

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF QUESS CORP LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **QUESS CORP LIMITED** ("the Parent" or "the Company") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net loss after tax and total comprehensive loss of its associates and joint venture company for the quarter and nine months ended 31 December 2019 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the entities as given in Annexure 1 to this report.



5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Emphasis of Matter

We draw attention to Note 6 of the Statement, which describes the demands received by the Company in respect of Provident fund and uncertainty on the outcome of pending litigation.

Our conclusion on the Statement is not modified in respect of this matter.

7. We did not review the interim financial results of sixteen subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of Rs. 71,598.85 lakhs and Rs. 206,719.84 lakhs for the quarter and nine months ended 31 December 2019 respectively, total net profit after tax of Rs. 3,232.41 lakhs and Rs. 8,782.36 lakhs for the quarter and nine months ended 31 December 2019 respectively and total comprehensive income of Rs. 3,258.92 lakhs and Rs. 8,326.29 lakhs for the quarter and nine months ended 31 December 2019 respectively as considered in the Statement. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of these matters.

8. The consolidated unaudited financial results includes the interim financial results of eighteen subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenue of Rs. 13,168.46 lakhs and Rs. 34,005.68 lakhs for the quarter and nine months ended 31 December 2019 respectively, total profit after tax of Rs. 301.46 lakhs for the quarter ended 31 December 2019 and total loss of Rs. 622.50 lakhs for the nine months ended 31 December 2019, total comprehensive income of Rs. 365.27 lakhs for the quarter ended 31 December 2019 and total comprehensive loss of Rs. 635.57 lakhs for the nine months ended 31 December 2019 as considered in the Statement. The consolidated unaudited financial results also includes the Group's share of loss after tax of Rs. 175.81 lakhs for the quarter ended 31 December 2019 and Group's share of profit after tax of Rs. 80.26 lakhs for nine months ended 31 December 2019, as considered in the Statement, in respect of four associates and one joint venture company, based on their interim financial results which have not been reviewed by their auditors. According to the information and

explanations given to us by the Management, these interim financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of our reliance on the interim financial results certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Anand Subramanian
Partner
(Membership No. 110815)
UDIN: 20110815AAAAAE3230

Bengaluru, 29 January 2020

Annexure 1:

Nature	S. No.	Entity name
Subsidiary /Step-subsubsidiary:	1	Aravon Services Private Limited (merged with Quess Corp Limited w.e.f. 1 April 2019)
	2	Brainhunter Systems Ltd.
	3	Mindwire Systems Limited
	4	Brainhunter Companies LLC, USA.
	5	Coachieve Solutions Private Limited (merged with Quess Corp Limited w.e.f. 1 April 2019)
	6	MFX Infotech Private Limited
	7	Quess (Philippines) Corp.
	8	Quess Corp (USA) Inc.
	9	Quess Corp Holdings Pte Ltd
	10	Quessglobal (Malaysia) Sdn. Bhd.
	11	MFXchange Holdings Inc.
	12	MFXchange US, Inc.
	13	Quess Corp Lanka (Private) Limited
	14	Comtel Solutions Pte. Limited
	15	Dependo Logistics Solutions Private Limited
	16	Excelus Learning Solutions Private Limited
	17	CentreQ Business Services Private Limited (merged with Quess Corp Limited w.e.f. 1 April 2019)
	18	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
	19	Vedang Cellular Services Private Limited
	20	Master Staffing Solutions Private Limited (merged with Quess Corp Limited w.e.f. 1 April 2019)
	21	Golden Star Facilities and Services Private Limited
	22	MFX Chile SpA (Dissolved w.e.f. 9 December 2019)
	23	Comtelpro Pte. Ltd.
	24	Comtelink Sdn. Bhd.
	25	Monster.com.SG PTE Limited
	26	Monster.com.HK Limited
	27	Agensi Pekerjaan Monster Malaysia Sdn. Bhd (formerly known as Monster Malaysia Sdn Bhd)
	28	Monster.com (India) Private Limited
	29	Quess Corp Vietnam LLC
	30	Simpliance Technologies Private Limited
	31	Qdigi Services Limited (formerly known as HCL Computing Products Limited)

Nature	S. No.	Entity name
	32	Greenpiece Landscapes India Private Limited
	33	Quesscorp Management Consultancies (formerly known as StyraCorp Management Services)
	34	Quesscorp Manpower Supply Services LLC [formerly known as S M S Manpower Supply Services (LLC)]
	35	Allsec Technologies Limited
	36	Allsectech Inc., USA
	37	Allsectech Manila Inc., Philippines
	38	Retreat Capital Management Inc., USA
	39	Quess Services Limited (Incorporated on 25 June 2019)
	40	Trimax Smart Infraprojects Private Limited (w.e.f. 15 October 2019)
Associate:	1	Terrier Security Services (India) Private Limited
	2	Heptagon Technologies Private Limited
	3	Quess Recruit, Inc.
	4	Quess East Bengal FC Private Limited
	5	Agency Pekerjaan Quess Recruit Sdn. Bhd.
Joint venture:	1	Himmer Industrial Services (M) Sdn. Bhd.

Quess Corp Limited
Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;
CIN No. L74140KA2007PLC043909

Part 1: Statement of unaudited consolidated financial results for the quarter and nine months ended 31 December 2019

(INR in lakhs except per share data)

Sl. No.	Particulars	Consolidated					
		Quarter ended			Nine months ended		Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	a) Revenue from operations	2,95,001.92	2,65,148.17	2,17,215.40	7,99,689.66	6,23,221.84	8,52,699.28
	b) Other income	966.28	1,594.31	1,233.33	4,247.07	4,221.77	7,122.57
	Total income (a + b)	2,95,968.20	2,66,742.48	2,18,448.73	8,03,936.73	6,27,443.61	8,59,821.85
2	Expenses						
	a) Cost of material and stores and spare parts consumed	7,236.86	7,013.50	7,062.85	20,713.56	21,928.42	26,240.51
	b) Employee benefit expenses	2,44,884.76	2,17,013.00	1,70,276.65	6,55,337.33	4,89,258.35	6,71,321.16
	c) Finance costs	4,234.82	4,607.15	2,802.38	12,805.78	8,231.48	11,439.94
	d) Depreciation and amortisation expense	6,578.25	6,523.26	3,167.41	18,897.08	9,062.18	12,315.04
	e) Other expenses	24,937.63	24,899.88	28,042.89	74,716.99	78,753.73	1,08,679.77
	Total expenses (a + b + c + d + e)	2,87,872.32	2,60,056.79	2,11,352.18	7,82,470.74	6,07,234.16	8,29,996.42
3	Profit before share of profit/(loss) of equity accounted investees and tax (1 - 2)	8,095.88	6,685.69	7,096.55	21,465.99	20,209.45	29,825.43
4	Share of profit/(loss) of equity accounted investees (net of income tax)	(100.51)	(394.01)	(489.47)	(470.20)	(23.98)	(880.85)
5	Profit before tax (3 + 4)	7,995.37	6,291.68	6,607.08	20,995.79	20,185.47	28,944.58
6	Tax expense/(credit)						
	Current tax	2,207.17	1,627.14	1,815.54	5,702.98	5,854.04	8,065.33
	Income tax relating to previous year	27.58	-	-	27.58	-	384.02
	Deferred tax	(1,725.15)	(2,000.60)	(1,708.08)	(4,538.56)	(3,773.41)	(5,159.69)
	Total tax expense/(credit)	509.60	(373.46)	107.46	1,192.00	2,080.63	3,289.66
7	Profit for the period (5 - 6)	7,485.77	6,665.14	6,499.62	19,803.79	18,104.84	25,654.92
8	Other comprehensive income						
	(i) Items that will not be reclassified subsequently to profit or loss						
	Remeasurement of defined benefit plans	(166.36)	(600.85)	(370.28)	(987.27)	(805.56)	(346.50)
	Income tax relating to items that will not be reclassified to profit or loss	57.95	172.26	129.39	344.34	281.49	184.33
	Share of other comprehensive income of equity accounted investees (net of income tax)	(40.28)	(49.16)	16.39	(113.93)	(18.34)	162.42
	(ii) Items that will be reclassified subsequently to profit or loss						
	Exchange differences in translating financial statements of foreign operations	869.33	631.60	(325.19)	1,487.58	1,003.91	634.43
	Other comprehensive income for the period, net of taxes	720.64	153.85	(549.69)	730.72	461.50	634.68
9	Total comprehensive income for the period (7 + 8)	8,206.41	6,818.99	5,949.93	20,534.51	18,566.34	26,289.60
10	Profit attributable to:						
	Owners of the Company	7,131.45	6,225.59	6,404.15	18,776.85	18,065.32	25,674.11
	Non-controlling interests	354.32	439.55	95.47	1,026.94	39.52	(19.19)
11	Other comprehensive income attributable to:						
	Owners of the Company	720.64	153.85	(549.69)	730.72	461.50	634.68
	Non-controlling interests	-	-	-	-	-	-
12	Total comprehensive income attributable to:						
	Owners of the Company	7,852.09	6,379.44	5,854.46	19,507.57	18,526.82	26,308.79
	Non-controlling interests	354.32	439.55	95.47	1,026.94	39.52	(19.19)
13	Paid-up equity share capital (Face value of INR 10.00 per share)	14,751.07	14,685.83	14,608.48	14,751.07	14,608.48	14,608.48
14	Reserves i.e. Other equity						2,57,950.09
15	Earning Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (INR)	4.84	4.26	4.38	12.80	12.40	17.61
	(b) Diluted (INR)	4.83	4.23	4.36	12.78	12.33	17.51

See accompanying notes to the financial results



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Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Group performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Workforce management, Operating asset management and Tech services. The accounting principles used in the preparation of these financial results are consistently applied to record revenue and expenditure in individual segments.

Statement of unaudited consolidated segment wise revenue, results, assets and liabilities for the quarter and nine months ended 31 December 2019 (INR in lakhs)

Sl. No.	Particulars	Consolidated*					
		Quarter ended		Nine months ended		Year ended	
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	a) Workforce management	1,95,888.37	1,66,857.36	1,28,463.00	5,11,558.22	3,64,109.72	5,03,533.06
	b) Operating asset management	44,757.05	43,184.07	43,119.44	1,30,647.52	1,26,384.68	1,70,204.44
	c) Tech services	54,356.50	55,106.74	45,632.96	1,57,483.92	1,32,727.44	1,78,961.78
	Total Income from operations	2,95,001.92	2,65,148.17	2,17,215.40	7,99,689.66	6,23,221.84	8,52,699.28
2	Segment results						
	a) Workforce management	10,341.42	9,120.97	7,740.98	28,416.83	21,421.77	30,948.31
	b) Operating asset management	3,314.63	2,898.76	3,384.03	9,402.51	9,788.24	13,422.62
	c) Tech services	6,551.82	6,319.15	2,831.14	17,498.55	7,776.22	9,765.39
	Total	20,207.87	18,338.88	13,956.15	55,317.89	38,986.23	54,136.32
	Less: (i) Unallocated corporate expenses	2,265.20	2,117.09	2,123.14	6,396.11	5,704.89	7,678.48
	Less: (ii) Depreciation and amortisation expense	6,578.25	6,523.26	3,167.41	18,897.08	9,062.18	12,315.04
	Less: (iii) Finance costs	4,234.82	4,607.15	2,802.38	12,805.78	8,231.48	11,439.94
	Add: (iv) Other income	966.28	1,594.31	1,233.33	4,247.07	4,221.77	7,122.57
	Add: (v) Share of profit/(loss) of equity accounted investees (net of income tax)	(100.51)	(394.01)	(489.47)	(470.20)	(23.98)	(880.85)
	Total profit before tax	7,995.37	6,291.68	6,607.08	20,995.79	20,185.47	28,944.58
3	Segment assets						
	a) Workforce management	1,26,786.68	1,26,602.42	1,17,831.04	1,26,786.68	1,17,831.04	1,19,613.76
	b) Operating asset management	1,53,833.88	1,36,958.80	1,35,327.21	1,53,833.88	1,35,327.21	1,34,899.12
	c) Tech services	1,52,980.19	1,54,675.42	1,05,119.20	1,52,980.19	1,05,119.20	1,04,029.82
	d) Unallocated	1,41,118.89	1,61,422.61	1,50,166.15	1,41,118.89	1,50,166.15	1,42,624.63
	Total	5,74,719.64	5,79,659.25	5,08,443.60	5,74,719.64	5,08,443.60	5,01,167.33
4	Segment liabilities						
	a) Workforce management	48,118.69	50,158.99	47,219.85	48,118.69	47,219.85	40,515.85
	b) Operating asset management	33,257.02	32,122.99	24,968.08	33,257.02	24,968.08	28,072.65
	c) Tech services	78,307.86	82,912.10	53,028.73	78,307.86	53,028.73	56,243.85
	d) Unallocated	1,13,677.43	1,21,074.60	1,18,093.97	1,13,677.43	1,18,093.97	1,03,466.48
	Total	2,73,361.00	2,86,268.68	2,43,310.63	2,73,361.00	2,43,310.63	2,28,298.83

See accompanying notes to the financial results

Consequent to an internal reorganization, with effect from 1 April 2019, the business segments have been changed as follows:

Customers in general staffing, training & skill development and professional staffing business have been presented as a new reportable segment 'Workforce management' which was previously included under People services & Technology solutions segment respectively. Customers in Industrials, Telecom assets and Facility management business have been presented as a new reportable segment 'Operating asset management' which was previously included under Industrials & Facility management segment respectively. Customers in business process management, after-sales support services and online recruitment portal business have been presented as a new reportable segment 'Tech services' which was previously included under Technology solutions and Internet business segment respectively.

Segment results have changed in line with the internal reorganization and now represents earnings before interest, tax, depreciation and amortization (EBITDA) for each of the business segments. Comparative information for the previous periods have been restated to give effect to the above changes as defined under Ind AS 108, Operating Segments.

*The previous year figures, extracted from the audited consolidated financial statements, have been presented after incorporating necessary reclassification adjustments pursuant to changes in the reportable segments.



Unaudited Consolidated financial results for the quarter and nine months ended 31 December 2019

Notes :

- 1 The statement of unaudited consolidated financial results ("the Statement") of Quess Corp Limited ("the Company") including its subsidiaries (collectively known as the "Group"), its associates and its joint venture (as mentioned in Appendix 1 to these notes) for the quarter and nine months ended 31 December 2019 have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 29 January 2020. The statutory auditors have issued an unmodified review report.
- 3 The unaudited consolidated financial results and the review report of the Statutory Auditors is being filed with Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE") and will be made available on the Company website www.quescorp.com.
- 4 During the year ended 31 March 2018, the Company had completed the Institutional Placement Programme (IPP) and raised a total capital of INR 87,392.23 lakhs by issuing 10,924,029 equity shares of INR 10.00 each at a premium of INR 790.00 per equity share. The proceeds from IPP is INR 84,754.90 lakhs (net of issue expenses).

Details of utilisation of IPP proceeds are as follows:

Particulars	Objects of the issue as per the prospectus	Utilised upto 31 December 2019	(INR in lakhs)
			Unutilised amount as on 31 December 2019
Acquisitions and other strategic initiatives	62,500.00	62,500.00	-
Funding incremental working capital requirement of our Company	15,000.00	15,000.00	-
General corporate purpose	7,254.90	7,254.90	-
Total	84,754.90	84,754.90	-

Expenses incurred by the Company amounting to INR 2,637.33 lakhs, in connection with IPP have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013 during the year ended 31 March 2018.

5 Acquisitions:

- (a) On 7 May 2019, the Company acquired balance 10.00% equity stake in Greenpiece Landscapes India Private Limited ("GLIPL") at a consideration of INR 280.00 lakhs and GLIPL has become 100.00% subsidiary of the Company.
- (b) During the quarter ended 30 June 2019, the Board of Directors of the Company at its meeting held on 17 April 2019, considered and approved an additional investment of (a) INR 19,310.73 lakhs by way of subscription to equity shares to be issued and allotted by Connect Business Solutions Limited ("CBSL") ("the Equity Subscription") and (b) Not exceeding INR 21,000.00 lakhs by way of subscription to compulsorily convertible debentures ("CCDs") to be issued and allotted by CBSL. Accordingly on 23 May 2019, the Company had invested INR 19,310.73 lakhs thereby increasing the total shareholding of the Company in CBSL from 51.00% to 70.00%. On 1 June 2019, the Company invested INR 7,800.00 lakhs in CCDs of CBSL and a further amount of INR 12,708.72 lakhs had been given as Intercompany Deposits ("ICDs"). The amount given as ICDs, to the extent utilised for open offer (INR 5,876.38 Lakhs) with respect to the acquisition of Allsec Technologies Limited [refer note 5 (c) below] was converted into CCDs and the balance was transferred back to the Company.
- (c) During the quarter ended 30 June 2019, the Company ("PAC") through its subsidiary Connect Business Solutions Limited ("Acquirer") has entered into a Share Purchase Agreement ("SPA") with Mr Ramamoorthy Jagadish and Mr Adisheshan Saravanan ("SPA1") and First Carlyle Ventures Mauritius ("SPA2") and shareholders of Allsec Technologies Limited ("Target") to acquire 1,33,11,060 fully paid equity shares. On 17 April 2019, the Acquirer has entered into a SPA with SPA1 to acquire 53,87,155 shares and with SPA2 to acquire 39,61,940 shares. Pursuant to Regulations 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011, as amended ("SEBI SAST Regulations") the Acquirer along with the PAC made a Public Announcement ("PA") for Open Offer ("Offer") to the shareholders of the Target Company to acquire up to 39,61,965 fully paid equity shares of INR 10.00 each at a price of INR 320.00 per share, payable in cash. On 3 May 2019 the Draft Letter of Offer was filed with Securities and Exchange Board of India ("SEBI"). The Acquirer and the PAC appointed Axis Capital Limited as the Managers to the Open Offer, in terms of Regulation 12 of the SEBI SAST Regulations. On 3 June 2019, the Acquirer has completed the acquisition of 93,49,095 shares representing 61.35% equity shares of the Target, from SPA1 and SPA2 for a consideration of INR 27,119.71 lakhs and the Target has become a subsidiary of the Company. On 21 June 2019 the Acquirer made the open offer and acquired 18,33,817 shares representing 12.03% equity shares of Target at a price of INR 320.00 per share amounting to INR 5,876.38 lakhs which was completed on 10 July 2019. The management has opted for measurement period exemption and has carried out the provisional Purchase Price Allocation which has resulted in a goodwill of INR 10,674.37 lakhs.
- (d) On 19 December 2019, the Company acquired additional 18.71% equity stake in Vedang Cellular Services Private Limited ("VCSP") at a consideration of INR 843.75 lakhs, pursuant to the clauses relating to NCI-Put option of the Original Share purchase agreement dated 25 October 2017 among Quess Corp Limited, Vedang Radio Technology Private Limited, VCSP and Ashish Kapoor. As of 31 December 2019, the Company holds 88.71% equity stake in VCSP.
- (e) On 5 November 2019, the Company acquired balance 30.00% equity stake in Golden Star Facilities and Services Private Limited ("GSFS") at a consideration of INR 4,000.00 lakhs, pursuant to the clauses relating to NCI-Put option of the Share holders agreement dated 18 July 2017 among Quess Corp Limited, Manipl Integrated Services Private Limited, GSFS and Anita Verghese. Consequently GSFS has become 100.00% subsidiary of the Company.
- 6 On 29 June 2019 the Company had received a notice from the Regional PF Commissioner ("RPFC") under Section 7-A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("Act") stating that Company has failed to remit Provident Fund ("PF") on wages for its employees for the period from April 2018 to March 2019 on the grounds that PF deductions were not made on certain components of the Salary. Subsequently on 8 Aug 2019, RPFC passed an Order under Sec 7-A of the Act demanding a sum of INR 7,165.58 lakhs. On 26 August 2019, the Company filed an appeal before the Central Government Industrial Tribunal ("CGIT") under section 7-I of the Act challenging the Employees' Provident Fund Organisation's ("EPFO") order along with the application under Section 7-O of the Act seeking a waiver from pre-deposit of the alleged Provident Fund Contributions till the final disposal of the Appeal. On 23 October 2019 the CGIT after hearing the submissions made by the parties passed an Order allowing complete waiver from any pre-deposit and also staying the operation of the EPFO order for a period of 3 months. The matter was listed for hearing on 3 January 2020, wherein the CGIT on request of the RPFC extended the time till 1 April 2020. The Company has taken external independent legal advice as per which the EPFO's order is prima facie erroneous and unsustainable in law and the liability has been wrongly determined by the RPFC. Further the Company has contractual rights with its customers wherein any such statutory liabilities could be passed on to them and the Company has obtained confirmation from the customers in this regard. Based on the legal advice, pending the hearing of the appeal and contractual arrangement with customers, no provision or contingent liability has been recognised at this stage.



7 During the previous year ended 31 March 2019, the Company had entered into a Composite Scheme of Arrangement and Amalgamation ("the Scheme AA") with Thomas Cook India Limited ("TCIL"), Travel Corporation (India) Limited, TC Travel and Services Limited, TC Forex Services Limited and SOTC Travel Management Private Limited and their respective shareholders and creditors, wherein TCIL had demerged its Human Resource Services business (including investment in shares of Qess Corp Limited) into the Company on a going concern basis. The Board of Directors vide its meeting dated 23 April 2018 approved the draft Scheme AA. Subsequently, the Administration and Investment Committee duly empowered by the Board approved amendment in the share entitlement ratio in the draft Scheme AA vide its meeting dated 19 December 2018 and filed the Scheme AA with BSE and NSE and subsequently with the National Company Law Tribunal ("NCLT"). During the quarter ended 31 December 2019, the Company had obtained the approval from the NCLT dated 7 November 2019. The appointed date of the Scheme AA is 1 April 2019 which is the effective date of the Scheme AA approved by NCLT. As per the Scheme AA, the consideration was settled by issue of 1,32,744 equity shares of the Company on a net basis. As part of the Scheme AA equity shares held by Thomas Cook India Limited were extinguished and an equivalent number of equity shares were allotted to the shareholders of Thomas Cook India Limited as at 6 December 2019 being the record date fixed in this respect. The change in shareholding pattern therewith is captured in the below table.

In accordance with the requirements of Ind AS 103, Business Combination and the NCLT approved Scheme AA, the Company retrospectively adjusted its financial results from the periods commencing from 1 April 2019 to give necessary effect of the Scheme AA. The impact of the above is not significant for the periods commencing from 1 April 2019 and therefore, not separately presented.

Share holding pattern prior and post implementation of the Scheme:

Name of the Shareholder	Prior to implementation of Scheme		Post implementation of Scheme	
	No of Shares	Holding (%)	No of Shares	Holding (%)
Ajit Isaac	1,77,28,674	12.07%	1,77,28,674	12.02%
Isaac Enterprises Private Limited	1,53,65,824	10.46%	1,53,65,824	10.42%
Thomas Cook (India) Limited	7,13,23,496	48.57%	-	-
Fairbridge Capital (Mauritius) Limited*	-	-	4,68,76,237	31.78%
HWIC Asia Fund #	7,48,100	0.51%	7,48,100	0.51%
Public	4,16,92,271	28.39%	6,67,91,859	45.28%
Total	14,68,58,365	100.00%	14,75,10,694	100.00%

*Wholly owned subsidiary of Fairfax Financial Holdings Limited, = A GBL1-CIS expert fund of Fairfax Financial Holdings Limited.

8 The Board of Directors of the Company at its meeting held on 25 October 2018, approved the Scheme of Amalgamation ("Scheme A") among Qess Corp Limited ("Transferee Company") with four of its wholly owned subsidiaries viz. Aravon Services Private Limited ("ASPL"), CentreQ Business Services Private Limited ("CBSP"), Coachive Solutions Private Limited ("COAL"), and Master Staffing Solutions Private Limited ("MSSP") together known as ("Transferor Companies") and their respective shareholders and creditors. Upon the Scheme A becoming effective the Transferor Companies stands dissolved, all the assets and liabilities of the transferor companies were recorded at the carrying values in the consolidated financial statements. The carrying amount of the Transferee Company's investment in the shares of the Transferor Companies, which shall stand cancelled in the terms of this Scheme A, and the aggregate face value of such shares shall, subject to other provisions contained herein, be adjusted and reflected in the Capital Reserve of Transferee Company. The Scheme A upon approval by the Administration and Investment committee has been filed with NSE and BSE on 27 March 2019 and subsequently with the Ministry of Corporate Affairs ("MCA"). During the quarter ended 31 December 2019, the Company has obtained the approval from the Regional Director, South East Region, MCA dated 15 November 2019. The appointed date of the Scheme A is 1 April 2019 which is the effective date of the merger approved by MCA. The above transaction has no impact on the Profit before tax of the Consolidated financial statements of the Company.

9 On 30 March 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases with effect from 1 April 2019. The standard primarily requires the Company, as a lessee, to recognize, at the commencement of the lease a right-of-use asset and a lease liability (representing present value of unpaid lease payments). Such right-of-use assets are subsequently depreciated and the lease liability reduced when paid, with the interest on the lease liability being recognized as finance cost subject to certain re-measurement adjustments. The Group has adopted this standard using modified retrospective method effective 1 April 2019, and accordingly, the comparatives have not been restated retrospectively. In the Statement of Profit and Loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-of-use asset and finance cost for interest accrued on lease liability. Further transition adjustments, if any, arising from refinements or authoritative interpretation guidance will be prospectively recognized. The impact on profits and earnings per share is not material. Application of Ind AS 116 has resulted in recognizing right-of-use asset to the extent of INR 31,046.87 lakhs and lease liability to the extent of INR 30,929.84 lakhs.

10 The Company through a subcontracting arrangement with its associate, Trimax Smart Infraprojects Private Limited ("TSIPL") provides hardware, software, maintenance and technical support to Trimax IT Infrastructure & Services Limited ("Trimax"). The joint venture partner, Trimax, executed an agreement with Smart City Ahmedabad Development Limited ("SCADL") a government undertaking, in 2017 for supply, installation, commissioning and operation and maintenance for a Pan CIT infrastructure and intelligent command and control centre for the Ahmedabad Smart City ("Project"). As per the Tripartite agreement between TSIPL, Trimax and Axis Bank ("Escrow Agent"), amounts recoverable from SCADL will be deposited into an escrow account and 99.00% of the money received will be paid to TSIPL. TSIPL will utilize the proceeds to settle the obligation of the Company. On 21 February 2019, the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench ordered the commencement of Corporate Insolvency Resolution Process (CIRP) for Trimax based on a petition filed by Corporation Bank which had declared Trimax as an NPA on 31 March 2018.

During the quarter ended 31 December 2019, the Company, TSIPL and Trimax has entered into a Settlement cum Share Purchase Agreement ("SSPA") dated 15 October 2019 with the approval of Committee of Creditors ("CoC"). SSPA inter-alia provides for (i) Trimax IT's Agreement with SCADL shall be unconditionally and irrevocably assigned in favour of TSIPL (ii) TSIPL would be owner of 100.00% of rights to the escrow account (iii) Acquisition of remaining 49.00% stake in TSIPL by Company from Trimax for a purchase consideration of INR 1,300.00 lakhs.

Consequently, as per the SSPA, the Company acquired remaining 49.00% equity stake in TSIPL and TSIPL has become 100% subsidiary of the Company. The management has opted for measurement period exemption and has carried out the provisional Purchase Price Allocation which has resulted in a goodwill of INR 3,982.95 lakhs.

During the quarter ended 31 December 2019, SCADL has remitted INR 2,514.78 lakhs (net of TDS) to Escrow and a total of INR 3,275.00 lakhs has been transferred from Escrow account to TSIPL bank account and then to Company's bank account. As at 31 December 2019, the group has outstanding trade receivables of INR 12,117.25 lakhs from SCADL.

11 On 26 September 2019, the Company allotted 7,54,437 equity shares to Amazon.com NV Investment Holdings, LLC, a Category II Foreign Portfolio Investor ("Investor") for an aggregate amount of INR 5,099.99 lakhs at an issue price of INR 676.00 by way of preferential allotment ("Issue"). As per the investment agreement with the Investor and Qdigi Services Limited, a wholly owned subsidiary of the Company, the proceeds from the above allotment will be utilised in Qdigi Services Limited.



12 Subsequent to the quarter ended 31 December 2019, on 23 January 2020 the Company had redeemed at par 750 secured redeemable Non-Convertible Debentures (NCDs) of INR 10.00 lakhs each aggregating to INR 75,00.00 lakhs of SBI Credit Risk Fund.

13 Other expenses in the Statement of unaudited consolidated financial results for the quarter and nine months ended 31 December 2019 includes direct expenses incurred by the group to generate revenue which is presented in the table below:

(INR in lakhs)

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
Shipment delivery expenses in Dependo Logistics Solutions Private Limited.	1,800.33	1,521.42	1,928.72	4,529.54	4,563.09	5,417.61
Marketing expenses in Monster.com (India) Private Limited	302.56	570.61	820.95	1,789.84	2,676.81	3,992.85

14 On 20 September 2019, vide the Taxation Laws (Amendments) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 1 April 2019 subject to certain conditions. The Company is currently in the process of evaluating this option.

for and on behalf of Board of Directors of
Ques Corp Limited



Aji Isaac
Chairman & Managing Director
Place: Bengaluru
Date: 29 January 2020



Appendix - 1

Nature	S. No.	Entity name
Subsidiary/Step-subsubsidiary:	1	Aravon Services Private Limited (merged with Quess Corp Limited w.e.f 1 April 2019) [refer note 8]
	2	Brainhunter Systems Ltd.
	3	Mindwire Systems Limited
	4	Brainhunter Companies LLC, USA.
	5	Coachieve Solutions Private Limited (merged with Quess Corp Limited w.e.f 1 April 2019) [refer note 8]
	6	MFX Infotech Private Limited
	7	Quess (Philippines) Corp.
	8	Quess Corp (USA) Inc.
	9	Quess Corp Holdings Pte. Ltd.
	10	Quessglobal (Malaysia) Sdn. Bhd.
	11	MFXchange Holdings, Inc.
	12	MFXchange US, Inc.
	13	Quess Corp Lanka (Private) Limited
	14	Comtel Solutions Pte. Limited
	15	Dependo Logistics Solutions Private Limited
	16	Excelus Learning Solutions Private Limited
	17	CentreQ Business Services Private Limited (merged with Quess Corp Limited w.e.f 1 April 2019) [refer note 8]
	18	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) [refer note 5 (b)]
	19	Vedang Cellular Services Private Limited [refer note 5 (d)]
	20	Master Staffing Solutions Private Limited (merged with Quess Corp Limited w.e.f 1 April 2019) [refer note 8]
	21	Golden Star Facilities and Services Private Limited [refer note 5 (e)]
	22	MFX Chile SpA (Dissolved w.e.f 9 December 2019)
	23	Comtelpro Pte. Ltd.
	24	Comtelink Sdn. Bhd.
	25	Monster.com.SG PTE Limited
	26	Monster.com.HK Limited
	27	Agensi Pekerjaan Monster Malaysia Sdn. Bhd (formerly known as Monster Malaysia Sdn Bhd)
	28	Monster.com (India) Private Limited
	29	Quess Corp Vietnam LLC
	30	Simpliance Technologies Private Limited
	31	Qdigi Services Limited (formerly known as: HCL Computing Products Limited)
	32	Greenpiece Landscapes India Private Limited [Refer note 5 (a)]
	33	Quesscorp Management Consultancies (formerly known as Styracorp Management Services)
	34	Quesscorp Manpower Supply Services LLC [formerly known as S M S Manpower Supply Services (LLC)]
	35	Allsec Technologies Limited [refer note 5 (c)]
	36	Allsectech Inc., USA
	37	Allsectech Manila Inc., Philippines
	38	Retreat Capital Management Inc., USA
	39	Quess Services Limited (Incorporated on 25 June 2019)
	40	Trimax Smart Infraprojects Private Limited (Refer note 10)
Associate:	1	Terrier Security Services (India) Private Limited
	2	Heptagon Technologies Private Limited
	3	Quess Recruit, Inc.
	4	Quess East Bengal FC Private Limited
	5	Agency Pekerjaan Quess Recruit Sdn. Bhd.
Joint venture:	1	Himmer Industrial Services (M) Sdn. Bhd.

