

**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") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit / (loss) after tax and total comprehensive income / (loss) of its associates and joint venture company for the quarter ended 30 June 2019 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 the 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 10 of the Statement, which describes the effects on the collectability arising from uncertainty on the outcome of insolvency resolution process relating to certain trade and other receivables, including interest on loans granted from a related party.

We also draw attention to Note 6 of the Statement regarding the review petition pending in the Supreme Court, in relation to its earlier judgement dated 28 February 2019, and the consequent uncertainty on the applicability of the judgement, and the impracticability of measuring the amounts payable, if any.

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

7. We did not review the interim financial results of 15 subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of INR 71,393.29 lakhs for the quarter ended 30 June 2019, total net profit after tax of INR 1,824.57 lakhs for the quarter ended 30 June 2019 and total comprehensive income of INR 1,641.67 lakhs for the quarter ended 30 June 2019, as considered in the Statement. The consolidated unaudited financial results also includes the Group's share of profit after tax of INR 41.74 lakhs for the quarter ended 30 June 2019 and total comprehensive income of INR 17.26 lakhs for the quarter ended 30 June 2019, as considered in the Statement, in respect of 2 associates, whose interim financial results have not been reviewed by us. 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 and associates, 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 24 subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenue of INR 13,802.67 lakhs for the quarter ended 30 June 2019, total profit after tax of INR 152.50 lakhs for the quarter ended 30 June 2019 and total comprehensive income INR 116.55 lakhs for the quarter ended 30 June 2019, as considered in the Statement. The consolidated unaudited financial results also includes the Group's share of (loss) after tax of INR (17.43) lakhs for the quarter ended 30 June 2019 and total comprehensive (loss) of INR (17.44) lakhs for the quarter ended 30 June 2019, as considered in the Statement, in respect of 4 associates and 1 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.




9. Other Matter

The comparative financial information of the Group for the quarter ended 30 June 2018 prepared in accordance with Ind AS included in this Statement has been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated 26 July 2018 expressed an unmodified conclusion. Our conclusion on the Statement is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Anand Subramanian
Partner

(Membership No. 110815)

Bengaluru, 24 July 2019

Annexure 1:

Nature	S. No.	Entity name
Subsidiary/ Step- subsidiary:	1	Aravon Services Private Limited
	2	Brainhunter Systems Limited
	3	Mindwire Systems Limited
	4	Brainhunter Companies LLC
	5	Coachieve Solutions Private Limited
	6	MFX Infotech Private Limited
	7	Quess (Philippines) Corp.
	8	Quess Corp (USA) Inc
	9	Quess Corp Holdings Pte Limited
	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
	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
	21	Golden Star Facilities and Services Private Limited
	22	MFX Chile SpA
	23	Comtelpro Pte. Limited
	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
	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

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**Deloitte
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	36 Allsectech Inc., USA 37 Allsectech Manila Inc., Philippines 38 Retreat Capital Management Inc., USA 39 Quess Services Limited
Associate:	1 Terrier Security Services (India) Private Limited 2 Heptagon Technologies Private Limited 3 Quess Recruit, Inc 4 Trimax Smart Infraprojects Private Limited 5 Quess East Bengal FC Private Limited 6 Agency Pekerjaan Quess Recruit Sdn. Bhd.
Joint venture:	1 Himmer Industrial Services (M) Sdn. Bhd.

Y. J.

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

Part I: Statement of unaudited consolidated financial results for the quarter ended 30 June 2019

(INR in lakhs except per share data)

Sl. No.	Particulars	Consolidated			
		Quarter ended		Year ended	
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		(Unaudited)	(Audited) (Refer note 2)	(Unaudited)	(Audited)
1	Income				
	a) Revenue from operations	2,39,472.69	2,29,477.44	1,96,835.30	8,52,699.28
	b) Other income	1,686.24	2,900.80	1,560.99	7,122.57
	Total income (a + b)	2,41,158.93	2,32,378.24	1,98,396.29	8,59,821.85
2	Expenses				
	a) Cost of material and stores and spare parts consumed	6,463.20	4,312.09	6,495.25	26,240.51
	b) Employee benefit expense	1,93,419.27	1,82,062.81	1,54,864.67	6,71,321.16
	c) Finance costs	3,963.81	3,208.46	2,610.24	11,439.94
	d) Depreciation and amortisation expense	5,793.98	3,252.86	2,987.06	12,315.04
	e) Other expenses	24,859.52	29,926.04	25,229.58	1,08,679.77
	Total expenses (a + b + c + d + e)	2,34,499.78	2,22,762.26	1,92,186.80	8,29,996.42
3	Profit before share of profit/ (loss) of equity accounted investees and tax (1 - 2)	6,659.15	9,615.98	6,209.49	29,825.43
4	Share of profit/ (loss) of equity accounted investees (net of income tax)	24.31	(856.87)	159.11	(880.85)
5	Profit before tax (3 + 4)	6,683.46	8,759.11	6,368.60	28,944.58
6	Tax expense/ (credit)				
	Current tax	1,868.68	2,211.29	2,253.57	8,065.33
	Income tax relating to previous year	-	384.02	-	384.02
	Deferred tax	(812.81)	(1,386.28)	(1,325.59)	(5,159.69)
	Total tax expense/ (credit)	1,055.87	1,209.03	927.98	3,289.66
7	Profit for the period (5 - 6)	5,627.59	7,550.08	5,440.62	25,654.92
8	Other comprehensive income				
	(i) Items that will not be reclassified subsequently to profit or loss				
	Remeasurement of defined benefit plans	(220.07)	459.06	(324.79)	(346.50)
	Income tax relating to items that will not be reclassified to profit or loss	114.12	(97.16)	112.49	184.33
	Share of other comprehensive income of equity accounted investees (net of income tax)	(24.49)	180.76	(34.73)	162.42
	(ii) Items that will be reclassified subsequently to profit or loss				
	Exchange differences in translating financial statements of foreign operations	(13.35)	(369.48)	250.30	634.43
	Other comprehensive income for the period, net of taxes	(143.79)	173.18	3.27	634.68
9	Total comprehensive income for the period (7 + 8)	5,483.80	7,723.26	5,443.89	26,289.60
10	Profit attributable to:				
	Owners of the Company	5,394.52	7,608.79	5,480.02	25,674.11
	Non-controlling interests	233.07	(58.71)	(39.40)	(19.19)
11	Other comprehensive income attributable to:				
	Owners of the Company	(143.79)	173.18	3.27	634.68
	Non-controlling interests	-	-	-	-
12	Total comprehensive income attributable to:				
	Owners of the Company	5,250.73	7,781.97	5,483.29	26,308.79
	Non-controlling interests	233.07	(58.71)	(39.40)	(19.19)
13	Paid-up equity share capital (Face value of INR 10.00 per share)	14,610.39	14,608.48	14,548.42	14,608.48
14	Reserves i.e. Other equity				2,57,950.09
15	Earning Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (INR)	3.69	5.21	3.77	17.61
	(b) Diluted (INR)	3.67	5.18	3.73	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 ended 30 June 2019 (INR in lakhs)

Sl. No.	Particulars	Consolidated			
		Quarter ended		Year ended	
		30 June 2019	31 March 2019	30 June 2018	31 March 2019*
		(Unaudited)	(Audited) (Refer note 2)	(Unaudited)	(Audited)
1	Segment revenue				
	a) Workforce management	1,48,745.61	1,39,423.35	1,14,839.17	5,03,533.06
	b) Operating asset management	42,706.40	43,819.76	39,842.70	1,70,204.44
	c) Tech services	48,020.68	46,234.33	42,153.43	1,78,961.78
	Total Income from operations	2,39,472.69	2,29,477.44	1,96,835.30	8,52,699.28
2	Segment results				
	a) Workforce management	8,927.83	9,526.52	6,764.87	30,948.31
	b) Operating asset management	3,189.12	3,634.38	2,958.32	13,422.62
	c) Tech services	4,627.58	1,989.18	2,187.46	9,765.39
	Total	16,744.53	15,150.08	11,910.65	54,136.32
	Less: (i) Unallocated corporate expenses	2,013.83	1,973.58	1,664.85	7,678.48
	Less: (ii) Depreciation and amortisation expense	5,793.98	3,252.86	2,987.06	12,315.04
	Less: (iii) Finance costs	3,963.81	3,208.46	2,610.24	11,439.94
	Add: (iv) Other income	1,686.24	2,900.80	1,560.99	7,122.57
	Add: (v) Share of profit/(loss) of equity accounted investees (net of income tax)	24.31	(856.87)	159.11	(880.85)
	Total profit before tax	6,683.46	8,759.11	6,368.60	28,944.58
3	Segment assets				
	a) Workforce management	1,35,225.29	1,19,613.76	1,07,934.59	1,19,613.76
	b) Operating asset management	1,40,087.00	1,34,899.12	1,35,943.64	1,34,899.12
	c) Tech services	1,54,255.75	1,04,029.82	1,02,954.26	1,04,029.82
	d) Unallocated	1,75,092.20	1,42,624.63	1,59,444.72	1,42,624.63
	Total	6,04,660.24	5,01,167.33	5,06,277.21	5,01,167.33
4	Segment liabilities				
	a) Workforce management	51,600.36	40,515.85	44,975.33	40,515.85
	b) Operating asset management	33,009.64	28,072.65	32,239.99	28,072.65
	c) Tech services	79,703.56	56,243.85	54,512.87	56,243.85
	d) Unallocated	1,53,127.84	1,03,466.48	1,22,685.50	1,03,466.48
	Total	3,17,441.40	2,28,298.83	2,54,413.69	2,28,298.83

See accompanying notes to the financial results

Consequent to an internal reorganization, 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 ended 30 June 2019

Notes :

- 1 The statement of unaudited consolidated financial results ("the Statement") of Ques 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 ended 30 June 2019 is 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 24 July 2019. The statutory auditors, have issued an unqualified review report. The figures for the quarter ended 31 March 2019 are the balancing figures between audited figures in respect of the previous financial year and the published unaudited year to date figures upto the end of the third quarter of the previous financial year, which were subjected to limited review by the Statutory Auditors of the Company. Consolidated financial results for the quarter ended 30 June 2018 were reviewed by the previous auditors.
- 3 Pursuant to the provisions of the Listing Agreement, the Management has decided to publish unaudited consolidated financial results in the newspapers. 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 has 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:

(INR in lakhs)			
Particulars	Objects of the issue as per the prospectus	Utilised upto 30 June 2019	Unutilised amount as on 30 June 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.

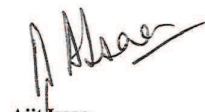
5 Acquisitions:

- (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 19,310.00 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 has invested INR 19,310.00 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 CCD's of CBSL and a further amount of INR 12,708.72 lakhs has been given as Intercompany Deposits ("ICDs"). The amount given as ICDs, to the extent utilised for open offer with respect to the acquisition of Allsec Technologies Limited [refer note 5 (c) below], will be converted into CCDs and the balance will be 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 5,868.21 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 10,644.03 lakhs. For the quarter ended 30 June 2019, the Consolidated financial results of the group include proportionate financials results of Allsec Technologies Limited.
- 6 On 28 February 2019, the Hon'ble Supreme Court of India ("SC") delivered a judgement clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund ("PF") contributions need to be made by establishments. As per the judgement all amounts, whether classified as "allowances" or not, paid universally, necessarily and ordinarily to all across the board would be considered as components of salaries and wages for the purpose of calculation of PF contribution. A review petition on the above judgement is pending before the SC. Further, the Company has been legally advised that there are various interpretative challenges on the application of the judgement retrospectively. Based on legal advice and pending the outcome of the review petition no provision or contingent liability disclosure is made 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") 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 will demerge its Human Resource Services business (including investment in shares of Quess Corp Limited) into the Company on a going concern basis. The Board vide its meeting dated 23 April 2018 approved the Scheme and filed the Scheme with BSE and NSE and is awaiting approval. As a part of consideration, the Company will issue its own shares to the shareholders of TCIL. The anticipated issue of shares to TCIL pursuant to the scheme of arrangement set out as above is not expected to create a parent subsidiary or associate relationship with TCIL. The National Company Law Tribunal, Bangalore bench by an order dated 28 June 2019, has directed to hold the meeting of the equity shareholders, Secured Creditors and Unsecured Creditors on 20 August 2019 for the purpose of considering and approving the Scheme.
- 8 The Board of Directors of the Company at its meeting held on 25 October 2018, approved the Scheme of Amalgamation ("Scheme") among Quess Corp Limited ("Transferee Company") with four of its wholly owned subsidiaries viz. Aravon Services Private Limited ("ASPL"), CentreQ Business Services Private Limited ("CBSP"), Coachieve 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 becoming effective the Transferor Companies stands dissolved, all the assets and liabilities of the transferor companies will be 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, 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 upon approval by the Administration and Investment committee has been filed with NSE and BSE on 27 March 2019. The Scheme shall be subject to receipt of necessary approvals of shareholders and creditors, SEBI, Stock Exchanges, Regional Director and other regulatory authorities as may be required.
- 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.
- 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. At 30 June 2019, the Company has outstanding trade receivable, of INR 4,947.97 lakhs, advance receivable of INR 1,228.20 lakhs and loan and interest receivable of INR 11,730.40 lakhs recoverable from TSIPL. During the quarter and subsequently in July 2019, SCADL released INR 1.96 lakhs, and INR 765.00 lakhs respectively, towards dues to Trimax. TSIPL requested the Resolution Professional ("RP") of Trimax to release 99% of INR 1.96 lakhs and INR 765.00 lakhs deposited in the Escrow account. The RP, on the advice of Committee of Creditors (CoC) has communicated to the Company that these amounts pertain to pre-CIRP period but have been received during the CIRP period and hence need to be held in escrow until outcome of the resolution process is known. TSIPL, based on an independent legal opinion, has challenged the withholding of payment in escrow by RP by filing a Miscellaneous Application with the NCLT which was heard on 8 July 2019 on fast track basis wherein the RP has been asked to file a response and the next hearing is scheduled for 20 August 2019. Based on the current facts and circumstances, the Company considers the amounts outstanding to be eventually recoverable. The Company expects its Miscellaneous Application filed with the NCLT to sustain which will result in release of the amounts deposited in escrow account, although such recovery is contingent on the inherent uncertainties over the outcome and timing of the ongoing Insolvency process before the NCLT. The above matter has not impacted TSIPL's ability to execute the contract, which is expected to be completed in the normal course.
- 11 The Board of Directors of the Company at its meeting held on 12 July 2019 approved issue of 7,54,437 equity shares of the Company having a face value of INR 10.00 per equity share ("Equity Shares") to Amazon.com NV Investment Holdings LLC, a Category III 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 a preferential allotment ("Issue") in accordance with applicable laws, and subject to such regulatory/statutory approval as may be required, including approval by shareholders of the Company. In relation to the proposed investment by the Investor in the Company, the Board has approved the execution by the Company of (i) the Share Subscription Agreement ("SSA") with the Investor for the proposed Issue of Equity Shares to the Investor on a preferential basis and (ii) the investment agreement ("Investment Agreement") with the Investor and Qdigi Services Limited, a wholly owned subsidiary of the Company ("Subsidiary"), in relation to the utilization of the proceeds of the investment towards, and certain rights of the Investor relating to, the business of the Subsidiary.

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


Ajit Isaac
 Chairman & Managing Director
 Place: Bengaluru
 Date: 24 July 2019



Appendix - 1

Nature	S. No.	Entity name
Subsidiary/Step-subsubsidiary:	1	Aravon Services Private Limited
	2	Brainhunter Systems Ltd.
	3	Mindwire Systems Limited
	4	Brainhunter Companies LLC
	5	Coachieve Solutions Private Limited
	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
	18	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) [refer note 5 (b)]
	19	Vedang Cellular Services Private Limited
	20	Master Staffing Solutions Private Limited
	21	Golden Star Facilities and Services Private Limited
	22	MFX Chile SpA
	23	Comtelpro Pte. Limited
	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)
Associate:	1	Terrier Security Services (India) Private Limited
	2	Heptagon Technologies Private Limited
	3	Quess Recruit, Inc
	4	Trimax Smart Infraprojects Private Limited
	5	Quess East Bengal FC Private Limited
	6	Agency Pekerjaan Quess Recruit Sdn. Bhd.
Joint venture:	1	Himmer Industrial Services (M) Sdn. Bhd.

