

July 02, 2019

The General Manager

Department of Corporate Services,
BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Security Code – 539978

The Manager

Department of Corporate Services,
**National Stock Exchange of India
Limited**
Exchange Plaza, Bandra- Kundra
Complex, Bandra (East),
Mumbai – 400 001

NSE Symbol – QUESS

Dear Sir/ Madam,

Sub: Newspaper Advertisement under Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the Notice to the Shareholders published in newspaper of Business Standard and Kannada Hosa Digantha.

We request you to take the above information on your record.

Thanking you,

Yours faithfully

For Quess Corp Limited


Kundan K Lal

Company Secretary & Compliance Officer



Encl: as above

THE COMPASS

June 7 circular may keep banks' provisions high

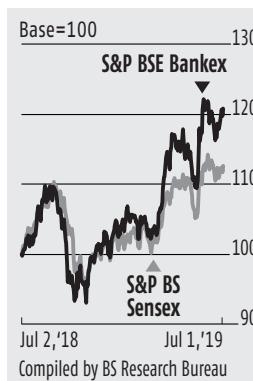
Recognition of stress in itself may result in higher provisioning

HAMSINI KARTHIK

With the June quarter earnings season getting underway next week, hopes are high from the banking sector, which has until now given the maximum impetus to earnings growth. While the sector may continue to perform well, provisioning is worrying investors. From a high base of FY18 and FY19, FY20 is expected to be incrementally better.

However, concerns arise after the revised circular on the treatment of stressed assets issued on June 7, 2019, by the Reserve Bank of India (RBI). While the new norms aren't as exacting as the February 12 circular, it puts the onus on banks to kick-start resolution in cases of stress. According to the revised guidelines, banks need to review the borrower account within 30 days of default to decide on the resolution strategy and implement the same within 210 days of the default, failing which banks could be subject to additional provisioning. While provisioning costs due to the latter aspect may take time to show up, in the immediate term, recognition of stress in itself may result in higher provisioning. Over the past three months, accounts such as Dewan Housing, Reliance group firms, Essel group companies and smaller names such as Sadbhav Infrastructure and Sintex have turned into troubled names for the banking industry.

Under these circumstances, analysts doubt if there can be a material reduction in provisioning costs, especially in the June quarter. Analysts at Kotak Institutional



Equities say the impact of the new guidelines will be felt the most in the next cycle of non-performing assets (NPA) or the fresh set of assets turning problematic. To that extent, they said a decline in NPA ratios could slowdown, as banks could look for resolution that aims to improve recovery rates.

An analyst at a domestic brokerage added with fresh pain brewing in the system, it could challenge the Street's expectation from the sector. "At present, the view is that provisioning costs should reduce by at least 40-50 per cent from the March-quarter peak," he said. If the scenario doesn't play out as anticipated, it could be a major sentiment dampener. "Some banking stocks could then see steep correction, given the expensive valuations they command," the analyst added. Therefore, till clarity emerges on this aspect, analysts believe it may not be prudent to take fresh exposure to banking stocks.

As a result, the move had seen widespread opposition, forcing a rethink and leading to deferment in implementation. The earlier proposal of 2 per cent, which was to come into effect from April 1, would have impacted 10 entities, including marquee multinational companies (MNCs) such as Maruti Suzuki, Colgate-Palmolive, and Hindustan Unilever (HUL).

The royalty paid by both Maruti Suzuki and Colgate-Palmolive is just below the 5-per cent mark, while for HUL, it is 2.8 per cent. Excluding metals and mining companies, the highest royalty — as a percent-

WIN-WIN

Most companies are below the 5% threshold

For FY18
(in ₹ cr)

	Net sales (A)	Royalty and technical fee (B)	B as % of A
Maruti Suzuki	79,809	3,767	4.7
Hindustan Unilever*	39,310	1,073	2.7
Tata Chemicals*	11,489	364	3.2
ABB	9,087	290	3.2
Bosch	11,690	213	1.8
Colgate	4,188	207	4.9
Page Industries	2,551	128	5.0

*FY19

Source: Capitaline Compiled by BS Research Bureau



New 5% threshold unlikely to create discomfort for listed firms

SAMIE MODAK

Mumbai, 1 July

The Securities and Exchange Board of India's (Sebi's) move to relax the threshold for royalty payments from 2 per cent to 5 per cent has come as a big relief for India Inc.

An analysis of the royalty payments made by listed firms in 2017-18 (2018-19 wherever the data is available) shows almost all companies are below the new 5-per cent threshold.

Under the new rules, any listed company has to obtain approval of a majority of minority shareholders for making payments exceeding 5 per cent of the annual consolidated turnover to a related party, with respect to brand usage or royalty.

Most companies were fretting over Sebi's earlier proposal to set the threshold at 2 per cent, as they feared minority shareholders would block such payments, and this would interfere with their business.

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age of sales — was paid by Page Industries at 5 per cent.

Industry experts say companies would ensure their royalty payments don't exceed 5 per cent to escape higher scrutiny from minority shareholders.

The 2-per cent threshold would have been difficult to evade, they add. Sebi Chairman Ajay Tyagi, when questioned on the rationale about resetting the threshold at 5 per cent when it will barely impact any company, said, "As of now there is no restriction. We thought the 5 per cent is something we could try."

Sebi's corporate governance

panel led by Uday Kotak had prescribed the 5-per cent threshold. Tyagi said Sebi wanted to go with the Kotak panel recommendation. However, a finance ministry official had the regulator enact stricter rules.

Following widespread criticism from the industry, Sebi last week said it was setting the threshold at the earlier envisaged level of 5 per cent. A board meeting agenda note released by Sebi earlier this year had highlighted some of the concerns raised by listed firms.

More on business-standard.com

THE FIRST-HALF STORY

Large-caps gain, mid- & small-caps continue to disappoint

The Sensex gained 9.2 per cent during the first half of 2019. The gains were aided by a dovish stance taken by most central banks amid recession fears. The yield on the 10-year US Treasury and the domestic 10-year G-Sec cooled off. FPI flows remained strong, even as domestic MFs applied brakes on their investment amid moderating investor inflows. India underperformed developed markets and some EM peers during the first half. The small- and mid-cap indices delivered negative returns. The divergence in performance between large-caps and mid- and small-caps was less stark, compared to last year. Trade tension and deteriorating economic growth outlook remained major concerns globally. The spate of corporate defaults kept investors on tenterhooks. In the second half of 2019, most analysts are expecting muted returns.

SAMIE MODAK

BIG IS BETTER

Large-caps once again dominated in the first half. However, divergence in performance was less stark than 2018

% change	S&P BSE
Sensex	Base=100
MidCap	120
Small Cap	110
500	100
H1CY15	1.0
3.0	-0.7
1.7	
H1CY16	3.4
5.2	-0.3
3.7	
H1CY17	16.1
21.7	27.9
19.4	
H1CY18	4.0
-13.3	-16.6
-3.2	
H1CY19	9.2
-4.1	-3.2
5.2	

Compiled by BS Research Bureau

WINNERS AND LOSERS

Financial scrips gained, while auto stocks suffered

SENSEX GAINERS (%)

Bajaj Finance 39.4

Axis Bank 30.3

State Bank of India 22.1

SENSEX LOSERS (%)

YES Bank -40.2

M&M -18.4

Hero MotoCorp -16.8

EBB AND FLOW

Foreign flows improved, compared to last year. But, MF inflows saw a slowdown

(in ₹ cr)

H1CY2018

FPI MF

January '19 12,984 9,023

February '19 -12,491 16,181

March '19 13,114 9,256

April '19 -6,210 11,294

May '19 -9,660 13,619

June '19 -2,577 9,443

Total -4,840 68,815

79,080 8,607

H1CY2019

FPI MF

January '19 -505 7,161

February '19 15,328 2,173

March '19 33,116 -7,396

April '19 20,281 -4,600

May '19 9,826 5,162

June '19 1,033 6,106

Total 79,080 8,607

MOVERS & SHAKERS

Starting the Budget week on a positive note, the Sensex opened significantly higher at 39,543 and swung between a high of 39,764 and a low of 39,541 during the session. The index finally settled the day with 291 points, or 0.74 per cent, gains at 39,686. Likewise, the broader NSE Nifty advanced 76 points, or 0.65 per cent, to end at 11,865. The index touched a high of 11,884 and a low of 11,830 during the day. On the Sensex, Tata Motors, Bajaj Auto, the HDFC twins, IndusInd Bank and RIL emerged top gainers, rallying as much as 3.23 per cent. On the other hand, ONGC, HCL Tech, Maruti Suzuki, HUL, Asian Paints and Vedanta fell up to 3.99 per cent.

Analysts expect the merger to be earnings accretive with complementary product portfolio driving the sales growth of the new entity.

Given the near-term worries, most brokerages have trimmed their earnings per share estimates for FY20-21 by about 5-7 per cent. Investors should await a growth pick up and impact of the change in trade strategy before taking an exposure to the stock.

The company has changed its trade strategy from channel placement driven growth to monitor-

ing liquidation at the retail level before filling the channel to avoid excess stock with the channel and have better control on inventory and receivables.

While the near-term growth will depend on the monsoon, the Street will also look at the progress on the merger front between Bayer and Monsanto India.

The merger, to be completed by the end of the year, is expected to generate synergy benefits to the tune of Rs 120 crore over the next couple of years.

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