for the year	-	3,246	3,246
Balance at 31 March 2017	1,000,000	33,248	1,033,248

The annexed notes form an integral part of these financial statements.

COMPANY NO.

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COMTELINK SDN. BHD.
(Incorporated in Malaysia)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

	2018 RM	2017 RM
Cash flow from operating activities		
Profit before tax	27,146	4,025
Operating profit before working capital changes	27,146	4,025
(Increase)/decrease in working capital:		
Trade receivables	111,795	(372,894)
Other receivables	888,817	(250,241)
Other payables and accruals	(310,106)	127,408
Cash generated from/(used in) operating activities	717,652	(491,702)
Tax paid	(11,717)	(25,138)
Net cash generated from/(used in) operating activities	705,935	(516,840)
Net change in cash and cash equivalents	705,935	(516,840)
Cash and cash equivalents at 1st April	75,376	592,216
Cash and cash equivalents at 31st March	781,311	75,376

The annexed notes form an integral part of these financial statements.

COMTELINK SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST MARCH 2018

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally engaged in the business of software development, hardware and technical infrastructure maintenance and support, e-commerce and mobile commerce development. There has no significant change in the principal activity during the year.

The financial statements are stated in Ringgit Malaysia.

The Company's registered office is at Suite 11, 1st Floor, Menara TKSS, No. 206 Jalan Segambut, 51200 Kuala Lumpur.

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 3rd May 2018.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standards (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

4.1) Property, Plant and Equipment (PPE)

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purpose or for rental to others are recognised as property, plant and equipment when the Company obtains control of the assets. The assets are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the assets to its present location and condition for management's intended use.

At the end of each reporting period, the residual values, useful life and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimated of the an item is adjusted prospectively over its remaining useful life, commencing in the current period. Gain or loss arising from disposal of property, plant and equipment is determined and recognized in the income statement.

4.2) **Impairment of non-financial assets**

An impartment loss arises when the carrying amount of a Company's asset exceeds its recoverable amount.
At the end of each reporting date, the Company assess whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exits, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tasted for impairment as a stand alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and value in use. The Company determines the fair value costs to sell an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in a active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amount of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.3) **Financial instruments**

a) **Initial recognition and measurement**

The Company recognizes a financial asset or financial liability (including derivate instruments) in the statement of financial position when, and only when, it become a party to a contractual provision of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit and loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit and loss when incurred.

b) **Derecognition of Financial Instruments**

The financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial assets, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risk and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legal extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as en extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

c) **Subsequent Measurement of Financial Assets**

For the purpose of subsequent measurement, the Company classified financial asset into two categories namely; (i) financial assets at fair value through profit and loss and (ii) financial assets at amotised cost.

d) **Subsequent Measurement of Financial Liabilities**

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

e) **Fair value measurement of financial instruments**

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

f) **Recognition of gains and losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit and loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain and loss is recognised in profit or loss only when the financial asset or financial liability is derecognized or impaired, and through the amortization process of the instrument.

g) **Impairment and uncollectibility of financial assets**

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial asset is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganization; (v) the disappearance of an active market for that financial assets because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimate future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account, Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is an any indication of impairment. Individually significant receivables for which no impairment loss recognised are grouped together with all other receivables by classes based on credit risk characteristics for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

4.4) **Share capital and distributions**

a) **Share Capital**

Ordinary shares issued that carry no put option and no mandatory contractual obligation; (i) to deliver cash or another financial assets; or (ii) to exchange financial assets of financial liabilities with another entity under conditions that are potentially unfavorable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary asset, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of the exchange transaction.

Transaction costs of an entity transaction are accounted for as a deduction from equity, net of any related income tax effect.

b) **Distributions**

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposes final dividend, the date of shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

4.5) **Finance and operating leases**

The Company recognizes a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

Lease accounting

The Company capitalises the underlying leased asset and the related lease liability in a finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments 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. Contigent rents are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are classified by nature and accounted for in accordance with the applicable Standards in MPERS. If there is no reasonable certainty that the lease will obtain ownership by the end the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

4.6) **Provision**

The Company recognizes a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuits claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these condition are not met.
Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of he expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely future events that may effect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount which costs to fulfill the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judements made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.7) **Tax assets and tax liabilities**

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purpose.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deffered tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carrying-forward of unused tax losses and unused tax credit to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credit can be utilised. Unused tax credit do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Company treats as part of initial recognition differences.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.8) **Revenue recognition and measurement**

The Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice print, net of any trade discounts and volume rebates given to a customer in a sale or sevice transaction. Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income is recognised on the straight-line basis over the term of the relevant tenancy agreement. Interest received is recognised when the right to receive has been established. Other income is recognized on a receipt basis.

4.9) **Borrowing Costs**

Borrowing costs of the Company include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

4.10) **Employee Benefits**

The Company recognizes a liability when an employee has provided service in exchange for the employee benefits to be paid in the future and an expense when the Company consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

(a) **Short-term Employee Benefits**

Wages and salaries are accrued and paid on a monthly basis and recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

(b) **Post-Employment Benefits – Defined Contributions Plans**

The Company makes statutory contributions to approved provident funds and the contributions made are charged to profit and loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

4.11) Goods and Service Tax

Goods and Service Tax ("GST") is consumption tax based on value added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Company paid on purchase of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognized net of the amount of GST except :-

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is rcognised as part of the cost of acquisition of the assets or as part of the expenses item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

6. FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Company operates within guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.
The main areas of financial risks faced by the Company and the policies in respect of the major areas of treasury activities are set out as follows:-

a) Interest Rate Risk

If interest rate arises from the Company's borrowings, this is managed through the use of fixed and floating rate debt.

b) Credit Risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

c) **Liquidity Risk**

The Company practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

d) **Cash Flow Risk**

The Company reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flow as associated with its monetary financial instruments.

e) **Fair Value**

All items pertaining to non-current assets, financial assets, financial liabilities and other assets may be subjected to fair value practice in the event if it does not give arise to undue cost and effort.

f) **Currency Risk**

In the event, the Company's financial assets and financial liability are denominated in foreign currency, the Company ensures proper policies in place to mitigate significant fluctuation.

g) **Price Risk**

The Company does not foresee significant pricing fluctuations. In the event this occurs the Company ensures proper controls and safe guards.

7. CASH AND CASH EQUIVALENTS

The Company's cash management policy is to use cash and bank balances, money market instruments, bank overdrafts and short-term trade financings to manage cash flows to ensure sufficient liquidity to meet the Company's obligations. The components of cash and equivalent consist of:

	2018 RM	2017 RM
Cash at bank	781,311	75,376
	781,311	75,376

8. SHARE CAPITAL

	2018 No. of shares	2018 Amount	2017 No. of shares	2017 Amount
Authorised :-				
* Ordinary shares of RM 1 each:	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid-up par value:				
Balance at 1st April	1,000,000	1,000,000	1,000,000	1,000,000
Issue of shares for cash	-	-	-	-
Balance at 31st March	1,000,000	1,000,000	1,000,000	1,000,000

* The ordinary shares of the Company represents par value of RM 1 each in accordance with the Companies Act 1965. With effect from 31stJanuary 2017, any newly issued share will no longer be tied with the nominal value (par value). The company may issue shares at a price depending on the factors affecting the current circumstances and needs of the company.

9. REVENUE

Revenue represents invoiced value from software and e-commerce consultancy rendered during the year.

10. RELATED PARTY TRANSACTION

Significant related party transaction during the year is as follows :-

	2018 RM	2017 RM
Loan repayment from holding company	610,570	-
	610,570	-

11. PROFIT BEFORE TAX

	2018 RM	2017 RM
Profit before tax is arrived at after charging:		
Auditor's remuneration	4,100	4,100

12. INCOME TAX EXPENSES

	2018	2017
	RM	RM
Current year provision	5,472	779
	5,472	779

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the effective income tax rate of the Company is as follows:

	2018	2017
	RM	RM
Profit before tax	27,142	4,025
Tax at Malaysian statutory tax rate of 18%	4,886	725
Expenses not allowable for tax purpose	586	54
Tax expenses for the year	5,472	779

13. GOODS AND SERVICE TAX (GST) COMPLIANCE

The Company is a GST registrant with a quarterly reporting cycle. The management has ensured total compliance to GST related matters in their operations.

14. EMPLOYEES' INFORMATION

The number of employees (including directors) as at 31st March, 2018 is 17.

15. RETAINED EARNINGS

The retained profits of the Company are available for distributions by way cash dividend or dividend in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences that would result from the payment of dividends to shareholders.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

Lodged by: **AVEREST MANAGEMENT SERVICES (001875127-T)**
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COMPANY NO.

938724	A

FOR MANAGEMENT PURPOSE ONLY

COMTELINK SDN. BHD.
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

		2018 RM	2017 RM
	Revenue	1,543,082	1,219,022
Less:	Direct expenses	(1,372,437)	(1,137,144)
	Gross Profit	170,645	81,878
Add:	Other income		
	Foreign currency exchange gain	-	445
	Other creditor written off	8	-
	GST adjustment	22	828
		30	1,273
Less:	Staff cost		
	EPF and Socso contribution	110,170	38,447
	Medical expenses	-	100
	Staff insurance	1,825	15,225
	Work permit and visa	-	4,437
		111,995	58,209
	Administrative and other operating expenses as per schedule (Annexure 1)	30,779	20,817
	Finance cost		
	Bank charges	755	100
		755	100
	Total expenditure	143,529	79,126
	Profit before tax	27,146	4,025

COMPANY NO.

938724	A

ANNEXURE 1

COMTELINK SDN. BHD.

(Incorporated in Malaysia)

SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED 31ST MARCH 2018

	2018 RM	2017 RM
Administrative and other operating expenses		
Accounting fee	3,600	2,600
Attestation fee	55	55
Auditor's remuneration	4,100	4,100
Filing fee	150	300
Postage and courier	30	30
Printing and stationery	335	235
Professional fee	10,779	-
Recruitment fee	3,025	1,399
Secretarial fee	3,400	3,050
Stamping fee	3,105	-
Tax submission fee	2,150	2,150
Telephone and fax	-	430
Travelling expenses	50	6,468
	30,779	20,817

COMTELPRO PTE. LIMITED.

(Co. Reg. No 201715683K)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

Joe Tan & Associates PAC
Chartered Accountants

1 Coleman Street #05-16 The Adelphi Singapore 179803
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Incorporated with Limited Liability Regn No. 200801266N

COMTELPRO PTE. LIMITED.
(Co. Registration No.: 201715683K)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

CONTENTS

COMTELPRO PTE. LIMITED.
(Co. Registration No.: 201715683K)

DIRECTORS' STATEMENT
FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

The directors are pleased to present their statement to the member together with the audited financial statements of ComtelPro Pte. Limited. (the "Company") for the financial period from 6 June 2017 (date of incorporation) to 31 March 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, having regard to the financial support from the holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Mahaprashasta Anand
Gopal Vasudev
Subrata Kumar Nag
Ajit Abraham Isaac

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor any time during the end of the financial year was the Company a party to any arrangement of which the object was to enable the directors of the Company to acquire benefits through the acquisition of shares in or debentures of the Company or any other corporate body.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interest of the share capital or debentures of the Company or of related corporations as recorded in the Register of Director's Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap 50, except as follows:

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES – CONTINUED

	Shareholding registered in the name of directors No. of ordinary shares	
The Company	As at 06.06.2017 (date of incorporation)	As at 31.3.2018
Mahaprashasta Anand	-	-
Gopal Vasudev	2	98,000
Subrata Kumar Nag	-	-
Ajit Abraham Isaac	-	-
The Ultimate Holding Company – Quess Corp Limited	As at 06.06.2017 (date of incorporation)	As at 31.3.2018
Ajit Abraham Isaac	18,585,960	17,585,960

5. SHARES OPTIONS

There were no shares options granted by the Company during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under shares option as at the end of the financial year.

6. INDEPENDENT AUDITORS

The auditors, **Joe Tan & Associates PAC**, Public Accountants and Chartered Accountants, has expressed its willingness to accept the appointment as Auditors.

On behalf of the Board of Directors,

....
Gopal Vasudev
Director

....
Mahaprashasta Anand
Director

Singapore

05 MAY 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMTELPRO PTE. LIMITED.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of ComtelPro Pte. Limited., which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other 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 are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements. The Company incurred a net loss of S$294,026 and a capital deficit of S$94,026 for the financial year. These conditions indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis on the assumption that the shareholders will give financial support to the Company. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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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.

Responsibility of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducts in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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• 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Joe Tan & Assoc PAC

Joe Tan & Associates PAC
Public Accountants and
Chartered Accountants

Singapore

05 MAY 2018

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COMTELPRO PTE. LIMITED.
(Co Reg No.: 201715683K)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 S$
ASSETS		
Current assets:		
Trade and other receivables	4	302,154
Cash and cash equivalents	5	120,107
Total Current assets		422,261
TOTAL ASSETS		422,261
EQUITY AND LIABILITIES		
Equity		
Share capital	6	200,000
Retained earnings		(294,027)
Equity attributable to owners of the company		(94,027)
Current liabilities:		
Trade and other payables	7	516,287
Total Current liabilities		516,287
TOTAL EQUITY AND LIABILITIES		422,260

See accompanying notes form an integral part of the financial statements

COMTELPRO PTE. LIMITED.
(Co Reg No.: 201715683K)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

	Note	6 June 2017 (date of incorporation) to 31 March 2018 S$
Revenue	8	314,250
Cost of sales		(298,650)
Gross profit		15,600
Other income	9	43
Administrative expenses		(309,669)
Loss before income tax	11	(294,026)
Income tax expense	12	-
Loss for the period, representing total comprehensive loss for the period		(294,026)

See accompanying notes form an integral part of the financial statements

COMTELPRO PTE. LIMITED.
(Co Reg No.: 201715683K)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION)
TO 31 MARCH 2018

	Share capital S$	Retained earnings S$	Total Equity S$
Balance as at 06 June 2017 (date of incorporation)	2	-	2
Issue of shares	199,998	-	199,998
Loss for the period, representing total comprehensive loss for the period	-	(294,026)	(294,026)
Balance as at 31 March 2018	**200,000**	**(294,026)**	**(94,026)**

COMTELPRO PTE. LIMITED.
(Co Reg No.: 201715683K)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION)
TO 31 MARCH 2018

	Note	6 June 2017 (date of incorporation) to 31 March 2018 S$
Cash flows from operating activities		
Loss after income tax		(294,026)
Operating cash flow before working capital changes		(294,026)
Changes in operating assets and liabilities		
Increase in trade and other receivables		(302,154)
Increase in trade and other payables		516,287
Net cash used in operating activities		(79,893)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		200,000
Net cash generated from financing activities		200,000
Net increase in cash and cash equivalents		120,107
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	5	120,107

See accompanying notes form an integral part of the financial statements

1. GENERAL

The Company is a private company limited by shares, and is incorporated and domiciled in the Republic of Singapore.

The registered office address of the Company is 10 Anson Road #21-07 International Plaza Singapore 079903.

The principal activities of the Company are those of providing consultancy services. There are no significant changes in the nature of these activities during the financial year.

The Company's immediate holding company is Quesscorp Holdings Pte. Ltd., incorporated in Singapore.

The Company's ultimate holding company is Quess Corp Limited, incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are presented in Singapore dollar and are prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (S$), which is the Company's functional currency. All financial information presented in Singapore Dollar, unless otherwise indicated.

GOING CONCERN

The Company has capital deficit of S$94,026 for the financial year ended 31 March 2018. The accompanying financial statements have been prepared on a going concern basis on the assumption that the shareholder will provide continuing financial support to enable the Company to meet its liabilities as and when they fall due. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recovered assets amounts or the amounts and reclassification of liabilities that might be necessary should the Company be unable to operate as a going concern.

The ability of the Company to continue as a going concern is dependent on the undertaking of its holding company, Quess Corp Limited, to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due.

If the Company were unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 6 June 2017 (date of incorporation). The adoption of these standards did not have any material effect on the financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2018 and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The following standards that have been issued but not yet effective are as follows:

Reference	Description	Effective for annual periods beginning on or after
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109	Financial Instruments	1 Jan 2018
Amendments to FRS 7	Disclosure Initiative	1 Jan 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115	Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019
Amendments to FRS 102	Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018
Amendments to FRS 40	Transfers of Investment Property	1 Jan 2018
Amendments to FRS 109	Financial instruments	1 Jan 2018
Amendments to FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2019
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 Jan 2019

Except for FRS 109, FRS 115 & FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 & FRS 116 is described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

FRS 116 Leases

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will likely result in changes to the accounting policies relating to the Company's leases. Management does not intend to early adopt FRS 116, which is effective from financial year beginning 1 January 2019 and will perform a detailed assessment of the possible impact of implementing FRS 116 before its implementation date.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FRS 109 Financial Instruments - Continued

Classification and measurement
Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Company can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FINANCIAL INSTRUMENTS

a) Financial assets

Initial recognition and measurement
Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company has the following non-derivative financial assets: loans and receivables.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalent comprise cash at banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

a) Financial assets - Continued

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables, and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

CASH AND CASH EQUIVALENTS

Cash and bank balances in the statement of financial position comprise cash at bank which is readily convertible to known amounts of cash and is subject to insignificant risk of changes in value.

PROVISIONS

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

PROVISIONS – CONTINUED

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

(a) **Defined contribution plans**
The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) **Short-term employee benefits**
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

(a) **Rendering of services**
Revenue from services are recognised when consultancy services are rendered and accepted by the customers.

(b) **Government grants**
Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

TAXES

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(c) Sales tax - Continued

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

RELATED PARTIES
A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and Company if that person:
  (i) Has control or joint control over the Company;
  (ii) Has significant influence over the Company; or
  (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply:
  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  (iii) Both entities are joint venture of the same third party.
  (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  (vi) The entity is controlled or jointly controlled by a person identified in (a);
  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

SHARE CAPITAL
Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

OPERATING LEASES AS LESSEE
Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

OPERATING LEASES AS LESSEE - CONTINUED

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES - CONTINUED

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Allowance for trade and other receivables

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 March 2018 were S$302,154.

(i) Provision for income taxes

The Company recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Company's income tax payable as at 31 March 2018 is S$Nil.

4. TRADE AND OTHER RECEIVABLES

	2018 S$
Trade receivables	
- Related party	20,804
- External parties	144,301
Unbilled revenue	136,781
	301,886
Other receivables:	
Prepayments	225
Other receivables	43
	268
	302,154

Trade receivables are non-interests bearing and are generally on 30 to 90 days' term.

Related parties comprise of companies which are controlled or significantly influenced by the Company's directors.

4. TRADE AND OTHER RECEIVABLES - CONTINUED

Other receivables are non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

The carrying amounts of trade and other receivables approximate their fair value.

Trade and other receivables are denominated in Singapore dollars.

There is no other class of financial assets that is past due and/or impaired except for trade receivable.

Receivables that are past due but not impaired

The Company had trade receivables amounting to S$165,105 that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2018 S$
Trade receivables past due but not impaired:	
Lesser than 30 days	-
30 – 60 days	93,405
61 – 90 days	3,615
More than 90 days	68,085
	165,105

5. CASH AND CASH EQUIVALENTS

	2018 S$
Cash at bank	120,107
	120,107

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents are in Singapore Dollar.

6. SHARE CAPITAL

	2018	
	Number of ordinary shares	S$
Issued and fully paid ordinary shares:		
As at 6 June 2017 (date of incorporation) and 31 March 2018	200,000	200,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meeting. All shares rank equally with regards to the Company's residual assets.

The ordinary shares have no par value.

7. TRADE AND OTHER PAYABLES

	2018 S$
Trade payables	
- External parties	251,108
	251,108
Other payables:	
- Salaries and CPF payables	30,803
- Accruals	3,500
- Amount owing to related party	220,469
- GST payables	10,407
	265,179
	516,287

Trade payables are unsecured and are normally settled on 30 to 90 days' term.

Other payables and accruals are non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

The carrying amounts of trade and other payables approximate their fair value.

Trade and other payables are denominated in Singapore dollar.

8. REVENUE

	06.06.2017 (date of incorporation) to 31.03.2018 S$
Consultancy income	314,250
	314,250

9. OTHER INCOME

	06.06.2017 (date of incorporation) to 31.03.2018
	S$
Government grant	43
	43

10. EMPLOYEE BENEFITS

	06.06.2017 (date of incorporation) to 31.03.2018 S$
Key management compensation:	
Director's remuneration (Note 13)	47,910
Staff costs:	
- Salaries and related costs	194,721
- CPF	5,398
	200,119
	248,029

11. LOSS BEFORE INCOME TAX

	06.06.2017 (date of incorporation) to 31.03.2018
This is arrived at after charging:	S$
Professional fee	5,112
Rental of office	72,000
Employee Benefits (Note 10)	248,029

12. INCOME TAX EXPENSE

The major components of income tax expense recognised in profit or loss for the financial period ended 31 March 2018 are:

12. INCOME TAX EXPENSE - CONTINUED

	06.06.2017 (date of incorporation) to 31.03.2018
Income tax expense:	
- Current year	-

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period ended 31 March 2018 are:

	06.06.2017 (date of incorporation) to 31.03.2018
Loss before income tax	(294,026)
Tax at the statutory tax rate at 17%	(49,984)
Deferred tax assets on temporary differences not recognised	49,984
	-

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of S$Nil and capital allowances of S$Nil at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements.

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with related parties, at terms agreed between the parties:

	06.06.2017 (date of incorporation) to 31.03.2018 S$
Transactions with fellow subsidiary:	
Consultancy income charged to fellow subsidiary	36,283
Sub-contractor fee charged by fellow subsidiary	147,797
Office rental charged by fellow subsidiary	72,000
Miscellaneous expenses paid on behalf by fellow subsidiary	100,559
Director's remuneration paid on behalf by fellow subsidiary	47,910
Key management personnel compensation:	
Director's remuneration paid on behalf by fellow subsidiary	47,910

14. OPERATING LEASE COMMITMENTS

Where Company is the lessee

At the end of reporting period, the Company was committed to making the following rental payments in respect of non-cancellable operating leases for office rental with an original term of more than one year:

	06.06.2017 (date of incorporation) to 31.03.2018 S$
Not later than one year	72,000
Later than one year but not later than five years	-
	72,000

Operating lease payments represent rents payable by the Company for office premises and other operating facilities. Leases are negotiated for an average term of 12 months and rentals are fixed for an average of 12 months with no provisions for contingent rent or upward revision of rent based on market price indices.

15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

15. FINANCIAL RISK MANAGEMENT - CONTINUED

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with related companies comprising NIL% of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 4.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand- by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

15. FINANCIAL RISK MANAGEMENT - CONTINUED

	Carrying Amount S$	Contractual Cash flows S$	One year or less S$
2018			
Financial assets			
Trade and other receivables (1)	301,929	301,929	301,929
Cash and cash equivalents	120,107	120,107	120,107
	422,036	422,036	422,036
Financial liabilities			
Trade and other payables (2)	505,880	505,880	505,880
	505,880	505,880	505,880
Total net undiscounted financial liabilities	(83,844)	(83,844)	(83,844)

(1) The trade and other receivables in this note have excluded prepayment.
(2) The trade and other payables in this note have excluded GST payables.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from cash and cash equivalents.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the financial year.

At the reporting date, if the interest rates had been 50 basis points higher/lower with all other variables held constant, the Company's profit before tax would have been S$Nil higher/lower as the Company has no floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(i) Foreign currency risk

The Company is not exposed to foreign currency risk as it has no transactions denominated in foreign currencies.

16. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2018.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 6 June 2017 (date of incorporation).

17. FAIR VALUES

Fair value hierarchy

The Company categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

• Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
• Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
• Level 3 – Unobservable inputs for the asset or liability

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair value due to the short-term nature of their balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from/to holding and related companies) approximate their fair values as they are subject to normal trade credit terms.

18. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2018 S$
Loans and receivables	
Trade and other receivables (Note 4) (a)	301,929
Cash and cash equivalents (Note 5)	120,107
Total loans and receivables	422,036
Financial liabilities measured at amortised cost	
Trade and other payables (Note 7) (b)	505,880
Total financial liabilities measured at amortised cost	505,880

(a) This excludes the prepayment.

(b) This excludes GST payable.

19. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial period from 6 June 2017 (date of incorporation) to 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on

05 MAY 2018

COMTELPRO PTE. LIMITED.
(Co. Reg. No 201715683K)

THE ACCOMPANYING SUPPLEMENTARY DETAILED STATEMENT OF

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY

AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

COMTELPRO PTE. LIMITED.
(Co Reg No.: 201715683K)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

Schedule A

	6 June 2017 (date of incorporation) to 31 March 2018 S$
Revenue	314,250
Less:	
Cost of sales	
Consultant salaries	38,746
Consultant CPF	5,934
Recruitment expenses	2,862
Sub Contractor - Contracts	251,108
	(298,650)
Gross profit	15,600
Other income	
Government grant	43
	43
Less:	
Administrative expenses **(Schedule B)**	309,669
	(309,669)
Loss before income tax	(294,026)

COMTELPRO PTE. LIMITED.
(Co Reg No.: 201715683K)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 6 JUNE 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

Schedule B

	6 June 2017 (date of incorporation) to 31 March 2018 S$
Administrative expenses	
Advertising	1,000
Legal & Professional Fees	5,112
Bank Charges	228
Representation Expenses	30,416
Rent	72,000
Licenses	515
Office supplies	280
Staff cost:	
Director's remuneration	47,910
Staff salaries	146,811
Staff CPF contribution	5,397
	309,669

Consolidated Financial Statements

MFXCHANGE HOLDINGS, INC.

For The Years Ended March 31, 2018 and 2017

MFXCHANGE HOLDINGS, INC.
FINANCIAL STATEMENTS

INDEX

LIGGETT & WEBB P.A.
CERTIFIED PUBLIC ACCOUNTANTS

432 Park Avenue South, 10th Floor
New York, NY 10016 / (212) 481-3490

1901 South Congress Avenue, Suite 110
Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditor's Report

To the Board of Directors and Stockholders
of MFXchange Holdings, Inc.

Report on the Financial Statements
We have audited the accompanying consolidated balance sheets of MFXchange Holdings, Inc. ("the Company") as of March 31, 2018 and 2017, and the related consolidated statements of operations, stockholder's deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MFXchange Holdings, Inc. as of March 31, 2018 and 2017 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Liggett & Webb P.A.

New York, New York
May 8, 2018

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2018 AND 2017
(See Independent Auditor's Report)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,172,340	$ 3,421,428
Accounts receivable, net	3,365,907	989,938
Unbilled revenue	1,060,636	1,375,140
Prepaid expenses	1,487,189	1,146,274
Total current assets	9,086,072	6,932,780
Property and equipment, net	3,579,272	3,692,792
Software costs, net	969,405	446,631
Other assets	786,613	732,362
Total assets	$ 14,421,362	$ 11,804,565
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 5,719,686	$ 4,145,678
Accrued expenses	6,995,570	5,754,467
Deferred revenue	293,159	776,978
Capital lease, current portion	2,315,598	2,015,085
Lines of credit	4,000,000	4,000,000
Total current liabilities	19,324,013	16,692,208
Capital lease, long term portion	2,484,374	3,062,896
Total liabilities	21,808,387	19,755,104
Commitments and Contingencies	-	-
Stockholders' deficit:		
Common stock, unlimited authorized 1,095 shares issued and outstanding	229,050	229,050
Additional paid-in capital	37,026,233	37,026,233
Accumulated deficit	(44,642,308)	(45,205,822)
Total stockholders' deficit	(7,387,025)	(7,950,539)
Total liabilities and stockholders' deficit	$ 14,421,362	$ 11,804,565

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(See Independent Auditor's Report)

	2018	2017
Revenue, net	$ 40,020,270	$ 37,386,524
Operating costs:		
Salaries and related benefits	12,320,783	12,834,068
Outside services	14,828,330	11,577,779
Hardware and software costs	6,691,825	6,780,480
Depreciation and amortization	2,101,833	1,991,274
General and administrative	1,911,336	1,716,507
Facility costs	1,141,422	1,330,162
Total operating expenses	38,995,529	36,230,270
Income from operations	1,024,741	1,156,254
Other income (expense):		
Financing expenses, net	(423,822)	(387,651)
Income before provision for income taxes	600,919	768,603
Income taxes	(37,405)	(31,364)
Net income	$ 563,514	$ 737,239

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(See Independent Auditor's Report)

	Common Stock		Additional	Accumulated	
	Shares	Amount	Paid-in Capital	Deficit	Total
Balance, as of March 31, 2016	1,095	$ 229,050	$ 37,026,233	$ (45,943,061)	$ (8,687,778)
Net income for the year ended March 31, 2017	-	-	-	737,239	737,239
Balance, as of March 31, 2017	1,095	229,050	37,026,233	(45,205,822)	(7,950,539)
Net income for the year ended March 31, 2018	-	-	-	563,514	563,514
Balance, as of March 31, 2018	1,095	$ 229,050	$ 37,026,233	$ (44,642,308)	$ (7,387,025)

See the accompanying notes to the unaudited consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(See Independent Auditor's Report)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 563,514	$ 737,239
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,101,833	1,991,274
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(2,375,969)	77,856
Unbilled revenue	314,504	(482,446)
Prepaid expenses	351,715	679,960
Other assets	(4,251)	(465,385)
Increase (Decrease) in:		
Accounts payable	1,574,008	71,678
Accrued expenses	1,241,103	506,817
Deferred revenue	(483,819)	30,029
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,282,638	3,147,022
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property and equipment	(416,450)	(67,200)
Payments for software costs	(536,841)	(24,225)
Advances to related party, net	(50,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(1,003,291)	(91,425)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable and capital lease obligations	(2,528,435)	(1,971,944)
NET CASH USED IN FINANCING ACTIVITIES	(2,528,435)	(1,971,944)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(249,088)	1,083,653
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,421,428	2,337,775
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,172,340	$ 3,421,428
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 409,501	$ 353,113
Income taxes paid	$ 37,405	$ 31,364
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Capital lease obligations on software, equipment and prepaid maintenance	$ 2,250,426	$ 2,567,396

See the accompanying notes to the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Business and organization

MFXchange Holdings, Inc., a Canadian corporation, was incorporated on December 17, 2001. The Company together with its subsidiaries (the "Company") provides customized datacenter and infrastructure services including private cloud offerings, across various industries. In addition, the Company provides end-to-end commercial technology applications and business process outsourcing solutions to the property and casualty insurance industry.

Basis of presentation

The consolidated financial statements include the Company and its wholly-owned subsidiaries, and reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the period presented. All inter-company balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Significant items subject to such estimates include revenue recognition, the useful lives of property and equipment, unbilled revenue, allowance for doubtful accounts, valuation allowance for deferred tax assets, capitalized software, investments, long lived assets, deferred revenue, commitments and contingencies. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

The Company derives a significant amount of its revenues from recurring revenue streams, consisting primarily of (1) colocation, which includes the licensing of cabinet space and power; (2) interconnection offerings; (3) managed infrastructure services and (4) application management services. The remainder of the Company's revenues are from non-recurring revenue streams which primarily consists of professional services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

The Company's customers generally execute contracts with terms of one year or longer, which are referred to as recurring revenue contracts or long-term contracts. These contracts generally commit the customer to a minimum monthly level of usage with additional charges applicable for actual usage above the monthly minimum commitment. The Company defines usage as customer data sent or received using its content delivery service, or content that is hosted or cached by the Company at the request or direction of its customer. The Company recognizes the monthly minimum as revenue each month provided that an enforceable contract has been signed by both parties, the service has been delivered to the customer, the fee for the service is fixed or determinable, and collection is reasonably assured. Should a customer's usage of the Company's services exceed the monthly minimum commitment, the Company recognizes revenue for such excess in the period of the usage. For annual or other non-monthly period revenue commitments, the Company recognizes revenue monthly based upon the customer's actual usage each month of the commitment period and only recognizes any remaining committed amount for the applicable period in the last month thereof.

Revenue from bandwidth and equipment sales is recognized on a gross basis in accordance with the accounting standard related to reporting revenue gross as a principal versus net as an agent, primarily because the Company acts as the principal in the transaction, takes title to products and services and bears inventory and credit risk. To the extent the Company does not meet the criteria for recognizing bandwidth and equipment services as gross revenue, the Company records the revenue on a net basis.

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant. There were no significant service level credits issued during the years ended March 31, 2018 and 2017.

Deferred revenue consists of payments received in advance of revenue recognition and are recognized as the revenue recognition criteria are met. Amounts are recorded as deferred revenue and accounts receivable when the Company has a legal right to enforce the contract.

Cost of Revenue

Cost of revenues consists primarily of fees paid to network providers for bandwidth and backbone, costs incurred for non-settlement free peering and connection to Internet service provider networks and fees paid to data center operators for housing network equipment in third party network data centers, also known as co-location costs. Cost of revenues also includes leased warehouse space and utilities, depreciation of network equipment used to deliver the Company's content delivery services, payroll and related costs, and share-based compensation for its network operations, and professional services personnel.

The Company enters into contracts for bandwidth with third party network providers. These contracts generally commit the Company to pay minimum monthly fees plus additional fees for bandwidth usage above contracted minimums. A portion of the global computing platform traffic delivery is completed through direct connection to ISP networks, called peering.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with high quality financial institutions. The Company is exposed to credit risk for cash held in financial institutions in the event of a default to the extent that such amounts recorded on the balance sheet are in excess of amounts that are insured by the Federal Deposit Insurance Corporation ("FDIC").

Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers. Accounts receivable are recorded at invoiced amounts, net of the Company's estimated allowances for doubtful accounts. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. The Company regularly reviews the allowance by considering certain factors such as historical experience, industry data, credit quality, and age of accounts receivable balances and current economic conditions that may affect a customer's ability to pay. In cases where the Company is aware of circumstances that may impair a specific purchaser's ability to meet their financial obligations, the Company records a specific allowance against amounts due from the customer and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. There is judgment involved with estimating the Company's allowance for doubtful accounts and if the financial condition of its customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively pursues collection of the receivable. The Company's accounts receivable are not collateralized by any security. Based upon the review of the outstanding accounts receivable, the Company has not recorded any reserve for allowance for doubtful accounts as of March 31, 2018 and 2017.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. Maintenance and repairs that do not extend the life or improve an asset are expensed in the period incurred. The estimated useful lives of property and equipment are as follows:

Computer hardware	3 - 7 years
Software	3 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	Shorter of the lease term or estimated useful life

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The Company's short-term financial instruments, including cash, accounts receivable, unbilled revenue, prepaid expenses, other assets, accounts payable, accrued expenses and deferred revenue, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, reasonably approximate their book value. The fair value of the Company's capital leases and other debt obligations are based on management estimates and reasonably approximates their book value.

Software Costs

In accordance with ASC 985-20, "*Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*," the Company capitalizes certain costs related to the development of new software products or the enhancement of existing software products for use in our product offerings. These costs are capitalized from the point in time that technological feasibility has been established, as evidenced by a working model or detailed working program design to the point in time that the product is available for general release to customers. Capitalized development and software purchased costs are amortized on a straight-line basis over the estimated economic lives of the products, beginning when the product is placed into service. The Company periodically evaluates whether events or circumstances have occurred that indicate that the remaining useful lives of the capitalized software development costs should be revised or that the remaining balance of such assets may not be recoverable.

Long-Lived Assets

The Company follows Accounting Standards Codification 360-10-15-3, "Impairment or Disposal of Long-lived Assets," which established a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Investments

The Company holds an investment in a privately held company which has no readily determinable fair value. Since the Company does not have significant influence, the investment is accounted for using the cost method. The Company assesses its long-term investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the companies, including current earnings trends and undiscounted cash flows, and other company-specific information. The fair value determination, particularly for investments in privately-held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other-than-temporary. As of March 31, 2018 and 2017 the carrying value of this investment was $266,977 and included in other assets. During the years ended March 31, 2018 and 2017, the Company did not impair this long-term investment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The Company translates the foreign currency financial statements of its foreign subsidiaries in accordance with the requirements of ASC 830-10, "Foreign Currency Translation." Assets and liabilities are translated at current exchange rates, and related revenue and expenses are translated at average exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component in stockholders' deficit. Foreign currency transaction gains and losses are included in the statement of operations.

Comprehensive Income (Loss)

The Company adopted ASC 220-10 "*Comprehensive Income*" ("ASC 220-10"), which establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by and distributions to shareholders. ASC 220-10 requires other comprehensive income (loss) to include foreign currency translation adjustments and unrealized gains and losses on available for sale securities.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets and liabilities are classified as non-current.

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law by the President of the United States. TCJA is a tax reform act that among other things, reduced corporate tax rates to 21 percent effective January 1, 2018. FASB ASC 740, *Income Taxes*, requires deferred tax assets and liabilities to be adjusted for the effect of a change in tax laws or rates in the year of enactment, which is the year in which the change was signed into law. Accordingly, the Company adjusted its deferred tax assets and liabilities at December 31, 2017, using the new corporate tax rate of 21 percent.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which is effective for nonpublic entities for annual reporting periods beginning after December 15, 2018. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on the consolidated financial statements and has not yet determined the method by which the Company will adopt the standard in 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is effective for nonpublic entities for annual reporting periods beginning after December 15, 2019, including interim periods. The new lease standard aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Early application of the amendments is permitted. The Company is currently evaluating the impact of the pending adoption of ASU 2016-02 on the consolidated financial statements.

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2 - SOFTWARE COSTS

Capitalized software costs primarily include third party software. As of March 31, 2018 and 2017 the carrying value of software costs was $969,405 and $446,631 which includes software under development amounting to $417,081 and $0, respectively. During the years ended March 31, 2018 and 2017, the Company recorded an amortization charge related to software assets totaling $350,051 and $263,057, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

As of March 31, 2018 and 2017, property and equipment consisted of the following:

	2018	2017
Leasehold improvements	$ 2,746,156	$ 2,746,156
Hardware costs	9,394,029	7,959,726
Furniture and equipment	365,507	161,548
Subtotal	12,505,692	10,867,430
Less, accumulated depreciation	(8,926,420)	(7,174,638)
Property and equipment, net	$ 3,579,272	$ 3,692,792

Depreciation expense was $1,751,782 and $1,728,217 for the years ended March 31, 2018 and 2017.

NOTE 4 – ACCRUED EXPENSES

As of March 31, 2018 and 2017 accrued expenses consist of the following:

	2018	2017
Restructuring costs	$ 155,585	$ 422,337
Salaries and benefits	2,610,392	2,479,516
Other accrued expenses	4,229,593	2,852,614
Total	$ 6,995,570	$ 5,754,467

NOTE 5 – LINE OF CREDIT, RELATED PARTY

On November 3, 2014, the Company entered into an Amended and Restated Revolving Line of Credit Agreement with Fairfax (US), Inc., a related party. The revolving credit facility contains a maximum borrowing limit of $5,000,000. Borrowings under the revolving credit facility bear interest at 3% interest per annum for the first year and 4% per annum for the second year. If the termination date is extended by the Fairfax (US), Inc. then the interest shall increase to 5% per annum for the fourth anniversary of the closing date to the extended termination date. Overdue interest shall bear interest at a rate that is 2% per annum in excess of the then applicable interest rate. The obligations under the Revolving Facility shall rank pari-passu with all other senior indebtedness of MFXchange USA, Inc. As of March 31, 2018 and 2017, the balance outstanding under the revolving line of credit was $4,000,000.

NOTE 6 – CAPITAL LEASE OBLIGATONS

The Company has entered into several agreements to lease certain computer hardware and software that are classified as capital leases. As of March 31, 2018 and 2017, capital leases consist of the following:

	2018	2017
Capital lease obligations	$ 4,799,972	$ 5,077,981
Less, current portion of capital leases	(2,315,598)	(2,015,085)
Long terrm portion of capital leases	$ 2,484,374	$ 3,062,896

Debt maturity for the remaining term of the capital lease obligations is as follows:

Year ending March 31,	
2019	$ 2,323,442
2020	1,790,949
2021	584,193
2022	63,185
2023	38,203
Total	$ 4,799,972

NOTE 7 – STOCKHOLDER EQUITY

The Company has an unlimited number of authorized common shares. As of March 31, 2018 and 2017, the Company has 1,095 shares of common stock issued and outstanding.

NOTE 8 – OTHER RELATED PARTY TRANSACTIONS

The Company uses a related party vendor MFX Infotech Private Limited to provide infrastructure and database technology services. As of March 31, 2018 and 2017, accounts payable and accrued expenses of $4,378,416 and $3,012,334, respectively, were outstanding amounts payable to the vendor.

As of March 31, 2018 and 2017, the Company also had other related party balances as follows:

	2018	2017
Accounts receivable due from Quess Corp (USA)	$ 53,195	$ 82,979
Accounts receivable due from Brainhunter Systems	250,300	-
Accounts payable due to Brainhunter Systems	(59,252)	(62,365)
Accrued expenses due to Brainhunter Systems	(158,391)	(52,563)
Advance to Brainhunter	514,300	464,300
Due from related parties, net	$ 600,152	$ 432,351

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Concentrations

The Company had three and four customers that accounted for approximately 52%and 65% of the Company's revenues for the years ended March 31, 2018 and 2017, respectively. The Company had three customers that accounted for approximately 45% and 44% of total accounts receivable as of March 31, 2018 and 2017, respectively.

The Company utilized two major suppliers for outside services totaling approximately 44% and 59% of the Company's total expenditures for outside services for the years ended March 31, 2018 and 2017, respectively. The Company's two major suppliers accounted for approximately 51% and 50% of total accounts payable and accrued expenses as of March 31, 2018 and 2017, respectively.

Restructuring Charges

The Company accounts for restructuring activities in accordance with ASC 420, *Exit or Disposal Cost Obligations.* Under the guidance for the cost of restructuring activities that do not constitute a discontinued operation, the liability for the current fair value of expected future costs associated with such restructuring activity shall be recognized in the period in which the liability is incurred. The Company segregates the costs of restructuring activities taken pursuant to a management approved restructuring plan.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

Restructuring Charges (continued)

During December 2014, the Company's management initiated a restructuring plan to restore sustainable profitability and to improve its competitive position. Expenses related to this plan have resulted in a charge of $2,236,236 which primarily related to payroll severance expenses. The Company has a remaining reserve of $155,585 and $422.337 related to restructuring costs included in the accrued expenses on the balance sheet as of March 31, 2018 and 2017.

Operating leases

The Company leases certain of its properties under leases that expire on various dates through March 2024. In addition, the Company has entered into several agreements to lease office equipment and other software that are classified as operating leases that expire on various dates through year 2024. Rent expense incurred under the Company's operating leases amounted to $1,609,345 and $1,851,178 for the years ended March 31, 2018 and 2017, respectively.

The future minimum obligations under leases with non-cancelable terms in excess of one year is as follows:

Year ending March 31,	
2019	$ 1,534,128
2020	1,238,054
2021	1,153,230
2022	299,511
2023	251,475
Thereafter	253,897
Total	$ 4,730,295

Share Purchase Agreement

On November 3, 2014, Fairfax Financial Holdings, Limited ("Fairfax"), the Company's parent, entered into a Share Purchase Agreement ("SPA") to sell one hundred percent (100%) of the Company's common stock to an affiliate of Fairfax. In accordance with the SPA, Fairfax sold forty nine percent (49%) of the Company's equity as of the first closing date of November 3, 2014. The remaining fifty one percent (51%) of the Company's common stock was sold as of January 1, 2016. The purchase price for the one hundred percent (100%) interest will be paid based upon a defined earn out payments plus nominal upfront consideration. The earn out payments are based upon the Company's net income during a five year earn out period beginning January 1, 2016.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

Share Purchase Agreement (continued)

In accordance with the SPA, the buyer may, at its sole discretion, elect to pay up to eighty percent (80%) of the earn out payments in the form of the Company's Preferred Shares with the remaining portion paid in cash. Until the buyer satisfies the final earn out payment, the Company shall not make any amendment to the charter documents of the MFX Group or any other transaction that would require the approval of the Company Preferred Shares as a class (as if Company Preferred Shares were outstanding at the time of such amendment or transaction, whether or not in fact Company Preferred Shares are outstanding) without the prior written consent of Fairfax. The Company is restricted from paying any dividends or other distributions and not to redeem any shares until such time as the Revolving Facility has been repaid in full and all outstanding Company Preferred Shares have been redeemed. The Preferred Stock will include a 5% Fixed, cumulative, preferential cash dividend payable quarterly on the last day of March, June, September and December in each year at an annual rate of $0.50 per Series A Preferred Share (pro-rated for the first period after issuance). The quarterly dividends will relate to the quarterly period ending the last day of the respective month. So long as the Series A Preferred Shares are outstanding, the Company shall not without approval of the holders of a majority of the Series A Preferred Shares: (a) pay any dividend or other distribution on the Common Shares or any other shares ranking junior to the Series A Preferred Shares; (b) purchase, redeem or return capital in respect of any Common Shares or other shares ranking junior to the Series A Preferred Shares; or (c) sell, transfer, lease, exchange or otherwise dispose of a material portion of the assets of the Company and/or its subsidiaries, on a consolidated basis. The Series A Preferred Shares will rank prior to the Common Shares as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. The Series A Preferred Shares will be redeemable at the option of the Company at any time at a price of $10.00 per share, plus accrued and unpaid dividends to the date of redemption and redeemable at the option of the holder at any time after the third anniversary of the date of issue of such shares at a price of $10.00 per share, plus accrued and unpaid dividends to the date of redemption.

As of March 31, 2018, the Company has not amended the Articles of Incorporation to authorize the issuance of the above referenced Preferred Shares.

NOTE 10 -INCOME TAXES

For the years ended March 31, 2018 and 2017, the Company's effective tax rate was as follows:

	2018	2017
Federal tax benefit at statutory rate	25.00%	30.00%
State tax benefit, net of Federal benefits	5.00%	5.00%
Net change in valuation allowance	-30.00%	-35.00%
Income taxes, net	0.00%	0.00%

NOTE 10 -INCOME TAXES (continued)

As of March 31, 2018 and 2017, the tax effects of temporary differences and carryforwards that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

	2018	2017
Net operating loss carry-forwards	$ 3,348,000	$ 5,841,000
Accrual and reserves	5,055,000	6,524,000
Total assets	8,403,000	12,365,000
Less, valuation allowance	(8,397,664)	(12,365,000)
Net deferred tax assets	$ 5,336	$ -

At March 31, 2018, MFXchange US, Inc. had net operating loss carryforwards ("NOL's") of approximately $13,614,000 that will be available to reduce future taxable income, if any. At March 31, 2018, MFXchange Holdings, Inc. had NOL's of $1,970,000 and capital loss allowance deductions of $12,319,000 available to reduce future taxable income, if any. The Company performs an analysis each year to determine whether the expected future income will more likely than not be sufficient to realize the deferred tax assets. The Company's recent operating results and projections of future income weighed heavily in the Company's overall assessment. No tax benefit has been reported in the March 31, 2018 and 2017 financial statements, since the potential tax benefit is offset by a valuation allowance of the same amount.

The change in valuation allowance for the year ended March 31, 2018, was a decrease of $3,967,000 due to the continued likelihood that realization of any future benefit from deductible temporary differences and net operating loss carryforwards cannot be sufficiently assumed.

As of March 31, 2018, open tax years include the tax years ended December 31, 2011 through December 31, 2017.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cut and Jobs Act (the "Tax Act"). The Tax Act establishes new tax laws that affects 2018 and future years, including a reduction in the U.S. federal corporate income tax rate to 21%, effective January 1, 2018. For certain deferred tax assets and deferred tax liabilities, we have recorded a provisional decrease of $1,978,000, with a corresponding net adjustment to valuation allowance of $1,978,000 as of March 31, 2018.

The Company applies the standard relating to accounting (ASC 740-10) for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is required to recognize in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. There were no significant unrecognized tax benefits recorded as of March 31, 2018, and there was no change to the unrecognized tax benefits during the years ended March 31, 2018 and 2017.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of March 31, 2018 and 2017, the Company did not identify any non-recurring assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with ASC Topic 825, *Financial instruments*.

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure through May 8, 2018, which is the date the financial statements were available to be issued.

Company No:
723484 - U

MONSTER MALAYSIA SDN. BHD. (513480 - X)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018

Company No:
513480 - X

MONSTER MALAYSIA SDN. BHD.

(Incorporated in Malaysia)

CONTENTS

MONSTER MALAYSIA SDN. BHD. (513480-X)

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together and the audited financial statements of the Company for the financial period from 1 January 2017 to 31 March 2018.

PRINCIPAL ACTIVITY

The Company is principally engaged as an online service provider. There have been no significant changes in the nature of this activity during the financial period.

CHANGE OF FINANCIAL YEAR END

On 9 February 2018, the Company changed its financial year end from 31 December to 31 March to be coterminous with the financial year of the new ultimate holding company, Quess Corp Limited. Accordingly, the financial statements of the Company for the financial period ended 31 March 2018 cover a fifteen (15) months period as compared to the previous twelve (12) months period ended 31 December 2016.

RESULTS

	RM
Profit for the financial period	1,126,378

DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year were as follows:

	RM
In respect of the financial period ended 31 March 2018:	
Single tier dividend of approximately RM11.60 per ordinary share, paid on 29 January 2018	5,800,137

The Directors do not recommend the payment of any final dividend in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period.

DIRECTORS

The Directors who held office since the date of the last report are:

Vijay Sivaram	(Appointed on 8 February 2018)
Manoj Jin	(Appointed on 8 February 2018)
Abhijeet Mukherjee	(Appointed on 8 February 2018)
Muhunthan A/L Khrisnan	(Appointed on 8 February 2018)
Abdullah Suhaimi Bin Yacob	(Resigned on 8 February 2018)
John Joseph Kinsella Jr.	(Resigned on 8 February 2018)
Sanjay Modi	(Resigned on 8 February 2018)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial period and their beneficial interests in ordinary shares of the Company during the financial period ended 31 March 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:-

Shares in the Company	Balance as at 1.1.2017 / Date of appointment	Acquired	Disposed	Balance as at 31.3.2018
Abdullah Suhaimi Bin Yacob	255,000	-	255,000	-
Muhunthan A/L Khrisnan	-	255,000	-	255,000

None of the other Directors holding office at the end of the financial period held any beneficial interests in ordinary shares of the Company and of its related corporations during the financial period ended 31 March 2018.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than deemed benefits arising from related party transactions as disclosed in Note 19 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 17 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for the Directors and officers of the Company during the financial period.

OTHER STATUTORY INFORMATION REGARDING THE COMPANY

(I) AS AT THE END OF THE FINANCIAL PERIOD

(a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature except for unrealised loss on foreign exchange of RM25,068 and reversal of impairment loss on trade receivables of RM71,232 as disclosed in Note 15 to the financial statements.

(II) FROM THE END OF THE FINANCIAL PERIOD TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial period in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial period which would or may affect the ability of the Company to meet its obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Company which have arisen since the end of the financial period to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Company which have arisen since the end of the financial period.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Company misleading.

HOLDING COMPANIES

The Directors regard Quess Corp Limited, a company incorporated in India and listed in the National Stock Exchange of India Limited, and Quesscorp Holdings Pte. Ltd., a company incorporated in Singapore, as the ultimate holding company and immediate holding company respectively.

In the previous financial year, the Directors regard Monster Worldwide Inc. and Monster Emerging Markets, LLC, both companies incorporated in the United States of America, as the ultimate holding company and immediate holding company respectively.

Following the disposal of Monster's business across India, South East Asia and the Middle East to Quess Corp Limited on 9 February 2018, Quess Corp Limited and Quesscorp Holdings Pte. Ltd. became the ultimate holding company and immediate holding company respectively.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Company for the financial period ended 31 March 2018 amounted to RM39,820.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Vijay Sivaram
Director

Muhunthan A/L Krishnan
Director

Kuala Lumpur
15 May 2018

MONSTER MALAYSIA SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 11 to 32 have been drawn up in accordance with Malaysian Private Entities Reporting Standard and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance and cash flows of the Company for the financial period then ended.

On behalf of the Board,

Vijay Sivaram
Director

Muhunthan A/L Krishnan
Director

Kuala Lumpur
15 May 2018

STATUTORY DECLARATION

I, Azlini Abdul Malik, being the officer primarily responsible for the financial management of Monster Malaysia Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 32 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly
declared by the above named at
Kuala Lumpur this
15 May 2018

Azlini Abdul Malik
MIA: 38398

Before me:-

PESURUHJAYA SUMPAH
No. W 663
Nama: BALOO A/L T.PICHAI
MALAYSIA

NO. 102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
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Malaysia

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONSTER MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Monster Malaysia Sdn. Bhd., which comprise the statement of financial position as at 31 March 2018 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 1 January 2017 to 31 March 2018, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the financial period from 1 January 2017 to 31 March 2018 in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance or conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONSTER MALAYSIA SDN. BHD.
(Incorporated in Malaysia) (continued)**

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BDO

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONSTER MALAYSIA SDN. BHD.
(Incorporated in Malaysia) (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONSTER MALAYSIA SDN. BHD.
(Incorporated in Malaysia) (continued)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
02893/08/2019 J
Chartered Accountant

Kuala Lumpur
15 May 2018

MONSTER MALAYSIA SDN. BHD. (513480-X)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	31.3.2018 RM	31.12.2016 RM
ASSETS			
Non-current assets			
Property, plant and equipment	8	23,723	-
Current assets			
Trade and other receivables	9	2,481,437	5,658,315
Current tax assets		311,399	-
Cash and bank balances	10	3,052,273	5,082,667
		5,845,109	10,740,982
TOTAL ASSETS		5,868,832	10,740,982
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	11	500,000	500,000
Retained earnings		1,126,378	5,800,137
TOTAL EQUITY		1,626,378	6,300,137
LIABILITIES			
Current liabilities			
Trade and other payables	12	715,289	861,491
Current tax liabilities		-	66,519
Deferred revenue	13	3,527,165	3,512,835
TOTAL LIABILITIES		4,242,454	4,440,845
TOTAL EQUITY AND LIABILITIES		5,868,832	10,740,982

The accompanying notes form an integral part of the financial statements.

MONSTER MALAYSIA SDN. BHD. (513480-X)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Note	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Revenue	14	7,001,988	6,636,017
Other income		1,034,855	308,814
Administrative expenses		(4,565,304)	(4,203,724)
Other expenses		(871,302)	(128,692)
Profit before tax	15	2,600,237	2,612,415
Tax expense	16	(1,473,859)	(645,582)
Profit for the financial period/year		1,126,378	1,966,833
Other comprehensive income, net of tax		-	-
Total comprehensive income		1,126,378	1,966,833

The accompanying notes form an integral part of the financial statements.

MONSTER MALAYSIA SDN. BHD. (513480-X)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Note	Share Capital RM	Distributable retained earnings RM	Total RM
Balance as at 1 January 2016		500,000	3,833,304	4,333,304
Profit for the financial year		-	1,966,833	1,966,833
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	1,966,833	1,966,833
Balance as at 31 December 2016		500,000	5,800,137	6,300,137
Profit for the financial period		-	1,126,378	1,126,378
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	1,126,378	1,126,378
Dividend paid	18	-	(5,800,137)	(5,800,137)
Balance as at 31 March 2018		500,000	1,126,378	1,626,378

The accompanying notes form an integral part of the financial statements.

MONSTER MALAYSIA SDN. BHD. (513480-X)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Note	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,600,237	2,612,415
Adjustments for:			
Impairment loss on trade receivables		-	99,787
Reversal of impairment loss on trade receivables		(71,232)	-
Bad debts written off		43,416	31,928
Depreciation of property, plant and equipment	8	7,333	-
Interest income		(173,175)	(87,751)
Unrealised loss/(gain) on foreign exchange		25,068	(40,253)
Operating profit before working capital changes		2,431,647	2,616,126
Changes in working capital:			
Trade and others receivables		3,190,293	(1,050,065)
Trade and other payables		(132,647)	(234,351)
Cash generated from operating activities		5,489,293	1,331,710
Interest received		173,175	87,751
Tax paid		(1,938,649)	(471,456)
Tax refunded		86,872	-
Net cash from operating activities		3,810,691	948,005
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment	8	(31,056)	-
Net cash used in investing activity		(31,056)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments to)/Advances from ultimate holding company		(9,134)	119,424
Dividend paid	18	(5,800,137)	-
Net cash (used in)/from financing activities		(5,809,271)	119,424
Net (decrease)/increase in cash and cash equivalents		(2,029,636)	1,067,429
Effect of foreign exchange differences in cash and cash equivalent		(758)	-
Cash and cash equivalents at beginning of financial period/year		5,082,667	4,015,238
Cash and cash equivalents at end of financial period/year	10	3,052,273	5,082,667

The accompanying notes form an integral part of the financial statements.

MONSTER MALAYSIA SDN. BHD. (513480-X)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at A-25, NU Tower 1, 203 Jalan Tun Sambanthan, KL Sentral, 50470 Kuala Lumpur.

The Directors regard Quess Corp Limited, a company incorporated in India and listed in the National Stock Exchange of India Limited, and Quesscorp Holdings Pte. Ltd., a company incorporated in Singapore, as the ultimate holding company and immediate holding company respectively.

In the previous financial year, the Directors regard Monster Worldwide Inc. and Monster Emerging Markets, LLC, both companies incorporated in the United States of America, as the ultimate holding company and immediate holding company respectively.

Following the disposal of Monster's business across India, South East Asia and the Middle East to Quess Corp Limited on 9 February 2018, Quess Corp Limited and Quesscorp Holdings Pte. Ltd. became the ultimate holding company and immediate holding company respectively.

The financial statements are presented in Ringgit Malaysia.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 May 2018.

2. PRINCIPAL ACTIVITY

The Company is principally engaged as an online service provider. There have been no significant changes in the nature of this activity during the financial period.

3. CHANGE OF FINANCIAL YEAR END

On 9 February 2018, the Company changed its financial year end from 31 December to 31 March to be coterminous with the financial year of the new ultimate holding company, Quess Corp Limited. Accordingly, the financial statements of the Company for the financial period ended 31 March 2018 cover a fifteen (15) months period as compared to the previous twelve (12) months period ended 31 December 2016.

4. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS"), and the provisions of the Companies Act 2016 in Malaysia.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting and going concern

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MPERS requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 7 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

5.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss in the period in which the costs are incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

For major component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation periods are as follows:

Computer	3 years
Computer software	3 years
Furniture and fittings	10 years
Office equipment	5 years

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Property, plant and equipment and depreciation (continued)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If the expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

5.3 Impairment of non-financial assets

The carrying amount of assets, except for financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

All assets that suffered impairment loss are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for the assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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 amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 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.

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instruments is recognised at transaction price, including transaction costs if the financial instruments is not measured at fair value through profit or loss, except a financing transaction. Financing transactions are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(a) Basic financial instruments

Basic financial instruments include cash, debt instruments (receivables and payables), commitments to receive loans that cannot be settled net in cash, investments in non-convertible preference shares and non-puttable ordinary or preference shares.

The financial instruments shall be measured at the end of each reporting period without any deduction for transaction costs that may be incurred on sale or other disposal.

Subsequent to initial recognition, debts instruments are measured at amortised cost using the effective interest method, whilst commitments to receive a loan are measured at cost less impairment.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or settled.

(b) Financial liabilities

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of financial instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability 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.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.5 Impairment of financial assets

The Company assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

5.6 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

5.7 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties, if any.

Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset.

Current tax is measured at the amount the Company expects to pay or recover using the tax rates and laws that have been enacted or substantively enacted by the reporting date, and real property gains taxes payable on disposal of properties.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.7 Income taxes (continued)

(b) Deferred tax

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that recognised deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Changes in current or deferred tax balances are recognised as an income tax expense or credit and are recognised in the same component of comprehensive income or equity as the transaction that resulted in the tax expense or credit.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

5.8 Provisions

Provisions are recognised when there is an obligation, legal or constructive, as a result of a past event, and when it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Provisions are not recognised for future operating losses. If the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.9 Foreign currency transactions and balances

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

5.10 Contingent liabilities and contingent assets

A contingent liability is either a possible but uncertain obligation, a present obligation that cannot be reliably measured or one where it is less likely than not (but not remote) that there will be an outflow of economic benefits.

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because it is not probable that the entity will be required to transfer economic benefits in settlement or the amount of the obligation cannot be estimated reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements unless the possibility of outflow of resources is remote.

The Company does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain. When future economic benefits become virtually certain, the asset is no longer considered contingent and is recognised in the statement of financial position.

5.11 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.11 Employee benefits (continued)

(a) Short term employee benefits (continued)

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made.

(b) Defined contribution plan

The Company makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

5.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Company as follows:

(a) Services

Revenue represents fees generated from operations of an online career site.

(b) Other income

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

5.13 Deferred revenue

Deferred revenue represents deferred fees and is recognised as revenue on a time apportionment basis over the remaining period of the respective agreements in line with the services to be rendered.

6. ADOPTION OF AMENDMENTS TO THE MPERS

6.1 Amendments to the MPERS that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The Company adopted the following Standards of the MPERS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Description

Amendments to Section 2 *Concepts and Pervasive Principles*
Amendments to Section 4 *Statement of Financial Position*
Amendments to Section 5 *Statement of Comprehensive Income and Income Statement*
Amendments to Section 6 *Statement of Changes in Equity and Statement of Income and Retained Earnings*
Amendments to Section 9 *Consolidated and Separate Financial Statements*
Amendments to Section 10 *Accounting Policies, Estimates and Errors*
Amendments to Section 11 *Basic Financial Instruments*
Amendments to Section 12 *Other Financial Instruments Issues*
Amendments to Section 17 *Property, Plant and Equipment*
Amendments to Section 18 *Intangible Assets other than Goodwill*
Amendments to Section 19 *Business Combinations and Goodwill*
Amendments to Section 20 *Leases*
Amendments to Section 22 *Liabilities and Equity*
Amendments to Section 26 *Share-based Payment*
Amendments to Section 27 *Impairment of Assets*
Amendments to Section 28 *Employee Benefits*
Amendments to Section 29 *Income Tax*
Amendments to Section 30 *Foreign Currency Translation*
Amendments to Section 33 *Related Party Disclosures*
Amendments to Section 34 *Specialised Activities*
Amendments to Section 35 *Transition to the MPERS*

The Company is in the process of assessing the impact of implementing these Amendments, since the effects would only be observable in future financial years.

7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

7.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

7.2 Critical judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the accounting policies of the Company that have a significant effect on the amounts recognised in the financial statements.

7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

7.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

(a) Impairment of receivables

The Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(b) Depreciation of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, and therefore future depreciation charges could be revised.

(c) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

8. PROPERTY, PLANT AND EQUIPMENT

2018	Balance as at 1.1.2017 RM	Additions RM	Written off RM	Balance as at 31.3.2018 RM
At cost				
Computer	66,725	31,056	-	97,781
Computer software	13,349	-	-	13,349
Furniture and fittings	850	-	(850)	-
Office equipment	5,033	-	(3,554)	1,479
	85,957	31,056	(4,404)	112,609

Accumulated depreciation	Balance as at 1.1.2017 RM	Charge for the financial period RM	Written off RM	Balance as at 31.3.2018 RM
Computer	66,725	7,333	-	74,058
Computer software	13,349	-	-	13,349
Furniture and fittings	850	-	(850)	-
Office equipment	5,033	-	(3,554)	1,479
	85,957	7,333	(4,404)	88,886

2016	Balance as at 1.1.2016 RM	Additions RM	Written off RM	Balance as at 31.12.2016 RM
At cost				
Computer	66,725	-	-	66,725
Computer software	13,349	-	-	13,349
Furniture and fittings	850	-	-	850
Office equipment	5,033	-	-	5,033
	85,957	-	-	85,957

Accumulated depreciation	Balance as at 1.1.2016 RM	Charge for the financial year RM	Written off RM	Balance as at 31.12.2016 RM
Computer	66,725	-	-	66,725
Computer software	13,349	-	-	13,349
Furniture and fittings	850	-	-	850
Office equipment	5,033	-	-	5,033
	85,957	-	-	85,957

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	31.3.2018 RM	31.12.2016 RM
Net book value		
Computer	23,723	-
Computer software	-	-
Furniture and fittings	-	-
Office equipment	-	-
	23,723	-

9. TRADE AND OTHER RECEIVABLES

	31.3.2018 RM	31.12.2016 RM
Trade receivables		
Third parties	609,512	1,048,301
Less: Impairment loss on trade receivables	(37,009)	(108,241)
	572,503	940,060
Amounts owing by related companies	1,731,073	3,494,176
Amount owing by immediate holding company	-	44,277
	2,303,576	4,478,513
Other receivables, deposits and prepayments		
Other receivables	122,499	75,101
Amount owing by a related company	-	1,021,522
Deposits	22,360	26,360
Prepayments	33,002	56,819
	177,861	1,179,802
	2,481,437	5,658,315

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Company ranges from 30 to 90 days (31.12.2016: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amount owing by immediate holding company represented balances arising from trade transactions, which were subjected to normal trade terms, and were unsecured, interest-free and payable on demand in cash and cash equivalents.

(c) Amounts owing by related companies in trade receivables represent balances arising from trade transactions, which are subject to normal trade terms, and are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Amount owing by a related company in other receivables is non-trade in nature, which is unsecured, interest-free and payable upon demand in cash and cash equivalents.

10. CASH AND BANK BALANCES

	31.3.2018 RM	31.12.2016 RM
Cash at bank	3,052,273	782,667
Deposits with a licensed bank	-	4,300,000
	3,052,273	5,082,667

In the previous financial year, deposits with a licensed bank of the Company had a maturity period of two (2) weeks with an interest rate of 2.85% (31.12.2016: 3.00%) per annum.

11. SHARE CAPITAL

	Number of ordinary shares		Amount	
	31.3.2018	31.12.2016	31.3.2018 RM	31.12.2016 RM
Issued and fully paid:				
As at 31 December	500,000	500,000	500,000	500,000

The owners of ordinary shares of the Company is entitled to receive dividends as and when declared by the Company and is entitled to one (1) vote per ordinary share at general meeting of the Company as prescribed in the Articles of Association of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

With the introduction of the new Companies Act, 2016 (the 'Act') effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. The Company's share capital is not affected by Section 618 of the CA 2016 as there is no amount standing to the credit of the Company's share premium account and capital redemption reserve upon the enforcement of the CA 2016.

12. TRADE AND OTHER PAYABLES

	31.3.2018 RM	31.12.2016 RM
Trade payables	84,561	76,825
Other payables and accruals		
Other payables	173,684	184,553
Accruals	325,462	454,976
Amounts owing to related companies	131,582	10,394
Amount owing to ultimate holding company	-	134,743
	630,728	784,666
	715,289	861,491

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company is 30 days (31.12.2016: 30 days) from the date of invoices.

12. TRADE AND OTHER PAYABLES (continued)

(b) Amounts owing to related companies represent balances arising mainly from non-trade transactions, which are interest-free and payable on demand in cash and cash equivalents.

(c) Amount owing to ultimate holding company represented balances arising mainly from non-trade transactions, which was interest-free and payable on demand in cash and cash equivalents.

13. DEFERRED REVENUE

Deferred revenue represents deferred fees and is recognised as revenue on a time apportionment basis over the remaining period of the respective agreements in line with the services to be rendered.

14. REVENUE

Revenue represents fees income generated from operation of an online career site.

15. PROFIT BEFORE TAX

	Note	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Profit before tax is arrived at after charging:			
Auditors' remuneration			
- current year		39,820	19,994
Bad debts written off		43,416	31,928
Depreciation of property, plant and equipment	7	7,333	-
Director's fees		30,000	24,000
Impairment loss on trade receivables		-	99,787
Rental of:			
- office		196,345	156,687
- equipment		31,926	24,875
Realised loss on foreign exchange		55,786	52,118
Unrealised loss on foreign exchange		25,068	-
And crediting:			
Reversal of impairment loss on trade receivables		71,232	-
Interest income		173,175	87,751
Unrealised gain on foreign exchange		-	40,253

16. TAX EXPENSE

	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Current tax expense based on profit for the financial period/year		
- Current financial period	652,408	643,770
- Under-provision in prior years	821,451	1,812
	1,473,859	645,582

Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2016: 24%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the period of accounting profit multiplied by the applicable tax rate of the Company is as follows:

	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Profit before tax	2,600,237	2,612,415
Tax at Malaysian statutory tax rate of 24% (31.12.2016: 24%)	624,057	626,980
Tax effects in respect of:		
Non-allowable expenses	28,351	16,790
	652,408	643,770
Under-provision of tax expense in prior years	821,451	1,812
	1,473,859	645,582

17. EMPLOYEE BENEFITS

	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Salaries, bonuses and allowances	2,401,399	2,010,103
Defined contribution plan	101,349	91,515
Other employee benefits	107,111	153,928
	2,609,859	2,255,546

18. DIVIDENDS

	1.1.2017 to 31.3.2018		1.1.2016 to 31.12.2016	
	Dividend per share RM	Amount of dividend RM	Dividend per share RM	Amount of dividend RM
In respect of the financial period ended 31 March 2018:				
Single tier dividend	11.60	5,800,137	-	-

The Directors do not recommend the payment of any final dividend in respect of the current financial period.

19. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its holding companies.

Related parties of Company include:

(i) Quess Corp Limited, the ultimate holding company;
(ii) Quesscorp Holdings Pte. Ltd., the immediate holding company;
(iii) Subsidiaries of the holding companies; and
(iv) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Company.

(b) Related party transactions

The Company had the following transactions with related parties during the financial period:

	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Operating expenses recharged by Monster Technologies Malaysia Sdn. Bhd., a former related company	52,185	73,571
Global revenue transferred from/(to):		
- Monster Emerging Markets, LLC, former immediate holding company	416,773	451,669
- Monster Canada, a former related company	(1,162)	(3,255)
- Monster United Kingdom, a former related company	97,531	40,656
- Monster India, a related company	969,131	668,909
- Monster Singapore, a related company	1,394,225	995,706

19. RELATED PARTY DISCLOSURES (continued)

(b) Related party transactions (continued)

The Company had the following transactions with related parties during the financial period (continued):

	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Global revenue transferred from/(to):		
- Monster Hong Kong, a related company	(123,108)	(43,698)
- Monster Middle East, a related company	12,025	39,131
- Monster Korea, a related company	(157,986)	(112,440)
- Monster Philippines, a related company	(186,447)	13,768
- Monster France, a former related company	-	4,035
- Monster Germany, a former related company	-	75
- Monster Ireland, a former related company	-	366
- Monster Netherland, a former related company	-	4,137
- Monster Scandanavia, a former related company	-	101
- Monster Italy, a former related company	-	422
- Monster Spain, a former related company	-	2,597
- Monster Switzerland, a former related company	-	1,724
Global insurance transferred from Monster Worldwide, Inc, former ultimate holding company	-	43,616
Restricted stock award recharged from Monster Worldwide, Inc, former ultimate holding company	-	1,336

The Directors of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

Information regarding outstanding balances arising from related party transactions as at the end of each reporting period are disclosed in Notes 9 and 12 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Company.

The remuneration of Directors and other key management personnel during the financial period was as follows:

	1.1.2017 to 31.3.2018 RM	1.1.2016 to 31.12.2016 RM
Director's fee	30,000	24,000

20. COMMITMENTS

Operating lease commitments

The Company had entered into non-cancellable lease agreements for office premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

	31.3.2018 RM	31.12.2016 RM
Not later than one (1) year	101,760	105,828
Later than one (1) year and not later than five (5) years	16,960	-
	118,720	105,828

21. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	31.3.2018 RM	31.12.2016 RM
Financial assets		
Financial assets measured at cost less impairment		
Trade and other receivables, net of prepayments	2,448,435	5,601,496
Cash and bank balances	3,052,273	5,082,667
	5,500,708	10,684,163

	31.3.2018 RM	31.12.2016 RM
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	715,289	861,491

(b) Methods and assumptions used to estimate fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables and trade and other payables, are reasonable approximation of fair value due to their short-term nature.

MONSTER.COM.SG PTE LIMITED
Company Reg. No.: 200004227N

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018

Joe Tan & Associates PAC
Chartered Accountants

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MONSTER.COM.SG PTE LIMITED
(Company Reg. No: 200004227N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018

CONTENTS

MONSTER.COM.SG PTE LIMITED
(Company Reg. No: 200004227N)

DIRECTORS' STATEMENT
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018

The directors are pleased to present their statement to the member together with the audited financial statements of Monster.com.sg Pte Limited (the "Company) for the financial period from 1 January 2017 to 31 March 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the period then ended; and

(a) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are as follow:

Sandro Lang	Appointed on 8.2.2018
Vijay Sivaram	Appointed on 8.2.2018
Manoj Jain	Appointed on 8.2.2018
Abhijeet Mukerjee	Appointed on 8.2.2018
Keckeis Roman Werner	Appointed on 8.2.2018

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial period nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial period had no interest of the share capital or debentures of the Company and its related corporation at the beginning and end of the financial period as recorded in the register of directors, shareholdings kept by the Company under section 164 of the Singapore Companies Act, Cap. 50.

5. SHARES OPTIONS

There were no shares options granted by the Company during the financial period.

There were no shares issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under shares option as at the end of the financial period.

6. INDEPENDENT AUDITORS

The independent auditors, **JOE TAN & ASSOCIATES PAC**, Public Accountants and Chartered Accountants, have expressed their willingness to accept appointment as Auditors.

On behalf of the board of directors,

....
Manoj Jain
Director

....
Abhijeet Mukherjee
Director

Singapore

09 MAY 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MONSTER.COM.SG PTE LIMITED

Report on the Financial Statements

Opinion

We have audited the financial statements of Monster.com.sg Pte Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Other matters
The financial statements of Monster.com.sg Pte Limited for the year ended 31 December 2016 was audited by another auditor who expressed an unqualified opinion on those financial statements on 8 June 2017.

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An Accredited Training Organisation for the CA (Singapore)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Joe Tan & Assoc PAC.

JOE TAN & ASSOCIATES PAC
Public Accountants and
Chartered Accountants

Singapore
09 MAY 2018

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MONSTER.COM.SG PTE LIMITED
(Company Reg. No.:200004227N)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018 (Note 21)

	Note	31 March 2018 S$	31 December 2016 S$
ASSETS			
Non-current assets:			
Plant and equipment	4	32,616	18,675
Total non-current assets		32,616	18,675
Current assets:			
Trade and other receivables	5	3,473,177	3,964,632
Cash and cash equivalents	6	3,472,369	10,012,122
Total current assets		6,945,546	13,976,754
TOTAL ASSETS		6,978,162	13,995,429
EQUITY AND LIABILITIES			
Equity			
Share capital	7	2	2
Retained earnings		791,488	6,677,974
Equity attributable to owners of the Company		791,490	6,677,976
Current liabilities:			
Trade and other payables	8	6,067,519	7,161,998
Income tax payable		119,153	155,455
Total current liabilities		6,186,672	7,317,453
TOTAL EQUITY AND LIABILITIES		6,978,162	13,995,429

The accompanying notes form an integral part of these financial statements.

MONSTER.COM.SG PTE LIMITED
(Company Reg. No.:200004227N)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018 (Note 21)

	Note	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Revenue	9	5,299,987	4,865,721
Other income	10	90,813	114,449
		5,390,800	4,980,170
Items of expense:			
Employee benefits	11	(3,009,856)	(2,418,194)
Depreciation of plant and equipment	4	(9,244)	(5,229)
Selling and distributions costs		(743,267)	(686,503)
Administrative expenses		(725,452)	(716,815)
Profit before tax	12	902,981	1,153,429
Income tax expense	13	(111,493)	(155,206)
Profit for the period, representing total comprehensive income for the period		791,488	998,223

The accompanying notes form an integral part of these financial statements.

MONSTER.COM.SG PTE LIMITED
(Company Reg. No.:200004227N)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018 (Note 21)

	Note	Share capital S$	Retained earnings S$	Total S$
Balance at 1 January 2017		2	6,677,974	6,677,976
Profit for the period, representing total comprehensive income for the period		-	791,488	791,488
Dividend paid	14	-	(6,677,974)	(6,677,974)
Balance at 31 March 2018		2	791,488	791,490
Balance at 1 January 2016		2	5,679,751	5,679,753
Profit for the period, representing total comprehensive income for the period		-	998,223	998,223
Balance at 31 December 2016		2	6,677,974	6,677,976

The accompanying notes form an integral part of these financial statements.

MONSTER.COM.SG PTE LIMITED
(Company Reg. No.:200004227N)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018 (Note 21)

	Note	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Cash flows from operating activities			
Profit after tax		791,488	998,223
Adjustments for:			
Bad debts recoveries		(17,686)	(9,005)
Bad debts written off		2,450	5,177
Depreciation of plant and equipment	4	9,244	5,229
Interest income		(14,735)	(80,452)
Income tax expense		111,493	155,206
		882,254	1,074,378
Changes in working capital:			
Decrease / (Increase) in trade and other receivables		506,691	(1,354,418)
(Decrease) / Increase in trade and other payables		(1,093,998)	1,192,336
Cash generated from operations		294,947	912,296
Witholding tax paid		(481)	4,928
Income tax refund		30,440	-
Income tax paid		(178,235)	(238,934)
Net cash generated from operating activities		146,671	678,290
Cash flows from investing activities			
Acquisition of plant and equipment	4	(23,185)	(7,228)
Net cash used in investing activities		(23,185)	(7,228)
Cash flows from financing activities			
Dividend paid	14	(6,677,974)	-
Interest income received		14,735	80,452
Net cash (used in) / generated from financing activities		(6,663,239)	80,452
Net (decrease) / increase in cash and cash equivalents		(6,539,753)	751,514
Cash and cash equivalents at beginning of the period		10,012,122	9,260,608
Cash and cash equivalents at end of the period		3,472,369	10,012,122

1. GENERAL

The Company is a private company limited by shares, and incorporated and domiciled in the Republic of Singapore.

The registered office and principal place of business address is 100 Beach Road #27-08/13 Shaw Tower Singapore 189702.

The immediate holding and ultimate holding companies are Quesscorp Holdings Pte Ltd, a company incorporated in Singapore and Quess Corp Limited, a company incorporated in India, respectively.

In previous financial period, the immediate holding and ultimate holding companies are Monster.com Asia Limited, a company incorporated in Hong Kong and Randstad Holdings NV, a company incorporated in the Netherlands, respectively.

The principal activities of the Company are those of the business of a web-based employment placement and career services agency. There have been no significant changes in the nature of these activities during the financial period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared in accordance with the provision of Singapore Companies Act, Cap.50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (S$), which is the Company's functional currency. All financial information is presented in Singapore Dollar (S$) unless otherwise stated.

ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial period except in the current financial period, the Company has adopted all the new and revised standards which are relevant to the Company, and are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any material effect on the financial statements, except for certain presentation improvements arising from *Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative*.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The application of these amendments has had no impact on the Company's financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

The following standards that have been issued but not yet effective are as follows:

Reference	Description	Effective for annual periods beginning on or after
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109	Financial Instruments	1 Jan 2018
Amendments to FRS 40	Transfers of Investment Property	1 Jan 2018
Amendments to FRS 109	Prepayment Features with Negative Compensation	1 Jan 2019
Amendments to FRS 28	Long-term Interests in Associates and Joint Ventures	1 Jan 2019
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 Jan 2019
Amendments to FRS 115	Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019
Amendments to FRS 102	Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 109, FRS 115 & FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 & FRS 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cashflow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will likely result in changes to the accounting policies relating to the Company's leases. Management does not intend to early adopt FRS 116, which is effective from financial year beginning 1 January 2019 and will perform a detailed assessment of the possible impact of implementing FRS 116 before its implementation date.

CASH AND CASH EQUIVALENTS

Cash and bank balances in the statement of financial position comprise cash on hand, cash at bank and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank and fixed deposits.

FINANCIAL INSTRUMENTS

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company has the following non-derivative financial assets: loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FINANCIAL INSTRUMENTS – CONTINUED

(a) Financial assets – Continued

Subsequent measurement
Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalent comprise cash at bank, cash on hand and fixed deposits.

De-recognition
A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
Financial liabilities at amortised cost
After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

De-recognition
A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

OPERATING LEASES - AS LESSEE

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

PROVISIONS

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF FINANCIAL ASSETS – CONTINUED

Financial assets carried at amortised cost – Continued

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives (years)
Leasehold improvement	3
Computer and office equipment	3 - 4
Furniture & fittings	3

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

IMPAIRMENT OF NON - FINANCIAL ASSETS

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group and the Company makes an estimated of the asset's recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF NON - FINANCIAL ASSETS – CONTINUED

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the ordinary course of business. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Service income

Service income is recognised over the period which the service term relates to. Service fee revenue received and relating to future periods is carried forward to future periods as deferred income.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

GOVERNMENT GRANT

Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relavant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institution with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

EMPLOYEE BENEFITS

(a) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(c) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity.

Directors are considered key management personnel.

DIVIDENDS

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Articles of Association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

RELATED PARTIES

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the followings conditions apply:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or jointly venture of the other entity (or an associate or joint ventures of an member of a group of which the other entity is a member).
- (iii) Both entities are joint venture of the same third party.
- (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefits plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a)
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

TAXES

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

TAXES – CONTINUED

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could results in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgement made in applying accounting policies

(i) Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES – CONTINUED

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Impairment of loans and receivables

The impairment of trade and other receivables of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of the Company's trade and other receivables as at 31 March 2018 was S$3,473,177 (31 December 2016: S$3,964,632) and during the period a reversal impairment loss of S$17,686 (31 December 2016: S$9,005) was recognised. Further information is disclosed in Note 5.

(ii) Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's plant and equipment as at 31 March 2018 was S$32,616 (31 December 2016: S$18,675).

(iii) Income tax payable

The Company recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The provision for the Company's income tax as at 31 March 2018 was S$119,153 (31 December 2016: S$155,455).

4. PLANT AND EQUIPMENT

	Leasehold improvement S$	Computers & Office equipment S$	Furniture & Fittings S$	Total S$
Costs				
As at 31.12.2015	172,449	111,141	40,183	323,773
Additions	-	5,218	2,010	7,228
As at 31.12.2016	172,449	116,359	42,193	331,001
Additions	-	23,185	-	23,185
As at 31.3.2018	172,449	139,544	42,193	354,186
Accumulated depreciation				
As at 31.12.2015	172,449	94,465	40,183	307,097
Charge for the period	-	5,051	178	5,229
As at 31.12.2016	172,449	99,516	40,361	312,326
Charge for the period	-	9,244	-	9,244
As at 31.3.2018	172,449	108,760	40,361	321,570
Net carrying value				
As at 31.3.2018	-	30,784	1,832	32,616
As at 31.12.2016	-	16,843	1,832	18,675

5. TRADE AND OTHER RECEIVABLES

	31 March 2018 S$	31 December 2016 S$
Current assets:		
Trade receivables:		
- Third parties	1,810,017	1,486,876
Less: Allowance of impairment loss	-	(17,686)
	1,810,017	1,469,190
- Fellow subsidiaries	1,427,753	-
- Related companies	-	2,083,528
	3,237,770	3,552,718
Deposits	71,380	81,204
Prepayments	10,216	29,734
Deferred commission	153,811	300,976
	3,473,177	3,964,632

Third party trade receivables are non-interest bearing and generally on 30 to 120 (31 December 2016: 30 - 120) days' term.

Commission expenses incurred and relating to future periods are carried forward to future periods as deferred commission.

The carrying amounts of trade and others receivables approximated their fair value.

5. TRADE AND OTHER RECEIVABLES – CONTINUED

There is no other class of financial assets that is past due and/or impaired except for trade receivables mentioned below.

Receivables that are past due but not impaired

The Company had trade receivables amounting to S$333,217 (31 December 2016: S$209,526) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

Trade receivables past due but not impaired:	31 March 2018 S$	31 December 2016 S$
- Past due 1 to 90 days	333,217	196,579
- Past due for 91 to 180 days	-	12,947
	333,217	209,526

Receivables that were impaired

The Company's trade receivables that was impaired at the reporting date and the movements of the allowance accounts used to record the impairment were as follows:

	31 March 2018 S$	31 December 2016 S$
Trade receivables - nominal amount	-	17,686
Less: Allowance for impairment loss	-	(17,686)
	-	-
Movements in the allowance for impairment loss on trade receivables are as follows:		
At beginning of financial period	17,686	26,691
Allowance credited to profit or loss	(17,686)	(9,005)
At end of financial period	-	17,686

Trade and other receivables are denominated in the following currencies:

	31 March 2018 S$	31 December 2016 S$
Singapore Dollar	3,457,647	3,895,059
United States Dollar	15,530	69,573
	3,473,177	3,964,632

6. CASH AND CASH EQUIVALENTS

	31 March 2018 S$	31 December 2016 S$
Cash on hand	19	-
Cash at banks	721,762	1,469,471
Fixed deposits	2,750,588	8,542,651
	3,472,369	10,012,122

The fixed deposits have maturity term of 6 months (31 December 2016: 3 months) from the end of the financial period. The average interest rate of the fixed deposits is 1.30% (31 December 2016: 0.46%) per annum. The weighted average effective rate on fixed deposit is 1.30% (31 December 2016: 0.46%) per annum.

The carrying amounts of cash and cash equivalents approximate their fair values.

The cash and cash equivalents are denominated in the followings currencies:

	31 March 2018 S$	31 December 2016 S$
Singapore Dollar	3,354,394	9,972,599
United States Dollar	117,975	39,523
	3,472,369	10,012,122

7. SHARE CAPITAL

	31 March 2018		31 December 2016	
	Number of shares	S$	Number of shares	S$
Issued and fully paid ordinary shares				
Beginning / Ending of the period	2	2	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meeting. All shares rank equally with regards to the Company's residual assets.

The ordinary shares have no par value.

8. TRADE AND OTHER PAYABLES

	31 March 2018 S$	31 December 2016 S$
Current liabilities:		
Trade payables		
- Third party	63,422	-
- Fellow subsidiaries	2,115,963	-
- Penultimate holding company	-	261,412
- Related companies	-	3,145,500
	2,179,385	3,406,912
Accruals	899,987	780,670
Deferred income	2,905,860	2,907,707
GST payables	82,287	66,709
	6,067,519	7,161,998

The trade amounts due to third party, fellow subsidiaries, penultimate holding company, and related companies are unsecured, non-interest bearing and are repayable on demand.

Service revenue received and relating to future periods are carried forward to future periods as deferred income.

The carrying amounts of trade and other payables approximate their fair value.

Trade and other payables are denominated in the following currencies:

	31 March 2018 S$	31 December 2016 S$
Singapore Dollar	3,799,711	6,614,114
United States Dollar	76,898	418,462
Indian Rupee	1,514,066	-
Hong Kong Dollar	72,107	75,191
Malaysian Ringgit	604,737	-
Sterling Pound	-	26,784
Euro Dollar	-	11,955
Canadian Dollar	-	14,314
Others	-	1,178
	6,067,519	7,161,998

9. REVENUE

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Service income	5,299,987	4,865,721
	5,299,987	4,865,721

10. OTHER INCOME

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Other income	8,451	24,992
Bad debts recoveries	17,686	9,005
Fixed deposits interest income	14,735	80,452
Loan interest income	49,941	-
	90,813	114,449

11. EMPLOYEE BENEFITS

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Director's remuneration (Note 15)	294,755	302,510
Directors' CPF contribution (Note 15)	18,361	17,341
Staffs' salaries and other short-term employee benefits	2,556,944	1,959,352
Staffs' CPF contribution	139,796	138,991
	3,009,856	2,418,194

12. PROFIT BEFORE TAX

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Profit before tax has been arrived at after charging:		
Communication expenses	83,499	87,666
Depreciation of plant and equipment (Note 4)	9,244	5,299
Employee benefits (Note 11)	3,009,856	2,418,194
IT related expenses	89,399	84,879
Rental of office premises	327,989	248,089
Royalty & IT Service	76,778	98,202
Travel expenses	25,902	45,799

13. INCOME TAX EXPENSE

The major components of income tax expense recognised in profit or loss for the financial period ended 31 March 2018 and 31 December 2016 were:

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Current income tax:		
- Current period	119,153	150,000
- (Over) / Under provision for prior years	(7,660)	5,206
	111,493	155,206

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period ended 31 March 2018 and 31 December 2016 were as follows:

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Profit before income tax	902,981	1,153,429
Tax at the statutory tax rate 17% (31 December 2016: 17%)	153,507	196,083
Tax effect on non-deductible expenses	1,571	-
Tax effect on enhanced allowance	-	(2,661)
Statutory stepped income exemption	(25,925)	(25,925)
Corporate income tax rebate	(10,000)	(25,000)
(Over) / Under provision of income tax in respect of prior years	(7,660)	5,206
Others	-	7,503
	111,493	155,206

14. DIVIDEND PAID

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Dividend on ordinary shares:		
Declared and paid during the financial period		
Interim exempt (one-tier) dividend for the financial period ended 31 March 2018 at S$3,338,987 (31 December 2016: S$NIL) per share	6,677,974	-
	6,677,974	-

15. OPERATING LEASE COMMITMENTS

The Company leases the office premise under non-cancellable operating lease agreement. This lease has varying terms, escalation clauses and renewal rights.

The future minimum rental payable under non-cancellable operating lease contracted for at the reporting date but not recognised as liabilities, are as follows:

	31 March 2018 S$	31 December 2016 S$
As lessee:		
Not later than one year	23,858	143,147
Later than one year but not later that five years	-	59,645
	23,858	202,792

Operating lease payments represent rent payable by the Company for the office premise. Lease is negotiated for a term of 2 years and rentals are fixed for a term of 2 years with no option to renew the lease and no provisions for contingent rent or upwards revision of rent based on market price indices.

Minimum lease payments recognised as an expense in profit or loss for the financial period ended 31 March 2018 amounted to S$190,862 (31 December 2016: S$135,896)

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial period:

	1 January 2017 to 31 March 2018 S$	1 January 2016 to 31 December 2016 S$
Sales transferred from fellow subsidiaries	1,440,951	-
Sales transferred to fellow subsidiaries	(2,082,121)	-
Sales transferred from the penultimate holding company	-	307,363
Sales transferred from related companies	-	355,425
Sales support fees payable to fellow subsidiaries	(58,441)	-
Sales support fees recoverable from fellow subsidiaries	122,197	-
Sales support fees payable to the penultimate holding company	-	(23,668)
Sales support fees recoverable from related companies	-	30,243
Sales from fellow subsidiary	308,009	-
Restricted stock option payable to the penultimate holding company	-	(3,445)
Other income recoverable from a fellow subsidiary	8,105	-
Payment on behalf for fellow subsidiaries	111,948	-
Payment received on behalf by a fellow subsidiary	33,628	-
Staffs costs payable to a fellow subsidiary	(1,213,287)	-
Brand and IT service fee payable to the penultimate holding company	-	(93,274)
Communication expense payable to a related company	-	(50,111)
Rental expense payable to a related company	-	(97,176)
Key management personnel compensation: (Note 11)		
Director's remuneration	294,755	302,510
Director's CPF contribution	18,361	17,341

Related parties comprise of companies which are controlled or significantly influenced by the Companies' directors.

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial period, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

The financial assets that are either past due or impaired are disclosed in Note 5.

17. FINANCIAL RISK MANAGEMENT – CONTINUED

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand- by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

31 March 2018	Carrying amount S$	Contractual cash flows S$	One year or less S$
Financial assets			
Trade and other receivables [(i)]	3,309,150	3,309,150	3,309,150
Cash and cash equivalents	3,472,369	3,489,509	3,489,509
Total undiscounted financial assets	6,781,519	6,798,659	6,798,659
Financial liabilities			
Trade and other payables [(ii)]	3,079,372	3,079,372	3,079,372
Total undiscounted financial liabilities	3,079,372	3,079,372	3,079,372
Total net undiscounted financial assets	3,702,147	3,719,287	3,719,287

31 December 2016	Carrying amount S$	Contractual cash flows S$	One year or less S$
Financial assets			
Trade and other receivables [(i)]	3,633,922	3,633,922	3,633,922
Cash and cash equivalents	10,012,122	10,026,270	10,026,270
Total undiscounted financial assets	13,646,044	13,660,192	13,660,192
Financial liabilities			
Trade and other payables [(ii)]	4,187,582	4,187,582	4,187,582
Total undiscounted financial liabilities	4,187,582	4,187,582	4,187,582
Total net undiscounted financial assets	9,458,462	9,472,610	9,472,610

[(i)] The amounts excluded prepayments and deferred commission.
[(ii)] The amounts excluded GST payables and deferred income.

17. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the cash and cash equivalents.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial period.

At the reporting date, if the interest rates had been 50 basis points higher/lower with all other variables held constant, the Company's profit before tax would have been S$NIL (31 December 2016: S$NIL) higher/lower, arising mainly as a result of higher/lower interest income/expense on floating rate cash at banks and fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

Fixed rate instruments:	31 March 2018 S$	31 December 2016 S$
Financial assets		
Within one year		
Fixed deposits	2,750,588	8,542,651

Interests on fixed deposits at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Company that are not included in the above table are not subject to interest rate risks.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollar, Indian Rupee, Hong Kong Dollar, Malaysian Ringgit, Sterling Pound, Canadian Dollar and Euro Dollar.

The Company's currency exposure to the United States Dollar, Indian Rupee, Hong Kong Dollar, Malaysian Ringgit, Sterling Pound, Canadian Dollar and Euro Dollar at the reporting date were as follows:

17. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Market risk – Continued

(ii) Foreign currency risk – Continued

31 March 2018	United States Dollar S$	Indian Rupee S$	Hong Kong Dollar S$	Malaysian Ringgit S$
Financial assets				
Trade and other receivables[i]	15,530	-	-	-
Cash and cash equivalents	117,975	-	-	-
	133,505	-	-	-
Financial liabilities				
Trade and other payables[ii]	76,898	1,514,066	72,107	604,737
	76,898	1,514,066	72,107	604,737
Currency exposure	56,607	(1,514,066)	(72,107)	(604,737)

31 December 2016	United States Dollar S$	Hong Kong Dollar S$	Sterling Pound S$	Euro Dollar S$	Canadian Dollar S$
Financial assets					
Trade and other receivables[i]	69,573	-	-	-	-
Cash and cash equivalents	39,523	-	-	-	-
	109,096	-	-	-	-
Financial liabilities					
Trade and other payables[ii]	418,462	75,191	26,784	11,955	14,314
	418,462	75,191	26,784	11,955	14,314
Currency exposure	(309,366)	(75,191)	(26,784)	(11,955)	(14,314)

[i] The amounts excluded prepayments and deferred commission.
[ii] The amounts excluded GST payables and deferred income.

17. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Market risk – Continued

(ii) Foreign currency risk – Continued

A 10% strengthening of Singapore Dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit after tax	
	31 March 2018 S$	31 December 2016 S$
United States Dollar	4,698	(25,677)
Indian Rupee	(125,667)	-
Hong Kong Dollar	(5,985)	(6,241)
Malaysian Ringgit	(50,193)	-
Sterling Pound	-	(2,223)
Euro Dollar	-	(992)
Canadian Dollar	-	(1,188)

A 10% weakening of Singapore Dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

18. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximize shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial period ended 31 March 2018 and 31 December 2016.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 31 December 2016.

19. FAIR VALUE

Fair value hierarchy
The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

19. FAIR VALUE – CONTINUED

Fair values
The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The followings methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables
The carrying amounts of these balances approximate their fair value due to the short-term nature of these balances.

Trade receivables and trade payables
The carrying amounts of these receivables and payables (including trade balances due to from/to holding and related companies) approximate their fair values as they are subject to normal trade credit terms.

20. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	31 March 2018 S$	31 December 2016 S$
Loans and receivables:		
Trade and other receivables (Note 5) [i]	3,309,150	3,633,922
Cash and cash equivalents (Note 6)	3,472,369	10,012,122
Total loans and receivables	6,781,519	13,646,044
Financial liabilities measured at amortised costs:		
Trade and other payables (Note 8) [ii]	3,079,372	4,187,582
Total financial liabilities measured at amortised cost	3,079,372	4,187,582

[i] The amounts excluded prepayments and deferred commission.
[ii] The amounts excluded GST payables and deferred income.

21. COMPARATIVE INFORMATION

The current financial period comprises 15 months from 1 January 2017 to 31 March 2018 as the Company changed its financial period end from 31 December to 31 March to coincide with the financial period end of the holding company.

The audited comparative figures presented in the financial statements are not entirely comparable as they cover a period from 1 January 2016 to 31 December 2016.

22. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial period from 1 January 2017 to 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on
0 9 MAY 2018

QUESS CORP LANKA (PRIVATE) LIMITED

FINANCIAL STATEMENTS - 31 MARCH 2018

QUESS CORP LANKA (PRIVATE) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

pwc

QUESS CORP LANKA (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018

pwc

Independent auditor's report

To the board of directors of Quess Corp Lanka (Private) Limited

1 We have audited the accompanying financial statements of Quess Corp Lanka (Private) Limited, which comprise the statement of financial position as at 31 March 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 3 to 24.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of these special purpose financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and as per requirement of the board of directors of Quess Corp Lanka (Private) Limited for purposes of providing information to Quess Corp Limited to enable it to prepare consolidated financial statements of the group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3 Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report continued on page 2

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S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA

Independent auditor's report

To the board of directors of Quess Corp Lanka (Private) Limited

Opinion

6 In our opinion, the special purpose financial statements give a true and fair view of the financial position of Quess Corp Lanka (Private) Limited as at 31 March 2018, and its financial performance and its cash flows for the year ended 31 March 2018 in accordance with Sri Lanka Accounting Standards.

Basis of preparation and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of accounting. This special purpose financial statements have been prepared for purposes of providing information to Quess Corp Limited to enable it to prepare the consolidated financial statements of the group as at 31 March 2018. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the board of directors of Quess Corp Lanka (Private) Limited and Quess Corp Limited and should not be distributed to or used by parties other than the board of directors of Quess Corp Lanka (Private) Limited and Quess Corp Limited.

04 May 2018

COLOMBO

CHARTERED ACCOUNTANTS

QUESS CORP LANKA (PRIVATE) LIMITED

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Note	1 April to 31 March 2018	27 April to 31 March 2017
Revenue	7	117,245,383	72,864,305
Administrative expenses	8	(59,122,774)	(39,403,692)
Operating profit		58,122,609	33,460,613
Other Operating Income	9	Nil	43,802,493
Net finance income	10	3,404,576	985,136
Profit before income tax		61,527,185	78,248,242
Income tax expense	11	(590,969)	(12,608,539)
Profit for the year / period		**60,936,216**	**65,639,703**
Other comprehensive income/(loss)		Nil	Nil
Total comprehensive income/(expense)		**60,936,216**	**65,639,703**
Earnings per share	12	**50.10**	**53.97**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED

Statement of financial position

(all amounts in Sri Lanka Rupees)

	Note	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	13	2,707,223	778,903
Intangible assets	14	Nil	Nil
Deferred income tax assets	19	4,116,892	6,878,848
		6,824,115	7,657,751
Current assets			
Trade and other receivables	15	239,918,761	122,394,427
Cash and cash equivalents	16	40,093,154	64,064,979
		280,011,915	186,459,406
Total assets		**286,836,031**	**194,117,157**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	18	12,162,840	12,162,840
Retained earnings		177,769,157	116,832,941
		189,931,997	128,995,781
Non-current liabilities			
Defined benefit obligations	20	16,102,344	17,650,218
		16,102,344	17,650,218
Current liabilities			
Trade and other payables	21	78,862,892	32,286,704
Current income tax payable	22	1,938,797	15,184,454
		80,801,689	47,471,158
Total liabilities		**96,904,033**	**65,121,376**
Total equity and liabilities		**286,836,031**	**194,117,157**

I certify that these financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards.

....

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements were authorised for issue by Board of Directors on 04 May 2018.

.... }

.... } **Directors**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED

Statement of changes in equity

(all amounts in Sri Lanka Rupees)

	Stated capital	Retained earnings	Total
Balance at 27 April 2016	12,162,840	51,193,238	63,356,078
Profit for the period	Nil	65,639,703	65,639,703
Other comprehensive income	Nil	Nil	Nil
Total comprehensive expense	Nil	65,639,703	65,639,703
Balance at 31 March 2017	**12,162,840**	**116,832,941**	**128,995,781**
Balance at 1 April 2017	12,162,840	116,832,941	128,995,781
Profit for the year	Nil	60,936,216	60,936,216
Other comprehensive income	Nil	Nil	Nil
Total comprehensive income	Nil	60,936,216	60,936,216
Balance at 31 March 2018	**12,162,840**	**177,769,157**	**189,931,997**

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The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED

Statement of cash flows

(all amounts in Sri Lanka Rupees)

	Note	1 April to 31 March 2018	27 April to 31 March 2017
Cash flows from operating activities			
Cash (used in) / generated from operations	23	(6,011,125)	20,910,878
Net finance income received	10	3,404,576	985,136
Income tax paid		(11,074,670)	(1,220,353)
Retirement benefit obligation paid		(7,547,874)	(619,974)
Net cash (used in) / generated from operating activities		**(21,229,094)**	**20,055,687**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(2,742,732)	(534,172)
Net cash used in investing activities		**(2,742,732)**	**(534,172)**
(Decrease) /increase in cash and cash equivalents		**(23,971,826)**	**19,521,515**
Movement in cash and cash equivalents			
At beginning of the year		64,064,979	44,543,464
(Decrease) /increase		(23,971,826)	19,521,515
At end of the year	16	**40,093,153**	**64,064,979**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

The Company is a limited liability company incorporated in Sri Lanka and approved under section 16 of the BOI law. The company has been incorporated on 09 February 2004 and has its registered office at 7th Floor, BOC Merchant Tower, 28 St. Michael's Road, Colombo 03. The Company was formerly known as Randstad Lanka (Private) Limited and was acquired by Quess Corp Holdings PTE Ltd with effect from 26 April 2016. The company is engaged in the business of providing human resource services to clients.

Quess Corp Lanka (Private) Limited is a 100% subsidiary company of Quess Corp Holdings PTE Ltd, a company incorporated in Singapore while Ultimate Parent of the company is Quess Corp Limited, a company incorporated in India.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared by the management for purposes of providing information to Quess Corp Limited to enable it to prepare the consolidated financial statements of the group. The financial statements cover the year from 1 April 2017 to 31 March 2018. Comparative figures are for the period from 27 April 2016 to 31 March 2017 and, therefore, the amounts presented in the financial statements are not entirely comparable.

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (LKASs and SLFRSs). The financial statements are prepared under the historical cost basis.

The preparation of financial statements in conformity with SLFRS/LKAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

2.3 Property, plant and equipment

All property, plant and equipment is initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated on a straight line method to write off the cost of each asset to their residual values over their estimated useful lives or the lease term, whichever is lower.

	%
Office equipment	25
Furniture and fittings	25
Computer equipment	25

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the income statement.

2.4 Intangible assets

Intangible assets wholly consist of computer software. Acquisition cost of computer software is capitalised and amortised using the straight-line method over the useful life of three years.

2.5 Impairment of non financial assets

Assets that have an indefinite useful life that intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

There were no financial assets other than loans and receivables at the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the balance sheet date in which case classified as non-current assets.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

2.6.2 Recognition and measurement of financial asset

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

During the reporting period, the Company did not record any financial assets that were available for sale or fair value through profit or loss or held to maturity.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - *(i)* adverse changes in the payment status of borrowers in the portfolio; and
  - *(ii)* national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

2.8 Impairment of financial assets (Contd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.9 Financial liabilities

The Company's financial liabilities include trade and other payables. All other financial liabilities except for financial liabilities at fair value through profit or loss are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.13 Employee benefits

(a) Defined benefit plan - gratuity

Provision has been made for retirement gratuities from the first year of services for all employees in conformity with LKAS 19. However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability has not been externally funded nor actuarially valued.

(b) Defined contribution plan

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Revenue recognition

The revenue represents all billings made during the accounting period. The company is not in the practice of accounting for work-in-progress.

Revenue is recognised upon performance of service. Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value added tax and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In agency relationships, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.

2.16 Current and deferred income taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

2.17 Stated capital

The Ordinary shares are classified under the stated capital.

2.18 Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company recognises contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

PricewaterhouseCoopers
Colombo

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

3 Financial risk management

3.1 Financial risk factors

The Company is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks, liquidity risks and investment risks. Based on our economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time.

(a) *Market risk*

(i) *Foreign exchange risk*

The company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the Sri Lankan Rupee (LKR) against the US Dollar (USD). The company's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes. Certain bank balances and trade and other payables are denominated in foreign currencies.

The Company's Financial Statements which are presented in Sri Lankan Rupees, are affected by foreign exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect the company's pricing of services rendered and cost incurred in foreign currencies. In particular, weakening of the Sri Lankan Rupee against the US Dollar can have adverse effects on the company's operating results through its impact on overheads incurred in Sri Lanka .

The table below shows the Company's sensitivity to reasonable possible change in exchange rate of LKR against USD, assessed by the Company, while all other variables are held constant. The USD is the major currency in which Company's financial instruments are denominated after the Company's presentation and document currency - LKR. The impact of the movement in exchange rates on equity is given in the table below.

	Increase in income LKR 2017	Increase in income LKR 2016
10% depreciation (2016 - 10% depreciation) of the LKR against USD	46,308	42,098
Net decrease in income	**46,308**	**42,098**

(ii) Interest rate risk

The Company's interest rate risk arises from short - term borrowings. Borrowings issued at variable rates expose the company to interest rate risk which is determined by the Government Bond rate of the country in which the lender is domiciled.

(b) *Credit risk*

The credit risk arises from trade and other receivables. Refer Note 17(b) for further disclosures on credit risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

3.1 Financial risk factors (Contd)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2018	Less than 1 year	Between 1 to 3 years	Total
Trade and other payables (excluding statutory liabilities)	42,016,805	Nil	42,016,805
	42,016,805	**Nil**	**42,016,805**

At 31 March 2017	Less than 1 year	Between 1 to 3 years	Total
Trade and other payables (excluding statutory liabilities)	16,621,869	Nil	16,621,869
	16,621,869	**Nil**	**16,621,869**

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The company assesses solvency prior to declaration of dividend to maintain the dividend ratio. In addition the Company may adjust intercompany receivables and payables in managing capital and solvency.

3.3 Fair value estimation

The Company had no financial instruments measured at fair value.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) *Impairment of trade receivable*

The Company assesses at the date of the balance sheet whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of current status of existing receivable and historical collection experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

4 Critical accounting estimates and judgments (Contd)

(b) Provisions

The Company recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Company's current best estimate.

5 Changes in comparatives

Where necessary, comparative figures have been re-classified since management believes such reclassification gives a fairer presentation and conforms with the current year's presentation. Comparative figures are for the period from 27 April 2017 to 31 March 2018.

6 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

7 Revenue

	2018	2017
Recruitment fee	5,875,862	5,881,284
Contract staffing	109,297,094	66,920,990
Facility management service	2,072,426	62,031
	117,245,383	**72,864,305**

8 Expenses by nature

	2018	2017
Directors' emoluments	Nil	Nil
Auditors' remuneration - audit fee	600,000	700,000
- non-audit fee	Nil	Nil
Depreciation on property, plant and equipment (Note 13)	814,411	399,366
Amortisation on intangible assets (Note 14)	Nil	Nil
Staff costs (Note 8.1)	39,527,873	27,906,256
Consultancy charges	185,370	89,169
Rent - Office	5,148,230	3,276,486
Provision/(release) for impairment of trade receivables	29,775	200,751
Utilities	2,159,741	1,557,476
Rates and taxes	986,035	219,706
Travelling expenses - Local	2,399,779	1,345,219
Travelling expenses - Foreign	526,533	Nil
Advertisement	13,500	854,511
Printing and stationery	888,779	405,432
Database login charges	1,447,852	Nil
Insurance	2,997,916	1,672,091
Maintenance expenses	456,027	474,935
Other expenses	940,952	302,294
Total administrative expenses	**59,122,774**	**39,403,692**

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

8.1 Staff costs

	2018	2017
Salaries and wages	29,049,681	19,372,711
Defined contribution plans	2,121,417	1,312,827
Defined benefit obligations (Note 20)	6,000,000	5,947,261
Staff incentive	1,042,856	879,195
Staff welfare	1,313,919	394,262
	39,527,873	**27,906,256**

Average monthly number of persons employed by the Company during the period:

Full time	17	17

9 Other operating income

	2018	2017
Reversal of trade payables	Nil	43,802,493
	Nil	**43,802,493**

2018 - Nil (2017 - Other operating income includes amounts arising due to reversal of trade payables pertaining to Company's related party under former ownership, Randstad India (Pvt) Ltd).

10 Net finance (income)/costs

	2018	2017
Bank charges	841,183	648,902
Net exchange loss/(gain)	(4,863,418)	(1,688,736)
Interest expenses	617,659	54,698
	(3,404,576)	**(985,136)**

PricewaterhouseCoopers
Colombo

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

11 Income tax expense

	2018	2017
Current income tax	6,720,489	16,823,324
Over provision in respect of previous year	(12,041,559)	Nil
Under provision of deemed dividend tax in respect of previous year	3,150,083	1,077,864
Deferred income tax charge / (credit) (Note 19)	2,761,956	(5,292,649)
Income tax expense	**590,969**	**12,608,539**

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic rate of the Company as follows:

	2018	2017
Profit before income tax	61,527,185	78,248,242
Tax calculated at tax rate of 10% (2016 - 12%)	5,583,558	3,163,612
Tax calculated at tax rate of 28% (2016 - 12%)	1,136,931	13,051,395
Tax effects of:		
- Expenses not deductible for tax purposes	379	3,422
- Recognition of previously unrecognized deferred taxes	2,761,578	(4,687,754)
- Adjustment in respect of prior periods		Nil
- Over provision of income tax	(12,041,559)	Nil
- Deemed dividend tax		Nil
- Under provision of deemed dividend tax in respect of previous year	3,150,083	1,077,864
Income tax expense	**590,969**	**12,608,539**

The tax rate applicable to profits and income on taxable profit from supply of labour is 10% (2016- 10%).

12 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year, as follows:

	2018	2017
Net profit attributable to shareholders	60,936,216	65,639,703
Weighted average number of ordinary shares in issue	1,216,284	1,216,284
Earnings per share	**50.10**	**53.97**

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

13 Property, plant and equipment

	Office equipment	Furniture and fittings	Computer equipment	Total
At 27 April 2016				
Cost	705,783	332,465	2,680,311	3,718,559
Accumulated depreciation	(626,644)	(298,461)	(2,149,357)	(3,074,462)
Net book amount	**79,139**	**34,004**	**530,954**	**644,097**
Period ended 31 March 2017				
Opening net book amount	79,139	34,004	530,954	644,097
Additions	Nil	Nil	534,172	534,172
Depreciation charge (Note 8)	(79,139)	(17,052)	(303,175)	(399,366)
Closing net book amount	**Nil**	**16,952**	**761,951**	**778,903**
At 31 March 2017				
Cost	705,783	332,465	3,214,483	4,252,731
Accumulated depreciation	(705,783)	(315,513)	(2,452,532)	(3,473,828)
Net book amount	**Nil**	**16,952**	**761,951**	**778,903**
Year ended 31 March 2018				
Opening net book amount	Nil	16,952	761,951	778,903
Additions	Nil	1,151,895	1,590,837	2,742,732
Depreciation charge (Note 8)	Nil	(278,029)	(536,383)	(814,412)
Closing net book amount	**Nil**	**890,819**	**1,816,406**	**2,707,223**
At 31 March 2018				
Cost	705,783	1,484,360	4,805,320	6,995,463
Accumulated depreciation	(705,783)	(593,541)	(2,988,915)	(4,288,240)
Net book amount	**Nil**	**890,819**	**1,816,406**	**2,707,223**

Cost and accumulated depreciation include fully depreciated office equipment of Rs 705,783, furniture and fittings of Rs 332,465, and computer equipment of Rs 2,121,107 at at 31 March 2018.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

14 Intangible assets

	Computer software	Total
At 27 April 2016		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**
Period ended 31 March 2017		
Opening net book amount	Nil	Nil
Amortisation charge (Note 8)	Nil	Nil
Closing net book amount	**Nil**	**Nil**
At 31 March 2017		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**
Year ended 31 March 2018		
Opening net book amount	Nil	Nil
Amortisation charge (Note 8)	Nil	Nil
Closing net book amount	**Nil**	**Nil**
At 31 March 2018		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**

Net book value consists of 'Sage UBS HRM System' for employee data management amounting to cost Rs 163,710 and accumulated depreciation Rs 163,710; and ' Sage UBS Payroll System' for employee salary recording amounting to cost Rs 96,390 and accumulated depreciation Rs 96,390. Cost and accumulated depreciation include fully depreciated computer software amounting to Rs 677,633.

15 Trade and other receivables

	2018	2017
Trade receivables	262,098,578	147,793,581
Less: provision for impairment of trade receivables	(25,035,452)	(27,711,315)
Trade receivables - net	237,063,126	120,082,266
Prepayments	248,230	828,381
Deposits	1,488,780	1,483,780
Other receivables	1,118,625	Nil
	239,918,761	**122,394,427**

As of 31 March 2018, trade receivables of Rs 153,985,686 (31 March 2017 : 84,057,586) were fully performing.

As of 31 March 2018, trade receivables of Rs 83,077,440 (31 March 2017 : 36,024,680) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables is as follows:

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

15 Trade and other receivables (Contd)

	2018	2017
Up to 3 months	Nil	Nil
3 to 6 months	83,077,440	36,024,680
	83,077,440	**36,024,680**

As of 31 March 2018, trade receivables of Rs 25,035,452 (26 April 2016 : Rs 27,711,315) were fully impaired. The amount of the provision was Rs 25,035,452 as of 31 March 2016 (31 March 2017 : Rs 27,711,315). The individually impaired receivables mainly relate to invoices outstanding more than 182 days. (31 March 2017 - more than 182 days). The aging of these receivables is as follows:

	2018	2017
Up to 3 months	Nil	Nil
3 to 6 months	Nil	Nil
More than 6 months	25,035,452	27,711,315
	25,035,452	**27,711,315**

The directors consider the carrying amount of the balance approximates its fair value. The carrying amounts of trade and other receivables are denominated in Sri Lanka Rupees.

Movement of the provision for impairment of trade receivables are as follows:

	2018	2017
At period beginning	27,715,315	27,715,315
Write off during the year / period	(2,709,638)	Nil
Provision/(release) for the year / period	29,775	Nil
At period end	**25,035,452**	**27,715,315**

The creation and release of the provision for impaired receivables have been included in 'administrative expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

Deposits mainly consist of refundable deposit made on building rent amounting to Rs 1,066,000 (31 March 2017 - Rs 1,066,000). Further information in this regard is disclosed in Note 26(c).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

16 Cash and cash equivalents

	2018	2017
Cash at bank	40,093,154	64,064,979
Cash in hand	Nil	Nil
Cash at bank and in hand	**40,093,154**	**64,064,979**

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise of the following:

	2018	2017
Cash at bank and in hand	39,593,154	64,064,979
Short term deposits	500,000	Nil
	40,093,154	**64,064,979**

17 (a) Financial instruments by category

	Loans and receivables	Total
31 March 2018		
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)	239,670,531	239,670,531
Cash and cash equivalents (Note 16)	40,093,154	40,093,154
	279,763,685	**279,763,685**

	Other financial liabilities	Total
31 March 2018		
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	42,016,805	42,016,805
	42,016,805	**42,016,805**

	Loans and receivables	Total
31 March 2017		
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)	121,566,046	121,566,046
Cash and cash equivalents (Note 16)	64,064,979	64,064,979
	185,631,025	**185,631,025**

	Other financial liabilities	Total
31 March 2017		
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	16,621,869	16,621,869
	16,621,869	**16,621,869**

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

17 (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2018	2017
Trade receivables		
Counterparties without external credit rating		
Group 1	153,985,686	84,057,586
Group 2	83,077,440	36,024,680
Total unimpaired trade receivables	**237,063,126**	**120,082,266**

	2018	2017
Cash at bank		
AA(lka)	40,093,154	37,696,548
AAA(lka)	Nil	26,368,431
Total	**40,093,154**	**64,064,979**

- *Group 1 - Fully performing trade receivables (T to T + 3)*
- *Group 2 - Past due and not impaired (More than T to T + 3 but not impaired)*

18 Stated capital

	Ordinary shares	
	Number of shares	Value
Issued and fully paid		
At 31 March 2017	1,216,284	12,162,840
At 31 March 2018	**1,216,284**	**12,162,840**

19 Deferred income tax assets

Deferred income taxes are calculated on all temporary differences under the liability method using a weighted average tax rate of 15% (2016 - 10%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows :

	2018	2017
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	(4,116,892)	(6,903,714)
- Deferred tax asset to be recovered within 12 months	Nil	Nil
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	Nil	14,761
- Deferred tax liability to be recovered within 12 months	Nil	10,105
Deferred tax liabilities / (assets) - net	(4,116,892)	(6,878,848)

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

19 Deferred income tax assets (Contd)

The gross movement of the deferred tax account is as follows:

	2018	2017
At 1 April 2017 / 27 April 2016	(6,878,848)	(1,586,199)
Credit to income statement (Note 11)	2,761,956	(5,292,649)
At 31 March	**(4,116,892)**	**(6,878,848)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities/(assets)	Accelerated tax depreciation	Retirement benefit obligations	Provision for impairment of receivables	Total
At 27 April 2016	32,679	(959,111)	(659,767)	(1,586,199)
Charge/(credit) to the income statement	(7,813)	(1,727,131)	(3,557,705)	(5,292,649)
At 31 March 2017	**24,866**	**(2,686,242)**	**(4,217,472)**	**(6,878,848)**
At 1 April 2017	24,866	(2,686,242)	(4,217,472)	(6,878,848)
Charge/(credit) to the income statement	(27,978)	1,076,008	1,713,926	2,761,956
At 31 March 2018	**(3,112)**	**(1,610,234)**	**(2,503,546)**	**(4,116,892)**

20 Defined benefit obligations

The amounts recognised in the balance sheet are determined as follows:

	2018	2017
At 1 April 2017 / 27 April 2016	17,650,218	12,322,931
Payments made during the year	(7,547,874)	(619,974)
Charge for the year	6,000,000	5,947,261
At 31 March	**16,102,344**	**17,650,218**

21 Trade and other payables

	2018	2017
Trade payables	87,069	2,919,963
Payables to related parties (Note 26(d))	41,929,736	13,701,906
Accrued expenses and other payables	36,846,087	15,664,835
	78,862,892	**32,286,704**

Other payables mainly consist of Salary payable amounting to Rs 12,927,298 (31 March 2017 - Rs 638,094), EPF payable amounting to Rs 9,328,177 (31 March 2017 - Rs 7,087,347) and VAT payable amounting to Rs 6,513,414 (31 March 2017 - Rs 2,753,636).

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

22 Current income tax liabilities / (receivables)

	2018	2017
Balance at 1 April 2017 / 27 April 2016	15,184,454	(1,496,380)
Provision during the year / period	6,720,489	16,823,324
Over provision in respect of previous year	(12,041,559)	Nil
Under provision of deemed dividend tax in respect of previous years	Nil	1,077,864
TDS claimed against tax payable	(1,839,535)	Nil
Income tax paid	(6,085,052)	(1,220,353)
Balance at 31 March	**1,938,797**	**15,184,454**

23 Cash generated from operations

Reconciliation of profit before income tax to cash (used in) / generated from operations:

	2018	2017
Profit before income tax	61,527,185	78,248,242
Adjustments for:		
Net finance (income)/costs (Note 10)	(3,404,576)	(985,136)
Depreciation (Note 13)	814,412	399,366
Defined benefit obligations	6,000,000	5,947,261
Changes in working capital		
- (Increase)/decrease in trade and other receivables	(117,524,334)	(32,004,690)
- Increase/(decrease) in trade and other payables	46,576,188	(30,694,165)
Cash (used in) / generated from operations	**(6,011,125)**	**20,910,878**

24 Contingent liabilities

There were no material contingent liabilities outstanding at the balance sheet date.

25 Commitments

Capital commitments

There were no material capital commitments outstanding at the balance sheet date.

Financial commitments

There were no material financial commitments outstanding at the balance sheet date.

26 Directors' interests in contracts and related party transactions

(a) The directors' interests in the shares of the Company on the balance sheet date were as follows:

	Number of shares	
	2018	2017
Name of the directors		
Mr. Vijay Sivaram	Nil	Nil
Mr. Guruprasad Srinivasan	Nil	Nil
Mr. Amitabh Jaipuria	Nil	Nil

QUESS CORP LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd)

26 Directors' interests in contracts and related party transactions (Contd)

(b) **Key management compensation**

Key management includes directors (executive and non executive), and other key management personnel. The compensation paid or payable to key management for employee services is shown here.

	2018	2017
Salaries and other short term employee benefits	Nil	Nil

(c) **Receivable from related parties**

	2018	2017
Receivable from General Manager	1,066,000	1,066,000
	1,066,000	**1,066,000**

(d) **Payable to related parties**

	2018	2017
Quess Holdings PTE Ltd - Loan amount	41,260,029	13,647,208
- Interest payable	669,707	54,698
	41,929,736	**13,701,906**

Loan is repayable within a period not exceeding twelve (12) months from the date of disbursement. Interest is payale monthly at the Government Bond rate of the country in which the lender is domiciled.

(e) **Transactions with related parties**

	2018	2017
Quess Holdings PTE Ltd		
Proceeds from short term loan	24,582,515	13,020,582
Translation of short term loan - Exchange loss	3,030,306	626,626
Provision for Interest on short term loan facility	615,009	54,698
	28,227,830	**13,701,906**

27 Events after the reporting period

No significant events have occurred since the balance sheet date, which would require adjustments to, or disclosure in the financial statements.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31st March 2018.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to date of the report are:-

Vijay Sivaram	
Abhinandan Raghuthaman	(Resigned: 16.11.2017)
Amitabh Jaipuria	
Guruprasad Srinivasan	(Appointed: 16.11.2017)

PRINCIPAL ACTIVITIES

The principal activities of the Company are providing services and consultancy and secondment of staff in information technology solutions and software development.

There have been no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

	RM
Net profit for the financial year after income taxation	1,799,258

DIVIDENDS

The directors did not propose any final dividends for the financial year ended 31st March 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

ISSUE OF SHARES

The Company did not issue any new shares during the financial year.

OTHER FINANCIAL INFORMATION

Before the financial statements of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability in respect of the Company which has arisen since the end of the financial year.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:-

	Number of Ordinary Shares			
	As at 1.4.2017	**Bought**	**Sold**	**As at 31.3.2018**
Ultimate holding company-				
Quess Corp Limited				
Vijay Sivaram				
-Direct interest	91,293	38,525	(44,409)	85,409
Guruprasad Srinivasan				
-Direct interest	125,319	46,900	(112,520)	59,699
Amitabh Jaipuria				
-Direct interest	-	200	(65)	135

All the above directors have interest in shares of the Company to the extent of their shareholdings in ultimate holding company, Quess Corp Limited.

DIRECTORS REMUNERATIONS

The amounts of the remunerations of the directors of the Company comprising remuneration received from the Company during the year are as follows :

	2017
	RM
Directors:-	
- Emoluments	437,112
- Fees	5,720

None of the directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during the year, for any person who is the director, officer or auditors of the Company.

ULTIMATE HOLDING COMPANY

The directors regard Quess Corp Limited(Company No: U74140KA2007PLC043909), a company incorporated in India as the ultimate holding company.

HOLDING COMPANY

The directors regard Quessglobal Holdings Pte Ltd(Company No: 201526129N), a company incorporated in Singapore as the holding company.

AUDITORS REMUNERATIONS

Total amount paid to or receivable by the auditors as remuneration for their service as auditors is disclosed in Note 13 to the financial statements.

AUDITORS

The auditors, Messrs HALS & Associates have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 12 MAY 2018

Signed in accordance with aresolution of the directors:

VIJAY SIVARAM

GURUPRASAD SRINIVASAN

Directors

KUALA LUMPUR

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2018

	Note	2018 RM	2017 RM
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	7	124,936	126,406
Total non-current asset		124,936	126,406
CURRENT ASSETS			
Trade and other receivables	8	7,353,219	5,017,081
Deposits and prepayments		185,002	132,916
Cash and cash equivalents	9	3,258,927	808,618
Total current assets		10,797,148	5,958,615
TOTAL ASSETS		10,922,084	6,085,021
EQUITY			
Share capital	10	500,000	500,000
Retained profit		2,561,114	761,856
Total equity		3,061,114	1,261,856
CURRENT LIABILITIES			
Other payables	11	7,255,970	4,589,165
Tax provision		605,000	234,000
Total current liabilities		7,860,970	4,823,165
TOTAL LIABILITIES		7,860,970	4,823,165
TOTAL EQUITY AND LIABILITIES		10,922,084	6,085,021

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 22.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2018

	Note	2018 RM	2017 RM
REVENUE	12	25,959,926	12,400,537
Less: COST OF SALES		(21,102,166)	(9,543,690)
GROSS PROFIT		4,857,760	2,856,847
Administrative expenses		(2,345,894)	(1,793,389)
Profit from operations	13	2,511,866	1,063,458
Finance cost	14	(90,825)	(51,313)
Profit before taxation		2,421,041	1,012,145
Taxation	15	(621,783)	(233,600)
Profit for the year		1,799,258	778,545
Other Comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		1,799,258	778,545

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 22.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2018

	Share Capital RM	Retained Earnings RM	Total equity RM
Balance at 1st April 2016	500,000	(16,689)	483,311
Non-owner changes in equity			
Profit for the year	-	778,545	778,545
Total comprehensive income for the year	-	778,545	778,545
Balance at 31st March 2017	500,000	761,856	1,261,856
Non-owner changes in equity			
Profit for the year	-	1,799,258	1,799,258
Total comprehensive income for the year	-	1,799,258	1,799,258
Balance at 31st March 2018	500,000	2,561,114	3,061,114

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 22.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2018

	2018 RM	2017 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,421,041	1,012,145
Adjustments for:		
Allowance for doubtful debts	-	4,470
Bad debt written off	94,020	-
Depreciation	35,657	28,660
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,550,718	1,045,275
Increase in receivables	(2,482,244)	(4,125,108)
Increase in payables	2,666,805	3,939,888
CASH GENERATED FROM OPERATIONS	2,735,279	860,055
Tax paid	(250,783)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,484,496	860,055
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(34,187)	(142,251)
NET CASH USED IN INVESTING ACTIVITY	(34,187)	(142,251)
Net increase in cash and cash equivalents	2,450,309	717,804
Cash and cash equivalents at beginning of the year	808,618	90,814
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,258,927	808,618

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 22.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 2018

1. GENERAL

The financial statements of the Company are presented in Ringgit Malaysia (RM) which is the Company's functional currency. All financial information is presented in RM.

The Company was incorporated and domiciled in Malaysia as a private company limited by shares. It is resident in Malaysia with its registered office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur and the principal place of business at Unit 17-11, Level 17, Q Sentral, Jalan Stesen Sentral 2, KL Sentral, 50470 Kuala Lumpur.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are providing services and consultancy and secondment of staff in information technology solutions and software development. There have been no significant changes in these activities during the financial year.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") issued by Malaysian Accounting Standards Board's ("MASB") and the provisions of the Companies Act 2016.

4. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company have been approved by the Board of Directors for issuance on... 12 MAY 2018...

5. BASIS OF PREPARATION

5.1 Basis of Measurement

The financial statements of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realizable value).

5.2 Critical Judgements and Estimates Uncertainty

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements other than as disclosed below:-

A. Estimation Uncertainty

(a) **Loss Allowance of Financial Assets**

The Company recognizes impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

(b) **Depreciation of Property, Plant and Equipment**

The cost of an item of property, plant and equipment is depreciated on the straight line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual value. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(c) **Measurement of Income Taxes**

Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different for the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period where such determination is made. The Company will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment

(i) Recognition and Measurement

All property, plant and equipment are initially measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self constructed assets also includes the cost of direct and indirect cost of construction.

For an exchange of non-monetary assets that has a commercial substance, cost is measured by reference to the fair value of the asset received.

All property, plant and equipment are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amounts of property, plant and equipment and is recognized net within "other income" or "other expenses" respectively in profit or loss.

(ii) **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized to profit or loss. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. The annual rates used are as follows:-

	%
Computer	20
Software	20
Furniture and fittings	20

At the end of each reporting period, the residual values, useful life and depreciation method for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

(b) **Impairment of non-financial assets**

The carrying amounts of non-financial assets (ie. property, plant and equipment) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset, if an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a sale agreement, (ii) market price traded in an active market; and (iii) estimate of market price using the best information available. The value in use is estimated by discounting the net cash inflows (by an appropriate pre-tax discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecast cash flows.

An impairment loss is recognized if the carrying amount of an asset or its related cash- generating unit exceeds its estimated recoverable amount.

For an asset measured on a cost-based model, any impairment loss is recognized in profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognized previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognized in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognized previously.

(c) **Financial instruments**

(i) **Initial recognition and measurement**

A financial asset or financial liability is recognised in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instruments.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss, transaction cost are expensed to profit or loss when incurred) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instruments.

(ii) **Subsequent measurement**

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised costs.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 6c(v).

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method.

(iii) **Fair Value Measurement of Financial Instruments**

All other financial assets or liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

The fair value is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique.

(iv) **Recognition of Gains and Losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognized in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognized in profit or loss only when the financial asset or financial liability is derecognized or impaired, and through the amortization process of the instruments.

(v) **Impairment and Uncollectibility of Financial Assets**

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset (except for financial assets measured at fair value through profit or loss) or a group of financial assets is impaired.

An impairment loss is measured as follows:-

* For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

* For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(vi) **Derecognition**

A financial asset or part of it is derecognized when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of financial asset, the difference between the carrying amount of the financial asset derecognized and the consideration received, including any newly created rights, and obligations, is recognized in profit or loss.

A financial liability or part of it is derecognized when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(d) **Equity instruments**

Ordinary shares classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(e) **Revenue Recognition**

Revenue from services rendered is recognized in profit or loss upon services rendered and acceptance by customers.

(f) **Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided by the balance sheet liability method based on all taxable temporary differences by comparing carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax is not recognized if the temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time the transaction, affects neither accounting profit nor taxable profits.

Deferred tax is measured at the tax rates that is expected to be applied to the temporary differences when they reverse, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilized.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets , and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

(g) **Cash and Cash Equivalents**

Cash and cash equivalents consists of cash in hand, bank balances, deposits with bank and highly liquid investments with maturing within three months from the date of acquisition which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) **Employee Benefits**

(i) **Short term employee benefits**

Short term employee benefits in respect of wages, salaries, social security contributions, paid annual leaves, paid sick leaves, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed in the financial period when employees have rendered their services to the Company.

Bonuses are recognised as an expense when there is a present, legal or constructive obligations to make such payments, as a result of past services provided by employees and when a reliable estimate can be made of the amount of the obligations.

(ii) **Defined contribution plan**

The Company makes contributions to a statutory provident fund and recognise the contribution payable as an expense in the financial year in which the employees render their services. Once the contributions have been paid, the Company have no further payment obligations.

(i) **Currency Conversion**

Transactions denominated in foreign currencies are translated and recorded at the exchange rates prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currency are retranslated at the rates prevailing at the end of the period (ie. closing rate). Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair value were determined. Non-monetary items that are measured at their historical costs amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange gain or losses, including those arising from translation, are taken up in profit or loss.

7. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are:-

Cost:	At 1st April 2017 RM	Addition RM	At 31st March 2018 RM
Computer	31,916	23,182	55,098
Software	13,000	7,670	20,670
Furniture and fittings	111,810	3,335	115,145
Total	156,726	34,187	190,913

Accumulated Depreciation:	At 1st April 2017 RM	Charge for the year RM	At 31st March 2018 RM	Carrying amount at 31st March 2018 RM	Carrying amount at 31st March 2017 RM
Computer	6,658	8,275	14,933	40,165	25,258
Software	1,767	3,060	4,827	15,843	11,233
Furniture and fittings	21,895	24,322	46,217	68,928	89,915
Total	30,320	35,657	65,977	124,936	126,406

8. TRADE AND OTHER RECEIVABLES

	2018 RM	2017 RM
Current:		
Trade receivables	7,156,864	4,802,807
Other receivables	196,355	83,369
Amount due from related company	-	135,375
Total at cost	7,353,219	5,021,551
Less:		
Accumulated impairment losses (**)	-	4,470
	7,353,219	5,017,081

** Movement of impairment losses:

	2018 RM	2017 RM
Balance at beginning of the year	4,470	-
(Reversal)/Allowance for doubtful debts recognised in profit or loss	(4,470)	4,470
Balance at end of the year	-	4,470

Other receivables and related company's balances represent non trade advances/loan made and are unsecured, interest free and payable on demand.

9. CASH AND CASH EQUIVALENTS

	2018 RM	2017 RM
Cash and bank balances	2,959,492	808,618
Short term deposit with licensed bank	299,435	-
	3,258,927	808,618

10. SHARE CAPITAL

	2018 RM	2017 RM
Issued and fully paid:		
500,000 Ordinary shares	500,000	500,000

11. OTHER PAYABLES

	2018 RM	2017 RM
Other payables and accruals	1,860,788	1,003,979
Amount due to holding company	5,395,182	3,585,186
	7,255,970	4,589,165

The directors regard Quess Corp Limited(Company No: U74140KA2007PLCO43909), a company incorporated in India as the ultimate holding company.

The directors regard Quessglobal Holdings Pte Ltd(Company No. 201526129N), a company incorporated in Singapore as the holding company.

Amount due to holding company represent loan/advances made and are unsecured, bears interest rate of 2.25% and payable on demand.

12. REVENUE

Revenue represents the invoiced value of services rendered net of discounts.

13. PROFIT FROM OPERATIONS

	2018 RM	2017 RM
Profit from operations before taxation is stated after charging:-		
Audit fee		
- current year	20,400	7,497
- underprovision in prior year	6,503	1,500
Bad debts written off	94,020	-
Contribution to defined plan ("EPF")	1,428,768	728,441
Directors fees	5,720	10,625
Directors emoluments	437,112	398,993
Realised loss on foreign exchange	1,841	5,317

14. FINANCE COST

	2018 RM	2017 RM
Interest charges	90,825	51,313

15. TAXATION

	2018 RM	2017 RM
Current year's provision	605,000	234,000
Under/(Over)provision in prior year	16,783	(400)
	621,783	233,600

The Company has been granted Multimedia Supercoridor (MSC) status by the authority during the financial year. However, the commencement date of the tax incentive has not been fixed yet.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-

	2018 RM	2017 RM
Profit before taxation	2,421,041	1,012,145
Taxation at Malaysian Statutory tax rate at 24% (2017: 24%)	581,050	242,915
Expenses not deductible for tax purposes	21,632	3,864
Under/(Over)provision in prior year	16,783	(400)
Deferred tax asset/(liability) not recognised on property, plant and equipment	2,318	(12,779)
Tax expense for the year	621,783	233,600

The above are subject to the approval of the tax authorities.

16. FINANCIAL INSTRUMENTS

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorized as follows:-

(a) Financial assets and financial liabilities measured at amortised cost ("AC").

2018 Financial assets	Carrying Amount RM	AC RM
Trade and other receivables	7,353,219	7,353,219
Deposit	79,840	79,840
Cash and cash equivalents	3,258,927	3,258,927
	10,691,986	10,691,986
Financial liability		
Other payables	7,255,970	7,255,970

2017 Financial assets	Carrying Amount RM	AC RM
Trade and other receivables	5,017,081	5,017,081
Deposit	36,625	36,625
Cash and cash equivalents	808,618	808,618
	5,862,324	5,862,324
Financial liability		
Other payables	4,589,165	4,589,165

17. RELATED PARTIES

The significant related parties transactions of the Company are disclosed below:-

	2018 RM	2017 RM
Key management personnel		
Directors:-		
- Emoluments	437,112	398,993
Quessglobal Holdings Pte Ltd, holding company		
- Interest charges	90,825	51,313

The related parties balances are disclosed in Note 8 and 11 to the financial statements.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN.BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, VIJAY SIVARAM and GURUPRASAD SRINIVASAN, being two of the directors of QUESSGLOBAL (MALAYSIA) SDN. BHD., do hereby state that in our opinion, the financial statements set out on pages 6 to22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31st March 2018 and financial performance of the Company for the financial year ended 31st March 2018 in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated

1 2 MAY 2018

VIJAY SIVARAM	GURUPRASAD SRINIVASAN

KUALA LUMPUR

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, VIJAY SIVARAM, Passport No.Z3290208, being the director primarily responsible for the accounting records and financial management of QUESSGLOBAL (MALAYSIA) SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 6 to 22 of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in Wilayah Persekutuan on

1 2 MAY 2018

Before me,

PESURUHJAYA SUMPAH
No: W465
Nama: KAPT.(B) JASNI BIN YUSOFF
1 JAN 2018 - 31 DIS 2018
MALAYSIA

VIJAY SIVARAM	COMMISSIONER FOR OATHS

Lot 1.0?, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

Company No: 1127063 A

HALS & Associates

Chartered Accountants

AF No: 0755

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quessglobal (Malaysia) Sdn. Bhd. which comprise the statement of financial position as at 31st March 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 22.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2018 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ('By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Suite 1602, 16th Floor, Wisma Lim Foo Yong, 86 Jalan Raja Chulan, 50200 Kuala Lumpur
P.O. Box 11688, 50754 Kuala Lumpur Tel :03-27320322(Hunting) Fax :03-21423116

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

* Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentations, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HALS & ASSOCIATES
A.F. 0755
CHARTERED ACCOUNTANTS

Subramaniam Sankar
BII 00925/05/2020 J
Partner

KUALA LUMPUR

DATE: 12 MAY 2018

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

The pages which follow do not

form part of the Statutory

financial statements of the Company

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018

	2018	2017
	RM	RM
REVENUE	25,959,926	12,400,537
Less: COST OF SALES		
Contract salary and wages	(21,102,166)	(9,543,690)
GROSS PROFIT	4,857,760	2,856,847
Less:		
ADMINISTRATIVE EXPENSES (Schedule I)	(2,345,894)	(1,793,389)
FINANCE COST (Schedule II)	(90,825)	(51,313)
	(2,436,719)	(1,844,702)
PROFIT BEFORE TAXATION	2,421,041	1,012,145

Schedule I

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31ST MARCH 2018

	2018 RM	2017 RM
Allowance for doubtful debt	-	4,470
Bad debts written off	94,020	-
Accounting fee	1,887	10,776
Advertisement	3,352	855
Audit fee		
- current year	20,400	7,497
- underprovision in prior period	6,503	1,500
Bank charges	3,724	2,169
Courier and postage	5,105	3,841
Depreciation	35,657	28,660
Directors emoluments	437,112	398,993
Directors' fee	5,720	10,625
Electricity	4,168	2,542
Employee verification	-	2,500
Entertainment	-	(19)
EPF, Socso and EIS	122,875	73,888
General expenses	919	2,655
GST not claimable	10,205	5,804
Insurance	-	13,116
Login cost	218,907	202,759
Maintenance	11,786	6,910
Office internet connection	-	5,310
Office refreshment	5,260	4,155
Office rental	98,826	125,358
Office team service charges	-	1,360
Penalty	-	2,205
Printing and stationery	17,551	8,156
Professional fee	10,862	11,118
Recruiter incentive		
- current year	4,626	91,224
- overprovided in prior year	(63,000)	-
Realised loss on foreign exchange	1,841	5,317
Salary	1,119,339	650,607
Secretarial fee	18,030	4,529
Staff welfare	23,351	2,601
Staff claim	28,742	36,562
Telephone	71,226	40,581
Travelling expenses	23,690	9,823
Upkeep of office	618	3,012
Work permit	2,592	11,930
	2,345,894	1,793,389

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

FINANCE COST
FOR THE YEAR ENDED 31ST MARCH 2018

	2018	2017
	RM	RM
Interest charges	90,825	51,313

COMPILATION REPORT

To the Management
QUESS (PHILIPPINES) CORP.
(A Wholly-Owned Subsidiary of Quess Corp. Limited)
6th Floor Salustiana D. Ty Tower Condominium,
104 Paseo de Roxas corner Perea Street,
Leqaspi Village, Makati City, Metro Manila

I have compiled the accompanying financial statements of **Quess (Philippines) Corp. (the Company)** based on information you have provided. These financial statements comprise the statement of financial position of the Company as at March 31, 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with *Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.*

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with *Philippine Financial Reporting Standards (PFRS).* I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are the responsibility of the management.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRS.

Jennifer C. Cadiz
CPA Certificate No. 134400
Tax Identification No. 297-187-552-0000
PTR No. 6636977, issued on January 17, 2018, Makati City
PRC/BOA Accreditation No. 7854, issued on August 10, 2017,
effective until January 25, 2020

May 15, 2018
Makati City, Philippines

QUESS
DELIVERING GROWTH

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Quess (Philippines) Corp.**(the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the fiscal years ended March 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Roxas Cruz Tagle and Co. (formerly Alba Romeo & Co.**)**, the independent auditors, appointed by the stockholders for the fiscal years endedMarch 31, 2018 and 2017, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signature
(Ajit Isaac)
Chairman of the Board

Signature
(Subrata Nag)
President/Chief Executive Officer

Signature
(Vijay Sivaram)
Treasurer

Signed this 15 day of May, 2018

Quess (Philippines) Corp
6 / F Salustiana D Ty Tower Paseo De Roxas Corner .PereaSt.Legaspi Village , Makati City -1223 Makati , Philippines Tel:+02 7282582 Connect@quesscorp.com
www.quessapac.com

BDO Roxas Cruz Tagle and Co.
Audit | Tax | Consulting | BSO

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Fax: +(632) 844 2045

INDEPENDENT AUDITORS' REPORT

The Shareholders and the Board of Directors
Quess (Philippines) Corp.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)
6th Floor Salustiana D. Ty Tower Condominium
104 Paseo de Roxas cor. Perea Street
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quess (Philippines) Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the fiscal years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and 2017, and its financial performance and its cash flows for the fiscal years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.
(Formerly Alba Romeo & Co.)

Leticia C. Tagle
Partner
CPA Certificate No. 0017358
Tax Identification No. 123-048-280
PTR No. 6643556, issued on January 17, 2018, Makati City
BOA/PRC Registration No. 0005, issued on December 1, 2015,
effective until December 31, 2018
SEC Accreditation No. 1583-A (Individual), Group A, issued on September 6, 2016,
effective until September 6, 2019
SEC Accreditation No. 0007-FR-4 (Firm), Group A, issued on July 16, 2015,
effective until July 15, 2018
BIR Accreditation No. 08-001682-6-2018, issued on January 26, 2018,
effective until January 25, 2021

Makati City
May 15, 2018

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2018 AND 2017

	Note	2018	2017
ASSETS			
Current assets			
Cash on hand and in banks	7	**P1,465,553**	P4,876,910
Trade and other receivables	8	**87,049,113**	48,312,402
Due from a related party	19	**1,381,362**	1,413,921
Prepayments and other current assets	9	**1,465,585**	943,490
Total current assets		**91,361,613**	55,546,723
Noncurrent assets			
Investment in an associate	10	**250,000**	-
Property and equipment, net	11	**824,964**	506,501
Deferred tax assets	18	**1,217,936**	147,565
Total noncurrent assets		**2,292,900**	654,066
TOTAL ASSETS		**P93,654,513**	P56,200,789
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	**P7,834,114**	P7,014,737
Due to related parties	19	**60,921,822**	26,530,722
Income tax payable	18	**613,464**	475,984
Total liabilities		**69,369,400**	34,021,443
Equity			
Share capital	13	**8,600,000**	8,600,000
Retained earnings		**15,685,113**	13,579,346
Total equity		**24,285,113**	22,179,346
TOTAL LIABILITIES AND EQUITY		**P93,654,513**	P56,200,789

(The notes on pages 5 to 40 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FISCAL YEARS ENDED MARCH 31, 2018 AND 2017

	Note	2018	2017
Revenue	14	P122,173,978	P86,923,434
Cost of services	15	(89,615,560)	(57,342,476)
Gross income		32,558,418	29,580,958
General and administrative expenses	16	(21,461,388)	(17,668,620)
Income from operations		11,097,030	11,912,338
Other operating expenses, net	17	(7,925,092)	(1,840,560)
Income before income tax		3,171,938	10,071,778
Provision for income tax	18		
Current		2,136,542	3,178,375
Deferred		(1,070,371)	(80,412)
		1,066,171	3,097,963
Net income		2,105,767	6,973,815
Other comprehensive income		-	-
Total comprehensive income		P2,105,767	P6,973,815

(The notes on pages 5 to 40 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FISCAL YEARS ENDED MARCH 31, 2018 AND 2017

	Share capital (Note 13)	Retained earnings	Total
Balances at March 31, 2016	P8,600,000	P6,605,531	P15,205,531
Net income for the year	-	6,973,815	6,973,815
Balances at March 31, 2017	8,600,000	13,579,346	22,179,346
Net income for the year	-	2,105,767	2,105,767
Balances at March 31, 2018	**P8,600,000**	**P15,685,113**	**P24,285,113**

(The notes on pages 5 to 40 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2018 AND 2017

	Notes	2018	2017
Cash flows from operating activities			
Income before income tax		P3,171,938	P10,071,778
Adjustments for:			
Provision for bad debts	8,16	-	269,831
Depreciation	11,16	317,820	248,747
Unrealized foreign exchange loss	17	3,567,903	-
Interest income	17	(53)	(1)
Interest expense	17	968,922	939,588
Operating income before working capital changes		8,026,530	11,529,943
Changes in working capital accounts			
Decrease (increase) in:			
Trade and other receivables		(38,736,711)	(21,274,245)
Due from a related party		32,559	(1,413,921)
Prepayments and other current assets		(522,095)	(98,774)
Increase in:			
Trade and other payables		819,377	2,108,109
Due to related parties		31,374,435	16,364,175
Net cash provided by operating activities		994,095	7,215,287
Interest received	17	53	1
Interest paid	16	(968,922)	(939,588)
Income taxes paid	18	(1,999,062)	(3,649,895)
Net cash provided by (used in) operating activities		(1,973,836)	2,625,805
Cash flows from investing activities			
Acquisition of investment in an associate	10	(250,000)	-
Acquisition of property and equipment	11	(636,283)	(171,307)
Net cash used in investing activities		(886,283)	(171,307)
Effect of foreign exchange rate changes on cash		(551,238)	-
Net increase (decrease) in cash on hand and in banks		(3,411,357)	2,454,498
Cash on hand and in banks, April 1		4,876,910	2,422,412
Cash on hand and in banks, March 31		P1,465,553	P4,876,910

(The notes on pages 5 to 40 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE FISCAL YEARS ENDED MARCH 31, 2018 AND 2017

NOTE 1 - GENERAL INFORMATION

1.1 Corporate information

Quess (Philippines) Corp. *(Formerly Magna Ikya Infotech, Inc.)* (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 13, 2013 per SEC Registration No. CS201305088.

Its principal activities are to carry on or undertake activities relating to computer software, namely: system study and software feasibility analysis, including analysis of existing systems, business analysis, project definition, conceptual design and prototyping and designing; development and implementation of customized software, including collection and analysis of client requirements, development and implementation of the system to the client's satisfaction and design; and set up and administration of database, including understanding client data procedures, designing of tables using structured methodology like entity-relationship diagram, installation, performance tuning and database administration.

On August 14, 2015, 99% of the Company's shareholdings held by foreign nationals were assigned to Quess Corp. Limited, an entity incorporated under the laws of India. As at March 31, 2018, the Company is 99.97% owned by Quess Corp. Limited and 0.03% owned by Filipino nationals.

On October 21, 2015, SEC approved the change of its corporate name from Magna Ikya Infotech, Inc. to Quess (Philippines) Corp., and its business address from 23/F GT Tower International, 6813 Ayala Avenue, corner H.V. Dela Costa St., Salcedo Village, Makati City to its current address at 6th Floor, Salustiana D. Ty Tower Condominium, 104 Paseo de Roxas corner Perea Street, Legaspi Village, Makati City, Philippines.

In December 2017, the Company subscribed to 10,000 shares with par value of P100 each, or equivalent to 25% of the common capital stock of Quess Recruit, Inc. Out of the subscribed amount, the Company paid P250,000 in cash.

1.2 Approval of financial statements

The financial statements were approved and authorized for issuance by the Company's Board of Directors (BOD) on May 15, 2018. The Company's Treasurer, Mr. Vijay Sivaram, was authorized by the BOD to sign for, approve and cause the issuance of the audited financial statements on its behalf.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below and on succeeding pages. The policies have been consistently applied to the years presented, unless otherwise stated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of Philippine Interpretations committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council (PFRSC) and adopted by the SEC.

Basis of adoption

The Company qualifies as a small and medium-sized entity (SME) based on the criteria set by the SEC for mandatory adoption of PFRS for SMEs. However, the Company, being part of a group that is reporting under full International Financial Reporting Standards, has availed of the exemption for mandatory adoption.

Presentation of financial statements

The financial statements are presented in accordance with PAS 1 (Revised), *Presentation of Financial Statements.* The Company presents all items of income and expense in a single statement of comprehensive income, with profit or loss and other comprehensive income (OCI) presented in two sections. It is required to present a statement of financial position as at the beginning of the earliest comparative period when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements and said retrospective application, retrospective restatement or reclassification has a material effect on such third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

The accompanying financial statements are presented in Philippine Peso (P), which is also the Company's functional currency and all values are rounded to the nearest Peso.

Basis of measurement

The Company's financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

Use of judgments and estimates

The preparation of financial statements in compliance with PFRSs requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

a. New amendments issued and effective from January 1, 2017

The accounting policies applied are consistent with those of the previous year, except for the following amendments which were adopted as of April 1, 2017. Except as otherwise indicated, the adoption of these amendments did not have significant impact on the Company's financial statements.

- **Amendments to PAS 7,** *Disclosure Initiatives*: The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company applied these amendments for the first time in the current year. The Company has provided the information for both the current and the comparative period in Note 19.

- **Amendments to PAS 12,** *Recognition of Deferred Tax Assets for Unrealized Losses*: The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

- **Amendments to PFRS 12,** *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure*. The amendments clarify that the disclosure requirements in PFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

b. New standards, amendments and interpretation to existing standards but not yet effective and with mandatory adoption on or after January 1, 2018

Standards and amendments to existing standards issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing is of standards and amendments issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. Except when specified, these new standards, amendments and interpretations do not have significant impact in the Company's financial statements.

- **PFRS 9,** *Financial Instruments*: In July 2014, the final version of PFRS 9, *Financial Instruments,* was issued. The final version reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

  PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early, application permitted. Retrospective application is required but comparative information is not compulsory.

  The adoption of PFRS 9 would result in changes in the Company's accounting process specifically in the method of calculating allowance for impairment - the exact quantum of which is currently being assessed.

- **PFRS 16,** *Leases:* PFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard (finance or operating lease).

  PFRS 16 replaces existing leases guidance including PAS 17, *Leases,* IFRIC 4, *Determining whether an Arrangement contains a Lease,* SIC-15, *Operating Leases - Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

  The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply PFRS 15, *Revenue from Contracts with Customers,* at or before the initial application of PFRS 16.

  The adoption of PFRS 16 will not have a significant impact on the financial statements because the Company's operating leases are low-value and short-term.

- **IFRIC 22,** *Foreign Currency Transaction and Advance Consideration:* IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

  The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

  IFRIC 22 is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Entities can apply the interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

- **PFRS 15,** *Revenue from Contracts with Customer* (effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted). PFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. PFRS 15 will supersede the current revenue recognition guidance including PAS 18, *Revenue,* PAS 11, *Construction Contracts,* and the related interpretations when it becomes effective. The core principle of PFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the PFRS 15 introduces a five-step model approach to revenue recognition:

  a) Step 1: Identify the contracts(s) with a customer
  b) Step 2: Identify the performance obligations in the contract
  c) Step 3: Determine the transaction price
  d) Step 4: Allocate the transaction price to the performance obligations in the contract
  e) Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under PFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in PFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by PFRS 15.

In April 2016, the IASB issued clarifications to PFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

- **Amendments to PFRS 2,** *Classification and Measurement of Share-based Payment Transactions* (effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted). The IASB issued amendments to PFRS 2, *Share-based Payment*, that address three main areas:

  a) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
  b) the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
  c) accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

- **Amendments to PFRS 4,** *Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts* (effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted). The amendments address concerns arising from implementing the new financial instruments standard, PFRS 9, before implementing PFRS 17, Insurance Contracts, which replaces PFRS 4.

  The amendments introduce two options for entities issuing insurance contracts: i) a temporary exemption from applying IFRS 9, and ii) an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

- **Amendments to PFRS 10 and PAS 28,** *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date has yet to be set by the IASB; however, earlier application of the amendments is permitted). The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

- **Amendments to PAS 40,** *Transfers of Investment Property* (effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted). The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred.

The amendments further clarify that situations other than the ones listed in PAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The application of these amendments may have an impact on the financial statements in future periods should there be a change in use of any of its properties.

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- **Amendments to PFRS 1,** *First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters.* Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted.

- **Amendments to PAS 28,** *Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.* The amendments clarify that:

  a) An entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

  b) If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (i) the investment entity associate or joint venture is initially recognized; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively and are effective from 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

2.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency using the prevailing exchange rate at the financial reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in other comprehensive income (OCI) until the disposal of the net investment, at which time these are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.5 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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held to maturity (HTM) investments, available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets that are not classified as FVPL are recognized initially at fair value, plus directly attributable transaction costs. Financial assets carried at FVPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

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 recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

(a) Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless these are designated as effective hedging instruments as defined by PAS 39. Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statements of comprehensive income.

The Company has not designated any financial assets at FVPL.

(b) Loans and receivables

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized 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 amortization is included in finance income in the statements of comprehensive income. The losses arising from impairment are recognized in the statements of comprehensive income in finance costs for loans and in other operating expenses for receivables.

Financial assets under this category are disclosed in Note 4.

(c) HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Company has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortized cost using the EIR, less impairment. Amortized 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 amortization is included as finance income in the statements of comprehensive income. The losses arising from impairment are recognized in the statements of comprehensive income in finance costs.

The Company does not have any asset under this category.

(d) AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as OCI and credited in the AFS reserve until the investment is derecognized, at which time, the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statements of comprehensive income in finance costs. Interest earned while holding AFS financial assets is reported as finance income using the EIR method.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the Company management has the ability and intention to hold the assets for foreseeable future of until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity value is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statements of comprehensive income.

The Company does not have any asset under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

a) the rights to receive cash flows from the asset have expired, or
b) 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 (i) the Company has transferred substantially all the risks and rewards of the ownership of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the ownership of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all of the risks and rewards of the ownership of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 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.

ii. Impairment of financial assets

Assessment of impairment

The Company assesses at each financial reporting date whether a financial asset or group of financial assets is impaired.

It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any difference between loss estimates and actual loss experience.

The determination of impairment losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Evidence of impairment

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that it would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults.

Impairment on assets carried at amortized cost

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original EIR (i.e. the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in the statements of comprehensive income.

Impairment on assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an asset carried at cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment on AFS financial assets

For AFS financial assets, the Company assesses at each financial reporting date whether there is objective evidence that a financial asset is impaired.

In the case of equity securities classified as AFS financial assets, indicators of impairment would include a significant or prolonged decline in the fair value of the securities below cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the equity securities previously recognized in profit or loss, is removed from equity and recognized in profit or loss for the period.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recognized in profit or loss as part of interest income.

Reversal of impairment loss

If, in a subsequent period, the amount of the impairment loss decreases or the fair value of a debt instrument increases and the said decrease or increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its cost or amortized cost at the reversal date.

Impairment losses on equity securities are not reversed to profit or loss but are recognized directly in equity as part of OCI.

iii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

(a) *Financial liabilities at FVPL*

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if these 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 PAS 39. Separated embedded derivatives are also classified as held for trading unless these are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statements of comprehensive income. Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied.

The Company does not have any financial liabilities held for trading nor has it designated any financial liability as being at FVPL.

(b) Other financial liabilities

This is the category most relevant to the Company. After initial recognition, other financial liabilities 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 fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of comprehensive income.

Financial liabilities classified under this category are disclosed in Note 4.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

iv. Classification of financial instruments between debt and equity

Financial instruments are classified as liability or equity in accordance with the substance of contractual arrangement. The Company designates a financial instrument as equity instrument when it represents a residual interest in the net assets of the issuer.

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets of financial liabilities with another entity under conditions that are potentially unfavorable to the Company;
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue

Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability is reported as an expense or income.

v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously.

2.6 Cash on hand and in banks

Cash includes cash on hand and in banks. Cash in banks earns interest at the respective bank deposit rates. For the purpose of reporting cash flows, cash in banks is unrestricted and available for use in current operations.

2.7 Trade and other receivables, net

Trade receivables represent amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or within the normal operating cycle of the business if longer), these are classified as current assets. If not, these are presented as noncurrent assets.

Trade and other receivables are recognized initially at the transaction price and are subsequently measured at amortized cost using the EIR method, less allowance for impairment loss. An allowance for impairment loss on trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.8 Prepayments and other current assets

Prepayment represents expenses not yet incurred but already paid in cash. Prepayment is initially recorded as an asset and measured at the amount of cash paid and subsequently charged to the statements of comprehensive income as these are consumed in operations or expire within the passage of time.

Prepayments and other current assets are recognized when the Company expects to receive future economic benefit from those and the amount can be measured reliably.

Prepayments and other current assets are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments and other assets are classified as noncurrent assets.

Rental deposit represents payment made in relation to the lease entered into by the Company. This is carried at cost and will be returned to the Company only upon the expiration of the lease contract.

Rental deposits are recognized as noncurrent assets when the Company expects to receive future economic benefit from them for more than one year, otherwise these are recognized under current assets.

2.9 Investment in an associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Under PAS 28, *Investment in Associates and Joint Ventures*, an entity need not use the equity method if all of the following four conditions are met:

i. The investor is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the investor not applying the equity method;

ii. The investor's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);

iii. The investor did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization, for the purpose of issuing any class of instruments in a public market; and

iv. The ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use that comply with IFRS.

The above mentioned criteria were all met by the Company in its acquisition of investment in associate, hence the exemption was applied.

2.10 Property and equipment, net

Property and equipment are initially measured at cost. At the end of each financial reporting period, items of property and equipment are measured at cost less any subsequent accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expense in the period in which those are incurred.

Depreciation and amortization is charged so as to allocate the costs of assets less residual values, if any, over their estimated lives using the straight-line method. Below are the estimated useful lives of property and equipment:

	Years
Furniture and fixtures	3
Office equipment	4
Computer equipment	4

Depreciation and amortization of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further depreciation is charged to the statements of comprehensive income.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. The lease term includes assumption of lease renewals when such have been determined to be reasonably assured. The lease renewal is reasonably assured when failure to renew the lease imposes a penalty to the lessee.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss arising on the disposal or retirement of an asset, determined as the difference between sales proceeds and the carrying amount of the asset, is recognized in the statements of comprehensive income.

2.11 Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment and more frequently if there are indicators of impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill, if any, that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer); otherwise these are presented as noncurrent liabilities.

Trade and other payables are recognized initially at the transaction price and subsequently measured at amortized cost using the EIR method.

Taxes and government dues include withholding income taxes which represent taxes for an item of income required to be retained by the Company and remitted to the Bureau of Internal Revenue (BIR) on or before the tenth (10^{th}) day of the following month. The obligation of the Company to deduct and withhold the taxes arises at the time an income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term payable refers to the date the obligation becomes due, demandable or legally enforceable.

Unearned revenues are liabilities to deliver goods or render services to respective customers whose payments have been already received. The deferred amount is reversed and taken to the statements of comprehensive income in the period in which the related service is rendered.

2.13 Employee benefits

(a) Pension obligations

The liability or asset recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, or in the absence of deep market for such bonds, the market rates of government bonds.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the retirement benefits expense in the statement of comprehensive income.

Remeasurement gains or losses arising from experience adjustment and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI, net of deferred tax. The cumulative balance is presented as "remeasurement of retirement benefits obligation" in the statement of changes in equity and in the statement of financial position.

(b) Profit-sharing and bonuses

The Company recognizes a liability and expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a practice that has created a constructive obligation.

(c) Employee leave entitlements

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

As at March 31, 2018, the Company did not set up retirement benefit plan for its employees. The Company has 186 employees, of whom the maximum service rendered as of financial reporting date was 3 years. Furthermore, it was incorporated only in March 2013.

2.14 Provisions and contingencies

Provisions are recognized when: (a) the Company has a present legal or constructive obligation as a result of past events, (b) it is probable that an outflow of resources will be required to settle the obligation and (c) the amount can be reliably estimated. Provisions are not recognized 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. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the value of management's best estimate of the expenditure required 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. The increase in the provision due to the passage of time is recognized as finance cost.

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

2.15 Share capital

Share capital is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Share premium" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Retained earnings

Retained earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

2.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding taxes and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from rendering of services is recognized when all of the following conditions are met:

a. the amount of revenue can be measured reliably;
b. it is probable that the economic benefits associated with the service contract will flow to the Company;
c. the stage of completion of the service contract can be measured reliably; and
d. the costs incurred for the service contract and the costs to complete the service contract can be measured reliably.

Finance income

Finance income is recognized when accrued. The interest rate applied is the prevailing market rate at the end of the reporting period taking into account the effective yield on the asset or the EIR.

2.18 Costs and expense recognition

Costs and expenses are recognized in the statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Costs and expenses in the statements of comprehensive income are presented using the function of expense method. Costs of services are expenses incurred that are directly associated with the services rendered and include labor and overhead. General and administrative expenses are costs attributable to administrative and other business activities of the Company.

2.19 Operating lease

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which these are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.20 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute for the amount are those that are enacted or substantively enacted at the financial reporting date.

Current income tax relating to items directly recognized in equity is recognized in equity and not in the statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor the taxable profit or loss and

- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry-over (NOLCO), and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits from MCIT and NOLCO and unused tax losses can be utilized, except:

- when the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of transaction, affects neither accounting profit nor taxable profit (or loss).
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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 when the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.21 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if these are subject to common control. Related parties may be individuals or corporate entities. The key management personnel of the Company and post-employment benefit plans for the benefit of the Company's employees are also considered to be related parties.

2.22 Events after the end of the financial reporting date

Post year-end events up to the date when the financial statements were authorized for issuance by BOD that provide additional information about the Company's position at financial reporting date (adjusting events) are reflected in the financial statements. Non-adjusting post year-end events are disclosed in the notes to the financial statements when material.

There were no material transactions or events subsequent to the financial reporting date that would require adjustment to or disclosure in the financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in conformity with PFRSs requires the Company's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

Going concern

The Company's management has made an assessment on the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue its business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency is determined to be the Philippine Peso (P). It is the currency that mainly influences the Company's operations.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 32 on the definitions of a financial asset, a financial liability or an equity instrument. In addition, the Company also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management's intention and ability to hold the financial instrument to maturity generally governs its classification in the statements of financial position.

The classification of financial assets and liabilities is presented in Note 4.

Determination of whether an arrangement contains a lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

The Company has entered into operating lease arrangement as a lessee. The Company, as a lessee, has determined that the lessor retains substantial risks and rewards of ownership of these properties, which are on operating lease agreements.

Estimates

Impairment of financial assets

The Company assesses impairment on financial assets whenever events or changes in circumstances indicate that the carrying amount of financial asset may not be recoverable. The determination of impairment losses for financial assets requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

The carrying amounts of financial assets as at March 31, 2018 and 2017 are disclosed in Note 5.

Management believes that the carrying amounts of financial assets approximate their recoverable amounts.

Estimation of useful lives of property and equipment

The useful lives of the Company's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The estimated useful lives or property and equipment are discussed in Note 2.10 to the financial statements which showed no change during the fiscal years ended March 31, 2018 and 2017.

Realizability of deferred tax assets

Management reviews the carrying amount of deferred tax assets at each reporting date. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

Revenue recognition

The Company's revenue recognition policies on services rendered require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result in material adjustments in future periods.

Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is an indication that the carrying amounts of all non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. At the end of each reporting date, the Company assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

Management has reviewed the carrying values of the Company's non-financial assets as at March 31, 2018 and 2017 for impairment. Based on the management's assessment, there were no indications that the non-financial assets were impaired, thus no impairment loss needs to be recognized for the fiscal years ended March 31, 2018 and 2017.

NOTE 4 - FINANCIAL INSTRUMENTS

The following table summarizes the carrying values of the Company's financial assets and financial liabilities at December 31:

	2018	2017
Financial assets		
Loans and receivables		
Cash on hand and in banks (Note 7)	P1,465,553	P4,876,910
Trade and other receivables (Note 8)	87,049,113	48,312,402
Due from a related party (Note 19)	1,381,362	1,413,921
Rental deposits (Note 9)	322,572	211,860
	P90,218,600	P54,815,093
Financial liabilities		
Other financial liabilities		
Trade and other payables (Note 12)*	P5,191,155	P3,291,543
Due to related parties (Note 19)	60,921,822	26,530,722
	P66,112,977	P29,822,265

**Exclusive of government liabilities and value-added taxes*

The fair values of the financial assets and liabilities are included at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.

The carrying amounts of cash on hand and in banks, trade and other receivables, trade and other payables, and related party balances approximate their fair values due to the relatively short-term maturities of the financial instruments.

The carrying amount of refundable security deposit approximates its fair value as management believes that any difference from measuring such assets at its amortized cost using the effective interest method is not considered material to the Company's financial position or performance.

Fair value measurement

In accordance with PFRS 13, the fair value of financial assets and liabilities which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRSs, are categorized into three levels based on the significance of inputs used to measure at the fair value as disclosed in Note 2.3.

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing, service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm's length basis. The fair values of the financial instruments included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determined their impact on the total fair value.

The Company has neither financial instruments measured at fair value, nor financial instruments measured at amortized cost for which fair values are disclosed as at March 31, 2018 and 2017.

NOTE 5 - FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General objectives, policies and processes

The Management has the overall responsibility and authority for the determination of the Company's risk management objectives and policies and designing and operating processes that ensure the effective implementation of such objectives and policies. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

Financial risk management objectives and policies

The Company is exposed through its operations to market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The policies for managing specific risks are summarized below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise three types of risk: interest rate risk, foreign currency risk and commodity price risk. Financial instruments affected by market risk include cash in banks, trade receivables, trade payables, and dues to/from related parties.

i. 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 has interest-bearing financial liabilities primarily on due to related parties. However, the interest rates on such advances were fixed throughout the life of the loan. The Management foresees no significant interest rate risk.

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to due to related parties, cash in banks, trade receivables and trade payables that are denominated in a currency different from the Company's functional currency. The Management forecasts that there are no significant foreign currency risk in the future.

iii. Commodity price risk

Commodity price risk is the risk related to volatility of price of certain commodities. The Company is not exposed to this risk as its operations do not constitute goods which prices are volatile.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is mainly exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and foreign exchange transactions.

Customer credit risk is managed by managing and analyzing the credit risk for each new customer before standard payment and delivery terms and conditions are offered. Outstanding receivables are regularly monitored. The credit quality of the Company's financial assets that are neither past due nor impaired is considered to be good quality and expected to be collectible without incurring any credit losses.

Credit risk from balances with banks is managed by ensuring that the Company's deposit arrangements are with reputable and financially sound counterparties.

The following table provides information regarding the maximum credit risk exposure of the Company as at March 31:

	2018	2017
Cash in banks (Note 7)	**P1,455,553**	P4,866,910
Trade and other receivables (Note 8)	**87,049,113**	48,312,402
Due from a related party (Note 19)	**1,381,362**	1,413,921
Rental deposit (Note 9)	**322,572**	211,860
	P90,208,600	P54,805,093

The Company does not hold any collateral as security or other enhancements attached to its financial assets.

Aging analyses of financial assets

The aging analyses of the Company's financial assets as at March 31 are as follow:

2018

	Total	Neither impaired nor past due	Past due but not impaired < 30 days	31-60 days	61-90 days	> 90 days	Past due and impaired
Cash in banks (Note 7)	P1,455,553	P1,455,553	P-	P-	P-	P-	P-
Trade and other receivables (Note 8)	87,049,113	58,031,751	8,410,721	910,537	1,048,245	18,647,859	-
Due from a related party (Note 19)	1,381,362	1,381,362	-	-	-	-	-
Rental deposit (Note 9)	322,572	322,572	-	-	-	-	-
	P90,208,600	P61,191,238	P8,410,721	P910,537	P1,048,245	P18,647,859	P-

2017

	Total	Neither impaired nor past due	Past due but not impaired < 30 days	31-60 days	61-90 days	> 90 days	Past due and impaired
Cash in banks (Note 7)	P4,866,910	P4,866,910	P-	P-	P-	P-	P-
Trade and other receivables (Note 8)	48,312,402	472,502	12,307,144	10,512,404	10,422,275	14,328,246	269,831
Due from a related party (Note 19)	1,413,921	1,413,921	-	-	-	-	-
Rental deposit (Note 9)	211,860	211,860	-	-	-	-	-
	P54,805,093	P6,965,193	P12,307,144	P10,512,404	P10,422,275	P14,328,246	P269,831

Credit quality per class of financial assets

The Company's bases in grading its financial assets are as follow:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard grade - These are receivables that can be collected provided the Company makes persistent effort to collect them.

The following table shows the credit quality by class of financial assets of the Company based on their historical experience with the corresponding third parties as at March 31:

	2018					
	Neither impaired nor past due			Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade			
Cash in banks (Note 7)	P1,455,553	P-	P-	P-	P-	P1,455,553
Trade and other receivables (Note 8)	-	58,031,751	-	29,017,362	-	87,049,113
Due from a related party (Note 19)	1,381,362	-	-	-	-	1,381,362
Rental deposit (Note 9)	322,572	-	-	-	-	322,572
	P3,159,487	P58,031,751	P-	P29,017,362	P-	P90,208,600

	2017					
	Neither impaired nor past due			Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade			
Cash in banks (Note 7)	P4,866,910	P-	P-	P-	P-	P4,866,910
Trade and other receivables (Note 8)	-	472,502	-	47,570,069	269,831	48,312,402
Due from a related party (Note 19)	1,413,921	-	-	-	-	1,413,921
Rental deposit (Note 9)	211,860	-	-	-	-	211,860
	P6,492,691	P472,502	P-	P47,570,069	P269,831	P54,805,093

(c) Liquidity risk

This represents the risk or difficulty in raising funds to meet the Company's commitment associated with financial obligation and daily cash flow requirement. The Company is exposed to the possibility that adverse exchanges in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Company's approach to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as these arise without incurring unnecessary costs; and (c) to be able to access funding when needed. Also, the Company addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Company likewise regularly evaluates other financing instruments to broaden the Company's range of financing sources.

The following tables show the Company's liquidity gap analysis of its financial assets as at March 31:

	2018			
	Total	On demand	Within 1 year	Beyond 1 year
Cash in banks (Note 7)	P1,465,553	P1,465,553	P-	P-
Trade and other receivables (Note 8)	87,049,113	29,017,362	58,031,751	-
Due from a related party (Note 19)	1,381,362	1,381,362	-	-
Rental deposit (Note 9)	322,572	-	322,572	-
	P90,218,600	P31,864,277	P58,354,323	P-

	2017			
	Total	On demand	Within 1 year	Beyond 1 year
Cash in banks (Note 7)	P4,876,910	P4,876,910	P-	P-
Trade and other receivables (Note 8)	48,042,571	47,570,069	472,502	-
Due from a related party (Note 19)	1,413,921	1,413,921	-	-
Rental deposit (Note 9)	211,860	-	211,860	-
	P54,545,262	P53,860,900	P684,362	P-

Capital risk management

The capital of the Company comprises of funds invested by the Parent and local shareholders.

The Company's BOD has the overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Company through the Finance function sets operational targets and performance indicators in order to assure that the capital and returns requirements are achieved. Appropriate monitoring and reporting systems accompany these targets and indicators to assess the achievement of Company goals and institute appropriate action.

There were no changes in the Company's approach to capital management during the year.

NOTE 7 - CASH ON HAND AND IN BANKS

The account consists of:

	2017	2016
Petty cash fund	**P10,000**	P10,000
Cash in banks	**1,455,553**	4,866,910
	P1,465,553	P4,876,910

Cash in banks consists of savings and current deposit accounts earning interest at an annual rate of 0.25%.

Interest income earned on these deposits amounted to P53 and P1 for the fiscal years ended March 31, 2018 and 2017, respectively, as disclosed in Note 17.

NOTE 8 - TRADE AND OTHER RECEIVABLES

The account consists of:

	2018	2017
Trade receivables	**P86,349,204**	P48,114,852
Advances to officers and employees	**699,909**	197,550
	P87,049,113	P48,312,402

Trade receivables represent uncollected service revenue amounting to P86,349,204 and P48,114,852 as at March 31, 2018 and 2017, respectively, which are unsecured, non-interest bearing and usually due within 30 days from invoice date.

There were no trade receivables pledged as collateral.

The Company has directly written-off trade receivables in the amount of nil and P269,831 as at March 31, 2018 and 2017, respectively. Provision for bad debts amounting to nil in 2018 and P269,831 in 2017 were recognized, as disclosed in Note 16.

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Cash advances made to officers and employees is for working capital expenditures, non-interest bearing and are subject to liquidation upon utilization.

As at March 31, 2018 and 2017, the Management has assessed that its total outstanding receivables is collectible within the next twelve months from the financial reporting date.

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

The account consists of:

	2018	2017
Prepaid expenses	**P777,485**	P552,948
Rental deposit	**322,572**	211,860
Input VAT	**270,504**	83,658
Deferred input VAT	**95,024**	95,024
	P1,465,585	P943,490

Prepaid expenses include services paid by the Company in advance for its advertisement, payroll software and health insurance plan of employees.

Rental deposit pertain to the non-interest bearing rental deposit that is not pledged as security for any liability, paid to the lessor, which will be refunded at the end of the lease contract.

Input VAT refers to the tax passed on to the Company by its suppliers, for acquisition of goods and services, which may be applied against its output VAT.

Deferred input VAT arises from accrual of professional fees.

NOTE 10 - INVESTMENT IN AN ASSOCIATE

In December 2017, the Company subscribed to 10,000 shares with par value of P100 each, or equivalent to 25% of the common capital stock of Quess Recruit, Inc. Out of the subscribed amount, the Company paid P250,000 in cash.

The Company accounted for the investment in an associate using the cost method in compliance with the requirements set forth in Note 2.10.

A summary of financial information of Quess Recruit, Inc. is as follows:

	2018	2017
Total assets	**P2,416,349**	1,114,409
Total liabilities	**1,658,011**	381,362
Total equity	**758,338**	733,047
Total revenue	**1,507,918**	-
Net income	**25,291**	(266,953)
Total comprehensive income	**25,291**	(266,953)

Management has reviewed the carrying value of the Company's investment in an associate as at March 31, 2018 for impairment. Based on the results of its evaluation, there were no indications that the investment is impaired.

NOTE 11 - PROPERTY AND EQUIPMENT, NET

The details of and movements in this account are as follow:

	Furniture and fixtures	Office equipment	Computer equipment	Total
Cost				
At April 1, 2016	P277,053	P3,393	P526,523	P806,969
Additions	13,612	44,756	112,939	171,307
At March 31, 2017	290,665	48,149	639,462	978,276
Additions	220,191	13,728	402,364	636,283
At March 31, 2018	510,856	61,877	1,041,826	1,614,559
Accumulated depreciation				
At April 1, 2016	44,614	848	177,566	223,028
Depreciation (Note 16)	96,132	6,235	146,380	248,747
At March 31, 2017	140,746	7,083	323,946	471,775
Depreciation (Note 16)	134,794	12,351	170,675	317,820
At March 31, 2018	275,540	19,434	494,621	789,595
Carrying amount				
At March 31, 2017	P149,919	P41,066	P315,516	P506,501
At March 31, 2018	**P235,316**	**P42,443**	**P547,205**	**P824,964**

There are no restrictions on title, contractual commitments or property and equipment pledged as security for liabilities as at March 31, 2018 and 2017, respectively.

Management sees no condition of impairment and believes that the net carrying amount of property and equipment can be recovered through use in operations.

NOTE 12 - TRADE AND OTHER PAYABLES

The account consists of:

	2018	2017
Trade payables	P1,112,236	P803,777
Accrued expenses	4,078,919	2,487,766
Government liabilities	1,534,564	1,666,302
Output VAT	432,504	303,235
Deferred output VAT	675,891	1,753,657
	P7,834,114	P7,014,737

Trade payables pertain to outstanding obligations to suppliers, which are normally payable within 30 days from billing.

Accrued expenses, which are normally settled within 30 days, includes utilities, payroll and other expenses incurred by the Company that are not yet paid during the financial period.

Government liabilities pertain to SSS, PHIC and HDMF premium contributions to be remitted on the respective government agencies the following month.

Output VAT refers to the tax on the Company's sales of services to customers. Output VAT could be offset against input VAT to determine the net VAT due and payable.

Deferred output VAT arises from service revenues accrued but not yet collected by the Company.

NOTE 13 - SHARE CAPITAL

The account consists of:

	2018		2017	
	Number of shares	Amount	Number of shares	Amount
Authorized share capital at P100 par value per share	344,000	P34,400,000	344,000	P34,400,000
Issued and outstanding share capital at P100 par value per share	86,000	P8,600,000	86,000	P8,600,000

NOTE 14 - REVENUE

The Company's revenue from rendering IT consultancy and services amounted to P122,173,978 and P86,923,434 for the fiscal years ended March 31, 2018 and 2017, respectively.

NOTE 15 - COST OF SERVICES

The account consists of:

	2018	2017
Salaries and wages	**P75,892,032**	P48,312,637
13th month pay	**3,113,122**	2,760,998
SSS/PHIC and HDMF contributions	**2,316,082**	1,945,404
Transportation and travel	**2,025,600**	99,127
Other employee benefits	**6,268,724**	4,224,310
	P89,615,560	P57,342,476

Other employee benefits include de minimis benefits and other bonuses.

NOTE 16 - GENERAL AND ADMINISTRATIVE EXPENSES

The account consists of:

	2018	2017
Salaries and wages	**P10,038,992**	P7,681,917
13th month pay and other employee benefits	**1,947,910**	1,941,631
Rent (Note 20)	**1,243,907**	937,410
Transportation and travel	**1,159,276**	681,185
Professional fees	**1,137,728**	1,784,037
Communication, light and water	**1,003,492**	893,303
Software and log in fees	**994,236**	974,314
Taxes and licenses	**667,881**	555,607
Advertising	**475,752**	233,548
SSS, PHIC and HDMF contributions	**454,353**	375,505
Penalties	**396,090**	-
Recruitment	**385,950**	93,717
Depreciation (Note 11)	**317,820**	248,747
Supplies	**170,844**	98,344
Association dues and membership fees	**146,815**	100,800
Bank charges	**122,163**	144,268
Training and allowances	**103,663**	72,972
Repairs and maintenance	**43,068**	39,920
Representation	**26,517**	13,879
Provision for bad debts (Note 8)	**-**	269,831
Miscellaneous	**624,931**	527,685
	P21,461,388	P17,668,620

NOTE 17 - OTHER OPERATING EXPENSES, NET

The account consists of:

	2018	2017
Unrealized foreign exchange loss	**P3,567,903**	P-
Realized foreign exchange loss	**3,388,320**	P900,973
Interest expense (Note 19)	**968,922**	939,588
Interest income (Note 7)	**(53)**	(1)
	P7,925,092	P1,840,560

Realized foreign exchange loss arose from foreign currency-denominated revenue and purchase transactions made by the Company, as well as related party advances.

Unrealized foreign exchange loss arose from translation of outstanding foreign currency denominated related party loans, as disclosed in Note 19.

NOTE 18 - INCOME TAXES

a) The components of the Company's provision for income tax are as follow:

	2018	2017
Current	P2,136,542	P3,178,375
Deferred	(1,070,371)	(80,412)
	P1,066,171	P3,097,963

b) A reconciliation of the provision for income tax computed at the statutory income tax rate and the provision for income tax shown in the profit or loss are as follow:

	2018	2017
Income before tax	P3,171,938	P10,071,778
Income tax expense at statutory rate of 30%	951,581	3,021,533
Add (deduct) tax effect of:		
Non-taxable income	(16)	-
Non-deductible expenses	114,606	76,430
	P1,066,171	P3,097,963

c) The movements in deferred taxes during the year are as follow:

	2018			
	Beginning	Charged (credited) to net income	Charged to equity	Ending
Provision for bad debts	P80,949	P-	P-	P80,949
Unrealized foreign exchange loss	66,616	1,070,371	-	1,136,987
	P147,565	P1,070,371	P-	P1,217,936

	2017			
	Beginning	Charged (credited) to net income	Charged to equity	Ending
Provision for bad debts	P-	P80,949	P-	P80,949
Unrealized foreign exchange loss	67,153	(537)	-	66,616
	P67,153	P80,412	P-	P147,565

d) The movements in income tax payable are as follow:

	2018	2017
Balance at April 1	**P475,984**	P947,504
Charged to profit or loss	**2,136,542**	3,178,375
Income taxes paid	**(1,999,062)**	(3,649,895)
Balance at March 31	**P613,464**	P475,984

NOTE 19 - RELATED PARTY TRANSACTIONS

Transactions with related parties consist of services rendered to affiliates and advances for various expenses. Both are to be settled through cash payment.

Related party	Relationship	Country of incorporation
Quess Corp. Limited	Parent	India
Quess Corp. Holding Pte. Ltd. (Singapore)	Entity under common control	Singapore
Quess Corp. (USA), Inc.	Entity under common control	USA
Quess Global (Malaysia)	Entity under common control	Malaysia
Quess Recruit, Inc.	Associate	Philippines

Due from a related party includes receivable from Quess Recruit, Inc. for the expenses paid by the Company for the former's operation amounting to P1,381,362 and P1,413,921 as at March 31, 2018 and 2017, respectively, as shown in the statements of financial position.

No provision for bad debts expense was recognized on due from related party as the Company believes that the amount can be recovered in full in the near future.

Due to related parties amounting to P60,921,822 and P21,530,722 as at March 31, 2018 and 2017, respectively include interest-bearing advances from Quess Corp. Holding Pte. Ltd. (Singapore) and Quess Corp. (USA), Inc. and non-interest-bearing advances from Quess Global (Malaysia) for payment of salaries and operating expenses of the Company. Those advances are unsecured, unguaranteed, expected to be settled in cash and are payable on demand; thus, those are all classified as current liabilities.

The details showing the nature and amount of transactions under each category for the years ended March 31, 2018 and 2017 are as follow:

2018

Related party	Relationship		Due from related party	Due to related party	Terms and conditions
Quess Corp. Holdings Pte. Ltd. (Singapore)	Entity under common control	Balance at April 1, 2017	P-	P19,908,709	2.25% interest annually, unsecured, payable on demand
		Advances	-	36,867,578	
		Interest	-	577,611	
		Translation	-	3,567,924	
		Balance at March 31, 2018	-	60,921,822	
Quess Corp. (USA), Inc.	Entity under common control	Balance at April 1, 2017	-	5,144,363	8% interest annually, unsecured, payable on demand
		Interest	-	391,311	
		Payments	-	(5,760,084)	
		Translation	-	224,410	
		Balance at March 31, 2018	-	-	
Quess Global (Malaysia)	Entity under common control	Balance at April 1, 2017	-	1,477,650	Non-interest bearing unsecured, payable on demand
		Advances	-	16,817,818	
		Payments	-	(21,087,723)	
		Translation	-	2,792,255	
		Balance at March 31, 2018	-	-	
Quess Recruit, Inc.	Associate	Balance at April 1, 2017	1,413,921	-	Non-interest bearing unsecured, payable on demand
		Advances	1,233,291	-	
		Payments	(1,265,850)	-	
		Balance at March 31, 2018	1,381,362	-	
			P1,381,362	P60,921,822	

2017

Related party	Relationship		Due from related party	Due to related party	Terms and conditions
Quess Corp. Holdings Pte. Ltd. (Singapore)	Entity under common control	Balance at April 1, 2016	P-	P5,336,070	2.25% interest annually, unsecured, payable on demand
		Advances	-	14,411,107	
		Interest	-	161,532	
		Balance at March 31, 2017	-	19,908,709	
Quess Corp. (USA), Inc.	Entity under common control	Balance at April 1, 2016	-	4,830,477	8% interest annually, unsecured, payable on demand
		Interest	-	381,063	
		Translation	-	(67,177)	
		Balance at March 31, 2017	-	5,144,363	
Quess Global (Malaysia)	Entity under common control	Balance at April 1, 2016	-	-	Non-interest bearing unsecured, payable on demand
		Advances	-	1,477,650	
		Balance at March 31, 2017	-	1,477,650	
Quess Recruit Inc.	Associate	Balance at April 1, 2016	-	-	Non-interest bearing unsecured, payable on demand
		Advances	1,413,921	-	
		Balance at March 31, 2017	1,413,921	-	
			P1,413,921	P26,530,722	

The compensation of key management personnel for the fiscal years ended March 31, 2018 and 2017 amounted to P4,041,581 and P3,552,790, respectively.

NOTE 20 - CONTINGENCIES AND COMMITMENTS

Operating lease commitment - Company as lessee

The Company leases its office space with a term of one (1) year and is renewable thereafter under the same terms and conditions upon agreement. Rental expense incurred by the Company for the fiscal years ended March 31, 2018 and 2017 amounted to P1,243,907 and P937,410, respectively, as disclosed in Note 16.

Rental deposits amounting to P322,572 and P211,860 as at March 31, 2018 and 2017, respectively, are refundable at the end of lease term, as disclosed in Note 9.

Contingencies

There are no significant contingencies in relation to any legal action or claims involving the Company as at and for the fiscal years ended March 31, 2018 and 2017.

NOTE 21 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to financial statements in addition to the disclosures mandated under PFRS.

A. REVENUE REGULATIONS NO. 15-2010

In compliance with the requirements of RR No. 15-2010 issued on November 25, 2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable fiscal year ended March 31, 2018:

1. The amount of output VAT declared during the year and the account title and amount/s upon which the same was based

The details of the Company's gross sales/receipts and output VAT are as follow:

Type of revenue	Gross receipts	Output VAT
Vatable sales	P25,044,500	P3,005,340
Zero-rated sales	51,835,154	-
	P76,879,654	P3,005,340

Total revenues per book for the fiscal year ended March 31, 2018 amounted to P122,173,978. The difference from the total sales per VAT returns amounting to P45,294,324 is due to uncollected sales.

2. The amount of input VAT

Balance at beginning of year	P-
Domestic purchases of goods other than capital goods	29,445
Domestic purchases of services	526,327
VAT paid	(285,268)
Balance at end of year	**P270,504**

3. **The amount of withholding taxes paid/accrued for the year**

Tax on compensation and benefits	P10,891,213
Creditable withholding taxes	985,444
Expanded withholding taxes	550,660
	P12,427,317

4. **Taxes and licenses**

Mayor's permit	P5,000
Other local taxes	662,881
	P667,881

5. **Deficiency tax assessments and tax cases**

As at March 31, 2018, the Company has no pending tax court cases and has not received any tax assessment notice from the BIR.

B. REVENUE REGULATIONS NO. 19-2011

RR No. 19-2011 issued on December 9, 2011 requires the disclosure of the schedules of taxable revenues, cost of sales/services, non-operating and taxable other income, itemized deductions, taxes and licenses and other significant tax information in the notes to financial statements.

The Company's transactions are subject only to regular/normal tax rate. It does not have transactions exempt from tax or subject to special rate.

Following are the required schedules in compliance with the said revenue issuances:

1. **Revenues**

	2018
Sale of services	P122,173,978

2. **Cost of services**

	2018
Direct charges - salaries, wages and benefits	
Salaries and wages	P75,892,032
13th month pay	3,113,122
SSS/PHIC and HDMF contributions	2,316,082
Transportation and travel	2,025,600
Other employee benefits	6,268,724
	P89,615,560

3. **Ordinary allowable itemized deductions**

Salaries and allowances		P11,986,902
Rental		1,243,907
Transportation and travel		1,159,276
Professional fees		1,137,728
Communication, light and water		1,003,492
Interest		968,922
Taxes and licenses		667,881
Advertising and promotion		475,752
SSS, GSIS, Philhealth, HDMF and other contributions		454,353
Depreciation		317,820
Office supplies		170,844
Training and seminars		103,663
Repairs and maintenance - (Materials/supplies)		43,068
Representation and Entertainment		26,517
Others		
Realized foreign exchange loss	3,388,320	
Software	994,236	
Recruitment	385,950	
Association dues and membership fees	146,815	
Bank charge	122,163	
Miscellaneous	639,002	5,676,486
		P25,436,611

4. **Taxes and licenses**

The details of the Company's taxes and licenses are disclosed in section A of this note.

Joe Tan & Associates PAC
Chartered Accountants

QUESSCORP HOLDINGS PTE. LTD.

Company Reg. No.: 201526129N

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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QUESSCORP HOLDINGS PTE. LTD.
(Company Reg. No.: 201526129N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR EDNED 31 MARCH 2018**

The directors are pleased to present the statement to the members together with the audited financial statements of Quesscorp Holdings Pte. Ltd. (the "Company") for the financial year ended 31 March 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Subrata Kumar Nag
Ajit Abraham Isaac
Jur Keckeis Roman Werner
Sandro Lang

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE OF SHARES OR DEBENTURES

Neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors of the company holding office at the end of the financial year had no interest of the share capital or debentures of the company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings in the name of the directors	
	As at 01.04.2017	As at 31.03.2018
The Holding Company	(No. of ordinary shares)	
Ajit Abraham Isaac	18,585,960	17,585,960
Subrata Kumar Nag	12,102	55,128

5. SHARES OPTIONS

There were no shares options granted during the financial year to subscribe for unissued shares of the Company or any corporation in the group.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the group.

There were no unissued shares of the Company or any corporation in the group under shares option at the end of the financial year.

6. AUDITORS

JOE TAN & ASSOCIATES PAC, Public Accountants and Chartered Accountants, has expressed its willingness to accept appointment as Auditors.

On behalf of the Board of Directors

Subrata Kumar Nag

Subrata Kumar Nag
Director

Ajit Abraham Isaac
Director

Singapore
14 MAY 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

QUESSCORP HOLDINGS PTE. LTD.

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Quesscorp Holdings Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Qualified Opinion

Included under Other Investment of S$280,496 in 2018 and of S$424,222 in 2017 in the statement of financial position at reporting date are the Company's investments in a sole establishment (two sole establishments in 2017) in which the Company has 100% interest. However, it was disclosed in Note 6 to these accounts that the Company has neither control nor significance influence and hence the Company did not combine the accounts of these establishments with those of the Company for both financial years. We are unable to satisfy ourselves that the Company has neither control nor significant influences in these sole establishments.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of Quesscorp Holdings Pte. Ltd. for the financial year ended 31 March 2017 were audited by another firm of auditors who expressed an unqualified opinion on those financial statements on 15 May 2017.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducts in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Joe Tan & Assoc PAC

JOE TAN & ASSOCIATES PAC
Public Accountants and
Chartered Accountants

Singapore

14 MAY 2018

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QUESSCORP HOLDINGS PTE. LTD.
(Company Reg. No.: 201526129N)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 S$	2017 S$
ASSETS			
Non-current assets			
Investment in subsidiaries	4	65,006,105	54,199,520
Investment in joint venture	5	15,868	15,868
Other investment	6	280,496	424,222
Plant and equipment	7	-	-
Total non-current assets		65,302,469	54,639,610
Current assets			
Trade and other receivables	8	12,315,696	6,359,683
Cash and cash equivalents	9	2,102,134	880,840
Total current assets		14,417,830	7,240,523
TOTAL ASSETS		79,720,299	61,880,133
EQUITY AND LIABILITIES			
Equity			
Share capital	10	34,480,433	12,332,075
Retained earnings		(1,071,299)	(119,500)
Capital reserve		88,580	-
Total equity		33,497,714	12,212,575
Non-current liabilities			
Trade and other payables	11	23,903,905	23,903,905
Bank borrowings	12	17,599,782	20,277,734
Total non-current liabilities		41,503,687	44,181,639
Current liabilities			
Trade and other payables	11	1,782,238	2,585,069
Bank borrowings	12	2,936,660	2,900,850
Total current liabilities		4,718,898	5,485,919
TOTAL EQUITY AND LIABILITIES		79,720,299	61,880,133

The accompanying notes form an integral part of these financial statements

QUESSCORP HOLDINGS PTE. LTD.
(Company Reg. No.: 201526129N)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S$	2017 S$
Revenue	13	452,592	-
Cost of services		(360,475)	-
Gross Profit		92,117	-
Add:			
Other income	14	185,684	63,419
Less :			
Administrative costs		(289,202)	(27,459)
Finance costs	15	(940,398)	(123,073)
Loss before income tax	16	(951,799)	(87,113)
Income tax expense	17	-	-
Loss for the year		(951,799)	(87,113)
Other comprehensive income after tax:-			
Item that will not be recognised subsequetly to profit/ (loss)		-	-
Item that will not be recognised subsequetly to profit/ (loss)			
- Surplus arising from acquisition of net assets of a sole establishment for formation of Company's branch in Dubai		88,580	-
Other comprehensive income for the year, net of tax		88,580	-
Total comprehensive loss for the year		(863,219)	(87,113)

The accompanying notes form an integral part of these financial statements

QUESSCORP HOLDINGS PTE. LTD.
(Company Reg. No.: 201526129N)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Share Capital S$	Retained Earnings S$	Capital Reserve S$	Total S$
Balance as at 1 April 2016		2,308,450	(32,387)	-	2,276,063
Issue of shares during the year	10	10,023,625	-	-	10,023,625
Loss for the year, representing total comprehensive loss for the year		-	(87,113)	-	(87,113)
Balance as at 31 March 2017		12,332,075	(119,500)	-	12,212,575
Issue of shares during the year	10	22,148,358	-	-	22,148,358
Other comprehensive income		-	-	88,580	88,580
Loss for the year, representing total comprehensive loss for the year		-	(951,799)	-	(951,799)
		-	(951,799)	88,580	(863,219)
Balance as at 31 March 2018		34,480,433	(1,071,299)	88,580	33,497,714

The accompanying notes form an integral part of these financial statements

QUESSCORP HOLDINGS PTE. LTD.
(Company Reg. No.: 201526129N)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S$	2017 S$
Cash flows from operating activities			
Loss before income tax		(951,799)	(87,113)
Adjustments for :			
Foreign exchange (gain)/loss		75,339	(1,082)
Surplus arising from acquisition of net assets of a sole establishment for formation of Company's branch in Dubai		88,580	-
Interest expense		940,398	123,073
Interest income		(185,480)	(62,337)
Operating cash flows before working capital changes		(32,962)	(27,459)
Working capital changes:			
(Increase)/ Decrease in trade and other receivables		(6,046,905)	-
(Decrease)/ Increase in trade and other payables		(782,036)	1,000
Cash generated from operations		(6,861,903)	(26,459)
Income tax paid		-	-
Net cash generated from operating activities		(6,861,903)	(26,459)
Cash flows from investing activities			
Acquisition of subsidiaries		(10,806,585)	(27,640,758)
Acquisition of joint venture		-	(15,868)
Decrease in other investments		143,726	-
Interest received		185,480	-
Loan receivables		-	(4,755,761)
Net cash used in investing activities		(10,477,379)	(32,412,387)
Cash flows from financing activities			
Loan interests paid		(940,398)	(23,004)
(Decrease) / Increase in pledged of bank balances		611,739	(811,822)
Repayment of bank borrowings	9	(2,642,142)	23,107,871
Proceeds from issuance of shares		22,148,358	10,023,598
Net cash (used in) financing activities		19,177,557	32,296,643
Net (decrease)/ increase in cash and cash equivalents		1,838,275	(142,203)
Effect of exchange rate changes in cash and cash equivalents		(5,242)	140,934
Cash and cash equivalents at beginning of the year		69,018	70,287
Cash and cash equivalents at end of the year	9	1,902,051	69,018

The accompanying notes form an integral part of these financial statements

1. General

The Company is a private company limited by shares and incorporated and domiciled in the Republic of Singapore.

The registered office address of the Company is 8 Temasek Boulevard, #32-01 Suntec Tower Three, Singapore 038988.

The principal activities of the Company are those of investment holding and providing other information service activities and IT support service and trading. The principal activities of the subsidiaries are disclosed in Notes 5 to the financial statements. During the financial year, the Company also operates a branch in Dubai.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are presented in the Singapore dollar and are prepared in accordance with the provisions of the Singapore Companies Act. Cap. 50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (S$), which is the Company's functional currency. All financial information presented in Singapore Dollar, unless otherwise indicated.

ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any material effect on the financial statements, except for certain presentation improvements arising from Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The company's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 9 in Notes to financial statements. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosure, the application of these amendments has had no impact on the Company's financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

The following standards that have been issued but not yet effective are as follows:

Reference	Description	Effective for annual periods beginning on or after
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109	Financial Instruments	1 Jan 2018
Amendments to FRS 40	Transfers of Investment Property	1 Jan 2018
Amendments to FRS 109	Prepayment Features with Negative Compensation	1 Jan 2019
Amendments to FRS 28	Long-term Interests in Associates and Joint Ventures	1 Jan 2019
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 Jan 2019
Amendments to FRS 115	Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019
Amendments to FRS 102	Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 is described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cashflow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

STANDARDS ISSUED BUT NOT YET EFFECTIVE – CONTINUED

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

FRS 116 Leases

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will likely result in changes to the accounting policies relating to the Company's leases. Management does not intend to early adopt FRS 116, which is effective from financial year beginning 1 January 2019 and will perform a detailed assessment of the possible impact of implementing FRS 116 before its implementation date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIS OF CONSOLIDATION

The company did not consolidate the accounts of its subsidiary due to the exemption under FRS110 Consolidated Financial Statements as follows:

a) it is wholly owned subsidiary of another entity:
b) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the counter market, including local and regional markets):
c) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market: and
d) its ultimate produces consolidated financial statements that are available for public use.

FINANCIAL INSTRUMENTS

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company has the following non-derivative financial assets: loan and receivables.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalent comprise cash at banks and fixed deposits.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FINANCIAL INSTRUMENTS – CONTINUED

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables, and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.
When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

INVESTMENT IN SUBSIDIARY

The investment in subsidiary is carried at cost less any accumulated allowance for impairment. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

INVESTMENT IN JOINT VENTURE

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

The Company recognises its interest in joint venture as an investment. Investment in joint venture is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investment, the difference between disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash at bank and fixed deposits that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, the cash and cash equivalents at the reporting date represents cash at banks and any fixed deposits pledged.

IMPAIRMENT OF NON-FINANCIAL ASSETS
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimated of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

OTHER FINANCIAL LIABILITIES

Trade and other payables

Trade and other payables, excluding advances received, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see above).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

RELATED PARTIES

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint venture of the same third party.
(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

PROVISIONS

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

LEASES

Operating leases
Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

REVENUE RECOGNITION
Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Sales are presented, net of value-added tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for the Company's activities are met as follows:

Rendering of services
Revenue from rendering of services is recognised when services are rendered and upon customers' acceptance. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

Interest Income
Interest income is recognised on a time proportion basis using the effective interest method.

GOVERNMENT GRANTS
Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

EMPLOYEE BENEFITS

(a) **Defined contribution plans**
The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) **Employee leave entitlements**
Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The undiscounted liability for leave expected to be settled wholly within twelve months from the reporting date is recognised for annual leave as a result of services rendered by employees up to the end of the reporting period. The Company allows employee leave entitlements to carry forward for a maximum period of twelve months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BORROWING COSTS

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. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

TAXES

(a) **Current Income Tax**
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred Tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilitsed. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

TAXES- CONTINUED

(c) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

(i) Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES- CONTINUED

(a) Judgments made in applying accounting policies – Continued

(ii) De-facto control

De-facto control exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the investee.

The Company holds 49% of voting rights in Monster Malaysia Sdn. Bhd. with the remaining 51% of voting rights being held by an unrelated individual shareholder.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Impairment of loans and receivables

The impairment of trade and other receivables of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 March 2018 were S$ 12,315,696 (2017: S$ 6,359,683).

(ii) Provision for income taxes

The Company has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Company's income tax payable as at 31 March 2018 was S$ NIL (2017: S$ NIL).

(iii) Estimated impairment of subsidiaries

When a subsidiary is in net equity deficit and has suffered operating losses, a test is made whether the investment in the investee has suffered any impairment in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future probability of the investee, including factors such as industry and sector performance, and operational and financial cash flow.

4. INVESTMENT IN SUBSIDIARIES

	2018 S$	2017 S$
Unquoted equity shares, at cost	65,006,105	54,199,520
Less: Allowance for impairment of investment in subsidiaries	-	-
	65,006,105	54,199,520

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Place of business	Percentage of equity held		Cost of investment		Principal activities
		2018 %	2017 %	2018 S$	2017 S$	
Comtel Solutions Pte. Ltd. [(1)]	Singapore	64	64	53,233,505	53,233,505	Staffing
Comtelpro Pte. Limited	Singapore	51	51	102,000	-	Staffing
MFXchange Holdings, Inc. [(2)]	Canada	51	51	388,278	72	Information Technology
Quessglobal Malaysia Sdn. Bhd.	Malaysia	100	100	180,086	180,086	Staffing
Ranstad Lanka (Private) Limited	Sri Lanka	100	100	785,857	785,857	IT Staffing
Monster.Com. HK Limited	Hong Kong	100	-	353,690	-	web-based career services agency
Monster. Com. Sg Pte Limited	Singapore	100	-	7,493,092	-	web-based career services agency
Monster Malaysia Sdn. Bhd. [(3)]	Malaysia	49	-	2,469,597	-	web-based career services agency
				65,006,105	54,199,520	

[(1)] Shares in this subsidiary is pledged to a bank for bank loan. (Note 12)
[(2)] 49% equity interest in subsidiary is held by a related company.
[(3)] The Company has direct holding of 49% in the investee company with the remaining 51% held by a third party whom the Company has significant influence. Hence, the Company has de-facto control over this investee company.

4. INVESTMENT IN SUBSIDIARIES – CONTINUED

The holding company has undertaken to provide continuing financial support to all the above subsidiaries in the event that the investments in these subsidiaries are impaired. As a result of no impairment allowance is made for the following subsidiaries whose total equities are lower than that of the company's cost of investments in the subsidiaries.

5. INVESTMENT IN JOINT VENTURE

	2018 S$	2017 S$
Unquoted equity shares, at cost	15,868	15,868
	15,868	15,868

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation/ Place of business	Percentage of equity held		Cost of investment		Principal activities
		2018 %	2017 %	2018 S$	2017 S$	
Himmer Industrial (Malayisa) Sdn. Bhd.	Malaysia	49	49	15,868	15,868	IT Engineering

6. OTHER INVESTMENTS

	2018 S$	2017 S$
Investment in sole establishments	280,496	424,222
	280,496	424,222

This relates to an interest in sole establishments established in Dubai (one entity in 2018 and two entities in 2017), in which the Company has neither control nor significant influence.

Other investments are stated at cost less accumulated impairment loss, if any.

7. PLANT AND EQUIPMENT

	Furniture & fittings S$	Office Equipment S$	Total S$
Cost:			
At 31.03.2017	98,967	27,778	126,745
At 31.03.2018	98,967	27,778	126,745
Accumulated depreciation:			
At 31.03.2017	98,967	27,778	126,745
At 31.03.2018	98,967	27,778	126,745
Net carrying value:			
At 31.03.2017	-	-	-
At 31.03.2018	-	-	-

8. TRADE AND OTHER RECEIVABLES

	2018 S$	2017 S$
Trade receivables		
- Third parties	299,404	-
Unbilled revenue	172,774	-
	472,178	-
Loan receivables from subsidiaries	2,177,374	1,255,828
Loan receivables from related companies	6,801,739	5,096,623
Loan receivables from third party	2,588,708	-
Amount due from related companies	57,213	132
Interest receivables	7,100	7,100
Deposits	25,866	-
Prepayments	12,045	-
Other receivables	173,473	
	12,315,696	6,359,683

Trade receivables are non-interest bearing and are generally on 30 to 60 days' term.

Unbilled revenue refers to services rendered but not yet billed to customers.

Related companies comprise of companies which are controlled or significantly influenced by the Company's directors.

Loan receivable from third party is unsecured, bear interest at 5% per annum and is repayable on demand.

Loan receivables from subsidiaries and related companies are unsecured, bear interest at 2.25% (2017: 2.25%) per annum and are repayable on demand.

8. TRADE AND OTHER RECEIVABLES - CONTINUED

Amount due from related companies and other receivables are non-trade in nature, unsecured, interest free and has no fixed term of repayment.

Trade and other receivables are denominated in following currencies:

	2018 S$	2017 S$
Singapore dollars	4,550,296	2,497,507
Malaysia Ringgit	1,826,649	1,134,123
United States dollar	5,668,666	2,728,053
Arab Emirates Dirhams	266,859	-
Vietnamese dong	3,226	-
	12,315,696	6,359,683

Receivables that are not past due and not impaired

These trade receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2018 S$	2017 S$
Not past due and not impaired	299,404	-
	299,404	-

9. CASH AND CASH EQUIVALENTS

	2018 S$	2017 S$
Cash at banks	302,134	880,840
Fixed deposit	1,800,000	-
	2,102,134	880,840

The cash and cash equivalents are denominated in the following currencies:

	2018 S$	2017 S$
Singapore dollars	1,883,383	67,778
Sri Lanka rupee	1,240	1,240
United States dollar	200,083	811,822
Arab Emirates Dirhams	17,428	-
	2,102,134	880,840

Cash at banks of S$ 200,083 (2017: S$ 811,822) are pledged in connection of bank loan obtained. (Notes 12).

9. CASH AND CASH EQUIVALENTS – CONTINUED

The fixed deposit in 2018 matures within 3 months from the end of financial year and bears interest at 1.10 % per annum.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	2018 S$	2017 S$
Cash at banks	2,102,134	880,840
Less: Pledged bank balances	(200,083)	(811,822)
Cash and cash equivalents	1,902,051	69,018

Reconciliation of liabilities arising from financing activities

	2016 S$	Cash Flows S$	2017 S$
Bank borrowings	23,178,584	(2,642,142)	20,536,442
	23,178,584	(2,642,142)	20,536,442

10. SHARE CAPITAL

	2018		2017	
	No. of shares	S$	No. of shares	S$
Issued and fully paid ordinary shares				
At beginning of financial year	12,332,075	12,332,075	2,308,450	2,308,450
Issue of shares during the year	22,148,358	22,148,358	10,023,625	10,023,625
At end of financial year	34,480,433	34,480,433	12,332,075	12,332,075

On 23 June 2017, the Company issued 2,704,017 ordinary shares for a total consideration of S$2,704,017 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 21 August 2017, the Company issued 424,517 ordinary shares for a total consideration of S$424,517 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 25 September 2017, the Company issued 414,069 ordinary shares for a total consideration of S$414,069 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 15 November 2017, the Company issued 312,739 ordinary shares for a total consideration of S$312,739 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 18 January 2018, the Company issued 3,925,200 ordinary shares for a total consideration of S$3,925,200 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

10. SHARE CAPITAL - CONTINUED

On 21 February 2018, the Company issued 14,367,816 ordinary shares for a total consideration of S$14,367,816 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

The newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

11. TRADE AND OTHER PAYABLES

	2018 S$	2017 S$
Current Liabilities		
Trade payables – Related Company	161,539	-
	161,539	-
Accruals	205,935	5,000
Bank interest payables	85,072	100,069
Contingent consideration [1]	-	2,480,000
Deferred purchase consideration [2]	857,643	-
GST payable	19,587	-
Loan payable to related company	391,866	-
Other payables	60,596	-
	1,782,238	2,585,069
Non-Current Liabilities		
Contingent Consideration [1]	23,903,905	23,903,905

[1] During the financial year 2017, the Company entered into share purchase agreement to acquire the share capital of Comtel Solutions Pte. Ltd. ("Comtel"), a Singapore-based company engages mainly in consultancy service, from a third party ("Vendor") in 4 tranches as follows:

First tranche
320,000 shares (64% of equity interest) to be acquired on 14 February 2017.

Second tranche
55,000 shares (11% of equity interest) to be acquired on 31 March 2018.

Third tranche
55,000 shares (11% of equity interest) to be acquired on 31 March 2019.

Fourth tranche
70,000 shares (14% of equity interest) to be acquired at the option of the Vendor, on a date between 1 April 2019 to 31 March 2022.

11. TRADE AND OTHER PAYABLES - CONTINUED

[2] Deferred purchase consideration is payable for the acquisition of Monster. Com. Sg Pte Limited and Monster.Com. HK Limited.

Trade payables are non-interest bearing and are generally settled on 30 days' term.

Other payables are non-trade in nature, unsecured, interest free and have no fixed term of repayment.

Loan payable to related company in 2018 is unsecured, bear interest at range of 6.62% to 7.54% per quarter and is repayable on demand.

The trade and other payables are denominated in the following currencies:

	2018 S$	2017 S$
Current Liabilities		
Singapore dollars	884,230	2,485,000
United States dollars	837,412	100,069
Arab Emirates Dirhams	60,596	-
	1,782,238	2,585,069
Non-Current Liabilities		
Singapore dollars	23,903,905	23,903,905

12. BANK BORROWINGS

	2018 S$	2017 S$
Bank borrowings	20,536,442	23,178,584

The present value of bank loans are analysed as follows:

	2018 S$	2017 S$
Current liabilities		
- Repayable within one year	2,936,660	2,900,850
Non-current liabilities		
- Repayable more than one year	17,599,782	20,277,734
	20,536,442	23,178,584

12. BANK BORROWINGS - CONTINUED

Bank borrowings bear interest at 3 months Libor rate plus 2.50% per annum and is repayable in 8 instalments. The bank borrowings are secured by:

(i) Fixed and current assets of the Company excluding long-term investment;
(ii) Undertaking from its holding company for non-disposal of shares of the Company;
(iii) Investment in a subsidiary acquired during the financial year 2017. (Note 4);
(iv) Bank accounts maintained with the bank (Note 9); and
(v) Corporate guarantee from its holding company.

Bank borrowings are denominated in United States dollar.

13. REVENUE

	2018 S$	2017 S$
Rendering of services	452,592	-

14. OTHER INCOME

	2018 S$	2017 S$
Foreign exchange gain	-	1,082
Interest income from subsidiaries	35,820	36,074
Interest income from related companies	130,303	26,263
Interest income from third party	18,310	-
Interest on fixed deposit	1,047	-
Other income	204	-
	185,684	63,419

15. FINANCE COSTS

	2018 S$	2017 S$
Bank loan interest	940,398	123,073
	940,398	123,073

16. LOSS BEFORE INCOME TAX

	2018 S$	2017 S$
Loss before taxation has been arrived at after charging:		
Professional fees	161,408	20,803

There are no staff costs, directors' remuneration or key management personnel remuneration for the financial year ended 31 March 2018 and 31 March 2017.

17. INCOME TAX EXPENSE

	2018 S$	2017 S$
Current income tax	-	-

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate to loss before income tax as a result of the following differences:

	2018 S$	2017 S$
Loss before income tax	(951,799)	(87,113)
Tax at the statutory tax rate at 17% (2017: 17%)	(161,806)	(14,809)
Tax effect on non-deductible expenses	193,338	25,590
Tax effect on non-taxable income	(31,532)	(10,781)
	-	-

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with related parties as follows:

	2018 S$	2017 S$
With subsidiaries		
Expenses paid on behalf of a subsidiary	412,594	257,062
Interest income from loans to subsidiaries	35,820	36,074
With related companies		
Expenses paid on behalf of a related company	3,226	132
Interest income from loans to related companies	130,303	26,263

There are no staff costs, directors' remuneration or key management personnel remuneration for the financial year ended 31 March 2018 and 31 March 2017.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has significant concentration of credit risk arising from loan receivables totally S$ 8,979,113 (2017: S$ 6,352,451) from its subsidiaries and related companies. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONTINUED

(a) Credit risk - Continued

Financial assets that are either past due or impaired

There is no information regarding financial assets that are either past due or impaired.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand- by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.
The age analysis of trade receivables is as follows:

Analysis of financial instruments by remaining contractual maturities

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONTINUED

(b) Liquidity risk - Continued

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2018			
	Carrying amount S$	Contractual cash flows S$	One year or less S$	Two to five years S$
Financial assets				
Trade and other receivables (a)	12,303,651	12,303,651	12,303,651	-
Cash and cash equivalents	2,102,134	2,102,134	2,102,134	-
Total undiscounted financial assets	14,405,785	14,405,785	14,405,785	-
Financial liabilities				
Trade and other payables (b)	25,666,556	25,666,556	1,762,651	23,903,905
Bank borrowings - secured	20,536,442	22,459,334	3,037,975	19,421,359
Total undiscounted financial liabilities	46,202,998	48,125,890	4,800,626	43,325,264
Total net undiscounted financial assets/ (liabilities)	(31,797,213)	(33,720,105)	9,605,159	(43,325,264)

	2017			
	Carrying amount S$	Contractual cash flows S$	One year or less S$	Two to five years S$
Financial assets				
Trade and other receivables	6,359,683	6,359,683	6,359,683	-
Cash and cash equivalents	880,840	880,840	880,840	-
Total undiscounted financial assets	7,240,523	7,240,523	7,240,523	-
Financial liabilities				
Trade and other payables	26,488,974	26,488,974	2,585,069	23,903,905
Bank borrowings - secured	23,178,584	26,076,990	3,000,929	23,076,061
Total undiscounted financial liabilities	49,667,558	52,565,964	5,585,998	46,979,966
Total net undiscounted financial assets/ ((liabilities)	(42,427,035)	(45,325,441)	1,654,525	(46,979,966)

(a) The amounts exclude prepayment.
(b) The amounts exclude GST payable.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loan to holding company, cash and cash equivalents and bank borrowings.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, if the interest rates had been 100 (2017: 100) basis points higher/ lower with all other variables held constant, the Company's loss before tax would have been S$ 76,156 (2017: S$142,000) higher/ lower, arising mainly as a result of higher/ lower interest income/ expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2018 S$	2017 S$
Fixed rate instruments		
Financial assets	13,367,821	6,352,451

	2018 S$	2017 S$
Variable rate instruments		
Financial liabilities	20,536,442	23,178,584

Interest on financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Company that are not included in the above table are not subject to interest rate risk.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED

(c) Market risk - Continued

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollar (USD), Malaysia ringgit (RM), Sri Lanka rupee (LKR), Arab Emirates Dirhams (AED) and Vietnamese Dong (DONG).

The Company's currency exposures to the USD, RM and LKR at the reporting date were as follows:

	2018					2017		
	USD	RM	LKR	AED	DONG	USD	RM	LKR
	S$	S$	S$	S$	S$	S$	S$	S$
Financial assets								
Trade and other receivables	5,668,666	1,826,649	-	254,814	3,226	2,728,053	1,134,123	-
Cash and cash equivalents	200,083	-	1,240	17,428	-	811,822	-	1,240
	5,868,749	1,826,649	1,240	272,242	3,226	3,539,875	1,134,123	1,240
Financial liabilities								
Trade and other payable (b)	837,412	-	-	60,596	-	100,069	-	-
Bank borrowings	20,536,442	-	-	-	-	23,178,584	-	-
	21,373,854	-	-	60,596	-	23,278,653	-	-
Foreign currency exposure	(15,505,105)	1,826,649	1,240	211,646	3,226	(19,738,778)	1,134,123	1,240

A 10% strengthening of Singapore dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - CONTINUED

(c) Market risk - Continued

(ii) Foreign currency risk - Continued

	Loss (after tax)	
	2018	2017
	S$	S$
United States Dollar	(1,286,924)	(1,638,319)
Malaysia Ringgit	151,612	94,132
Sri Lanka Rupee	103	103
Arab Emirates Dirhams	17,567	-
Vietnamese Dong	268	-

A 10% weakening of Singapore Dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

20. FAIR VALUES

Fair value hierarchy

The Company categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair value due to the short-term nature of their balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from/to holding and related companies) approximate their fair values as they are subject to normal trade credit terms.

Bank borrowings

The carrying amounts of bank borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

21. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2018	2017
	S$	S$
Loans and receivables		
Trade and other receivables (Note 8) (a)	12,303,651	6,359,683
Cash and cash equivalents (Note 9)	2,102,134	880,840
Total loans and receivables	14,405,785	7,240,523
Financial liabilities measured at amortised cost		
Trade and other payables (Note 11) (a)	25,666,556	26,488,974
Bank borrowings (Note 12)	20,536,442	23,178,584
Total financial liabilities measured at amortised cost	46,202,998	49,667,558

(a) This excludes the prepayment.
(b) This excludes the GST payables.

22. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2018 and 31 March 2017.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2017.

23. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 14th May 2018.

Financial Statements

QUESS CORP (USA), INC.

For the years ended March 31, 2018 and 2017

QUESS CORP (USA), INC.
FINANCIAL STATEMENTS

INDEX

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&WEBB P.A.
CERTIFIED PUBLIC ACCOUNTANTS

432 Park Avenue South, 10th Floor
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1901 South Congress Avenue, Suite 110
Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditor's Report

To the Board of Directors and Stockholders'
Of Quess Corp (USA), Inc.

Report on the Financial Statements
We have audited the accompanying balance sheets of Quess Corp (USA), Inc. ("the Company" and wholly-owned subsidiary of Quess Corp Limited India) as of March 31, 2018 and 2017, and the related statements of operations, stockholders' (deficit) equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Adverse Opionion
As more fully describted in Note 1 to the accompanying financial statements, Investment in Unconsolidated Subsidiary, the Company has not consolidated Brainhunter Systems Limited and its subsidiaries (a wholly owned subsidiary). In our opinion, accounting principles generally accepted in the United States of America require such investment to be consolidated in these financial statements. The investment in Brainhunter Systems Limited is accounted for on a cost basis. Had Brainhunter Systems Limted been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

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Adverse Opinion
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of Quess Corp (USA), Inc. as of March 31, 2018 and 2017 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going conern. As discussed in Note 2 to the financial statements, the Company is a holding company with limited operations and is dependent upon shareholder funding to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

Liggett & Webb P.A.

New York, New York
May 8, 2018

QUESS CORP (USA), INC.
BALANCE SHEETS
AS OF MARCH 31, 2018 AND 2017
(See Independent Auditors' Report)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,008	$ 20,566
Total current assets	11,008	20,566
Investment in unconsolidated subsidiaries	357,677	87,877
Due from affiliates	2,434,126	1,944,000
Total assets	$ 2,802,811	$ 2,052,443
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	$ 7,100	$ -
Accrued expenses	8,500	-
Due to affiliates	2,949,766	2,085,514
Total current liabilities	2,965,366	2,085,514
Commitments and Contingencies	-	-
Stockholders' (deficit) equity:		
Common stock, 200 shares authorized, 1 share issued and outstanding, no par value	100,000	100,000
Accumulated deficit	(262,555)	(133,071)
Total stockholders' (deficit) equity	(162,555)	(33,071)
Total liabilities and stockholders' (deficit) equity	$ 2,802,811	$ 2,052,443

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(See Independent Auditors' Report)

	2018	2017
Revenue	$ -	$ -
Operating expenses:		
General and administrative	18,180	41,149
Professional fees	101,739	139,438
Total operating expenses	119,919	180,587
Loss from operations	(119,919)	(180,587)
Other (expense) income:		
Interest income	84,472	28,999
Financing expenses	(94,037)	(25,230)
Net other (expense) income	(9,565)	3,769
Loss before provision for income taxes	(129,484)	(176,818)
Income taxes	-	-
Net loss	$ (129,484)	$ (176,818)

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY
FOR THE YEAR ENDED MARCH 31, 2018 AND 2017
(See Independent Auditors' Report)

	Common Stock	Accumulated (Deficit) Equity	Total
Balance, as of March 31, 2016	$ 100,000	$ 43,747	$ 143,747
Net loss for the year ended March 31, 2017	-	(176,818)	(176,818)
Balance, as of March 31, 2017	100,000	(133,071)	(33,071)
Net loss for the year ended March 31, 2018	-	(129,484)	(129,484)
Balance, as of March 31, 2018	$ 100,000	$ (262,555)	$ (162,555)

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(See Independent Auditors' Report)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (129,484)	$ (176,818)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Other asset	-	1,200
Increase (Decrease) in:		
Accounts payable	7,100	-
Accrued expenses	8,500	-
Income taxes payable	-	(6,500)
NET CASH USED IN OPERATING ACTIVITIES	(113,884)	(182,118)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in unconsolidated subsidiary	(269,800)	-
Advances paid to affiliates	(490,126)	(1,225,587)
NET CASH USED IN INVESTING ACTIVITIES	(759,926)	(1,225,587)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances received from affiliates	864,252	1,425,464
NET CASH PROVIDED BY FINANCING ACTIVITIES	864,252	1,425,464
NET (DECREASE) INCREASE IN CASH AND CASH EQUIV	(9,558)	17,759
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,566	2,807
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,008	$ 20,566
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ 6,500

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying unaudited financial statements follows.

Business and organization

Quess Corp (USA,) Inc., formerly known as Magna InfoTech Inc.,("the Company"), a Delaware corporation and wholly owned subsidiary of Quess Corp Limited (India), was incorporated on November 19, 2013. On March 23, 2015, the Company changed its name to Quess Corp (USA), Inc.

Investment in Unconsolidated Subsidiary

Effective April 15, 2015, the Company acquired a fifty-one percent (51%) interest in Brainhunter Systems Limited. As of March 31, 2018 and 2017, the carrying value of this investment was $87,828.

The Company owns a forty-nine percent (49%) interest in MFX Holdings, Inc. The acquisition price was $49 plus earn out payments based upon forty percent (40%) of the Company's net income during a five year earn out period beginning January 1, 2015. On April 24, 2017, the Company made an earn out payment of $550,613 based on MFXchange Holdings, Inc.'s net income for the twelve months ended December 31, 2016. This payment included 51% of the earn out payment that the company paid on behalf of Quess Corp Pte (Singapore). As of March 31, 2018 and 2017, the carrying value of this investment was $269,849 and $49, respectively.

Accounting principles generally accepted in the United States requires that, typically majority-owned subsidiaries should be consolidated in the financial statements. The Company has not consolidated Brainhunter Systems Limited and its subsidiaries. The investment in Brainhunter Systems Limited is accounted for on a cost basis. Had Brainhunter Systems Limted been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

Use of estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

For revenue from services, the Company recognizes revenue in accordance with FASB's Accounting Standards Codification, or ASC, 605-10, and ASC Topic 13 guidelines that require that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law by the President of the United States. TCJA is a tax reform act that among other things, reduced corporate tax rates to 21 percent effective January 1, 2018. FASB ASC 740, *Income Taxes*, requires deferred tax assets and liabilities to be adjusted for the effect of a change in tax laws or rates in the year of enactment, which is the year in which the change was signed into law. Accordingly, the Company adjusted its deferred tax assets and liabilities at December 31, 2017, using the new corporate tax rate of 21 percent.

NOTE 2 –LIQUIDTIY AND GOING CONCERN

Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a holding company with limited operations and is dependent upon shareholder funding to continue as a going concern. The financial statements do not include any adjustments that might result from the countcome of this uncertainty.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company is primarily a holding company that does not have any significant operating activities. Accordingly, the Company has incurred numerious transactions with related parties.

As of March 31, 2018 and 2017, the balances due from/to affiliates were as follows:

	2018	2017
Due from affiliates:		
Brainhunter Systems Limited, Canada	$ 2,134,557	$ 1,841,400
Quess Philippines Corp	-	102,600
Quess Corp Holdings Pte Ltd.	299,569	-
Total	$ 2,434,126	$ 1,944,000
Due to affiliates:		
Quess Corp Holdings Pte Ltd.	$ 1,994,624	$ 1,951,254
Brainhunter Systems Limited, Canada	51,281	51,281
Quess Corp Ltd. India	850,666	-
MFXchange US, Inc.	53,195	82,979
Total	$ 2,949,766	$ 2,085,514

NOTE 4 – STOCKHOLDER'S EQUITY

The Company has 200 shares of common stock authorized to be issued at no par value. As of March 31, 2018 and 2017, the Company has one share of common stock issued and outstanding.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure through May 8, 2018, which is the date the financial statements were available to be issued.