

**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 Financial Results of **QUESS CORP LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its share of the profit / (loss) of its associates and joint venture for the quarter and nine months ended December 31, 2018, included in the statement of Consolidated Unaudited Financial Results of Quess Corp Limited ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in 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 issue a report on the Statement based on our review.

2. 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. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Holding Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. The Statement includes the results of the entities included in Annexure A to this report.
4. Based on our review conducted as stated above and based on the consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards 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 modified by CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or the financial results for the quarter and nine months ended December 31, 2018 contain any material misstatement.



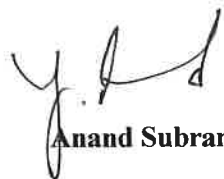
5. We did not review the interim financial information of 15 subsidiaries included in the unaudited consolidated financial results, whose interim financial information reflect total revenues of Rs. 60,294.03 lakhs and Rs. 1,73,774.42 lakhs for the Quarter and nine months ended December 31, 2018, respectively, and total comprehensive income of Rs. 144.28 lakhs and Rs. 2,592.03 lakhs for the Quarter and nine months ended December 31, 2018, respectively, as considered in the unaudited consolidated financial results. The unaudited consolidated financial results also includes the Group's share of loss after tax of Rs. (12.47) lakhs and profit after tax of Rs. 482.70 lakhs for the quarter and nine months ended December 31, 2018, respectively, as considered in the unaudited consolidated financial results in respect of 1 associate, whose interim financial information has not been reviewed by us. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate is based solely on the reports of the other auditors.

Our report on the statement is not modified in respect of this matter.

6. The unaudited consolidated financial results includes the interim financial information of 19 subsidiaries which have not been reviewed or audited by their auditors, whose interim financial information reflect total revenues of Rs. 16,421.09 lakhs and Rs. 45,901.96 lakhs for the quarter and nine months ended December 31, 2018, respectively, and total comprehensive income of Rs. 727.21 lakhs and Rs. 292.21 lakhs for the quarter and nine months ended December 31, 2018, respectively, as considered in the unaudited consolidated financial results. The unaudited consolidated financial results also includes the Group's share of loss after tax of Rs. (460.61) lakhs and Rs. (525.02) lakhs for the quarter and nine months ended December 31, 2018, respectively, as considered in the unaudited consolidated financial results, in respect of 1 joint venture and 4 associates, based on their interim financial information which have not been reviewed or audited by their auditors. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our report on the statement is not modified in respect of our reliance on the interim financial information certified by the Management.

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


Anand Subramanian
Partner
(Membership No. 110815)

Bengaluru, January 24, 2019

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 and nine months ended 31 December 2018

(INR in lakhs except per share data)

Sl. No.	Particulars	Consolidated					
		Quarter ended			Nine months ended		Year ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	Income						
	a) Revenue from operations	217,215.40	209,171.14	158,395.00	623,221.84	427,650.78	616,726.07
	b) Other income	1,233.33	1,427.45	1,259.30	4,221.77	3,293.76	5,692.16
	Total income (a + b)	218,448.73	210,598.59	159,654.30	627,443.61	430,944.54	622,418.23
2	Expenses						
	a) Cost of material and stores and spare parts consumed	7,062.85	8,370.32	3,960.83	21,928.42	10,084.21	14,221.87
	b) Employee benefits expense	170,276.65	164,117.03	130,838.23	489,258.35	356,526.09	507,931.79
	c) Finance costs	2,802.38	2,818.86	1,766.90	8,231.48	5,030.07	7,545.39
	d) Depreciation and amortisation expense	3,167.41	2,907.71	1,830.76	9,062.18	4,626.70	7,474.01
	e) Other expenses	28,042.89	25,481.26	14,503.31	78,753.73	36,538.08	59,136.01
	Total expenses (a + b + c + d + e)	211,352.18	203,695.18	152,900.03	607,234.16	412,805.15	596,309.07
3	Profit before share of profit/ (loss) of equity accounted investees, exceptional items and tax (1 - 2)	7,096.55	6,903.41	6,754.27	20,209.45	18,139.39	26,109.16
4	Share of profit/ (loss) of equity accounted investees (net of income tax)	(489.47)	306.38	88.08	(23.98)	120.07	36.49
5	Profit before exceptional items and tax (3+4)	6,607.08	7,209.79	6,842.35	20,185.47	18,259.46	26,145.65
6	Exceptional items	-	-	-	-	-	-
7	Profit before tax (5+6)	6,607.08	7,209.79	6,842.35	20,185.47	18,259.46	26,145.65
8	Tax expense/ (credit) [refer note 6]						
	Current tax	1,815.54	1,784.93	1,693.09	5,854.04	4,313.28	6,260.55
	Income tax relating to previous year	-	-	-	-	(6,749.42)	(5,651.55)
	Deferred tax	(1,708.08)	(739.74)	(951.12)	(3,773.41)	(2,705.37)	(5,439.54)
	Total tax expense/ (credit)	107.46	1,045.19	741.97	2,080.63	(5,141.51)	(4,830.54)
9	Profit for the period (7 - 8)	6,499.62	6,164.60	6,100.38	18,104.84	23,400.97	30,976.19
10	Other comprehensive income						
	<i>(i) Items that will not be reclassified subsequently to profit or loss</i>						
	Remeasurement of defined benefit plans	(370.28)	(110.49)	165.29	(805.56)	(198.94)	(470.85)
	Income tax relating to items that will not be reclassified to profit or loss	129.39	39.61	(1.35)	281.49	124.70	152.46
	Share of other comprehensive income of equity accounted investees (net of income tax)	16.39	-	11.44	(18.34)	15.40	15.40
	<i>(ii) Items that will be reclassified subsequently to profit or loss</i>						
	Exchange differences in translating financial statements of foreign operations	(325.19)	1,078.80	(109.28)	1,003.91	91.63	(83.38)
	Other comprehensive income for the period, net of taxes	(549.69)	1,007.92	66.10	461.50	32.79	(386.37)
11	Total comprehensive income for the period (9 + 10)	5,949.93	7,172.52	6,166.48	18,566.34	23,433.76	30,589.82
12	Profit attributable to:						
	Owners of the Company	6,404.15	6,181.15	6,127.77	18,065.32	23,446.67	31,098.72
	Non-controlling interests	95.47	(16.55)	(27.39)	39.52	(45.70)	(122.53)
13	Other comprehensive income attributable to:						
	Owners of the Company	(549.69)	1,007.92	66.10	461.50	32.79	(386.37)
	Non-controlling interests	-	-	-	-	-	-
14	Total comprehensive income attributable to:						
	Owners of the Company	5,854.46	7,189.07	6,193.87	18,526.82	23,479.46	30,712.35
	Non-controlling interests	95.47	(16.55)	(27.39)	39.52	(45.70)	(122.53)
15	Paid-up equity share capital (Face value of INR 10.00 per share)	14,608.48	14,608.48	14,548.42	14,608.48	14,548.42	14,548.42
16	Reserves i.e. Other equity						231,527.90
17	Earning Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (INR)	4.38	4.25	4.21	12.40	16.80	22.05
	(b) Diluted (INR)	4.36	4.22	4.17	12.33	16.62	21.82

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. People services, Technology solutions, Facility management, Industrials and Internet business. 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 2018

(INR in lakhs)

Sl. No.	Particulars	Consolidated					
		Quarter ended			Nine months ended		Year ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	a) People services	99,094.99	91,288.49	73,557.16	277,314.06	203,823.31	287,814.10
	b) Technology solutions	71,426.24	70,718.52	48,032.08	208,521.20	125,999.78	186,806.69
	c) Facility management	31,173.86	31,120.88	26,344.89	90,180.13	73,811.61	102,725.19
	d) Industrials	11,945.57	12,301.67	10,460.87	36,204.55	24,016.08	37,041.16
	e) Internet business	3,574.74	3,741.58	-	11,001.90	-	2,338.93
	Total Income from operations	217,215.40	209,171.14	158,395.00	623,221.84	427,650.78	616,726.07
2	Segment results						
	a) People services	4,670.75	4,160.82	3,521.93	12,753.82	9,854.94	13,624.35
	b) Technology solutions	4,021.79	3,963.47	3,100.87	11,448.27	7,954.56	11,805.90
	c) Facility management	2,143.12	2,113.29	1,765.11	5,909.63	4,844.44	6,715.02
	d) Industrials	410.60	529.38	383.11	1,414.94	1,011.01	1,497.62
	e) Internet business	(457.51)	(555.24)	-	(1,602.60)	-	(361.90)
	Total	10,788.75	10,211.72	8,771.02	29,924.06	23,664.95	33,280.99
	Less: (i) Unallocated corporate expenses	2,123.15	1,916.90	1,509.15	5,704.90	3,789.25	5,318.60
	Less: (ii) Finance costs	2,802.38	2,818.86	1,766.90	8,231.48	5,030.07	7,545.39
	Add: (iii) Other income	1,233.33	1,427.45	1,259.30	4,221.77	3,293.76	5,692.16
	Add: (iv) Share of profit/ (loss) of equity accounted investees (net of income tax)	(489.47)	306.38	88.08	(23.98)	120.07	36.49
	Total profit before tax	6,607.08	7,209.79	6,842.35	20,185.47	18,259.46	26,145.65
3	Segment assets						
	a) People services	51,638.08	49,203.46	45,158.42	51,638.08	45,158.42	42,809.19
	b) Technology solutions	151,146.30	150,068.78	126,897.61	151,146.30	126,897.61	132,538.39
	c) Facility management	110,547.74	109,465.42	99,687.71	110,547.74	99,687.71	101,772.97
	d) Industrials	24,779.47	24,483.88	20,424.77	24,779.47	20,424.77	25,552.78
	e) Internet business	20,165.86	18,730.79	-	20,165.86	-	18,493.38
	f) Unallocated	150,166.15	162,617.82	153,045.43	150,166.15	153,045.43	168,696.62
	Total	508,443.60	514,570.15	445,213.94	508,443.60	445,213.94	489,863.33
4	Segment liabilities						
	a) People services	31,962.71	35,112.56	19,300.06	31,962.71	19,300.06	29,433.67
	b) Technology solutions	54,338.84	56,415.21	42,847.45	54,338.84	42,847.45	42,967.14
	c) Facility management	17,611.28	21,629.80	18,233.60	17,611.28	18,233.60	15,597.43
	d) Industrials	7,356.80	6,851.98	7,135.99	7,356.80	7,135.99	8,665.02
	e) Internet business	13,947.03	12,707.52	-	13,947.03	-	13,142.20
	f) Unallocated	118,093.97	122,499.44	119,162.35	118,093.97	119,162.35	133,823.77
	Total	243,310.63	255,216.51	206,679.45	243,310.63	206,679.45	243,629.23

See accompanying notes to the financial results



Quess Corp Limited

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CIN No. L74140KA2007PLC043909

Unaudited consolidated financial results for the quarter and nine months ended 31 December 2018

Notes :

- 1 The statement of unaudited consolidated financials 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 2018 are prepared in accordance with Indian Accounting Standards ("IND AS") as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 24 January 2019. The statutory auditors, have issued an unqualified review report. Consolidated financial results for the quarter and nine months ended 31 December 2017 and year ended 31 March 2018 were reviewed / audited by 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 review report of the Statutory Auditors is being filed with Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE") and is also available on the Company's website www.quescorp.com.
- 4 During the previous 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 estimated 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 31 December 2018	Unutilised amount as on 31 December 2018
Acquisitions and other strategic initiatives	62,500.00	50,316.26	12,183.74
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	72,571.16	12,183.74

Unutilised amounts of the issue have been temporarily deployed in fixed deposit with banks and invested in mutual funds which is in accordance with objects of the issue. The deployment of net proceeds is expected to be completed by 2020.

Expenses estimated 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.

5 Acquisitions:

- a) During the previous year ended 31 March 2018, the Company had entered into Share Purchase Cum Shareholder's Agreement ("SPSHA") dated 24 January 2018 and subsequent amendment agreement dated 28 March 2018 with Greenpiece Projects Private Limited, Greenpiece Landscapes India Private Limited ("GLIPL") and its Shareholders to acquire equity stake in GLIPL. As per these agreements, the Company has agreed to acquire 100.00% equity stake in GLIPL in various tranches. During the quarter ended 30 June 2018, the Company had acquired 90.00% equity stake in GLIPL at a consideration of INR 2,160.00 lakhs and thus GLIPL has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. The Company has opted for the measurement period exemption on purchase price allocation and based on the provisional allocation has recognised a goodwill of INR 1,892.06 lakhs.
- b) During the quarter ended 30 June 2018, the Company had acquired 100.00% equity stake in HCL Computing Products Limited ("HCPL") at an estimated consideration of INR 3,000.00 lakhs and thus HCPL has become the subsidiary of the Company. The Company has opted for the measurement period exemption on purchase price allocation and based on the provisional allocation has recognised a goodwill of INR 1,512.10 lakhs. The name of HCPL has been changed to Qdigi Services Limited w.e.f. 21 February 2018.
- c) During the half year ended 30 September 2018, the Company had entered into an agreement (amendment to the original share subscription agreement dated 19 October 2016) with Simpliance Technologies Private Limited ("STPL") to subscribe for additional 8.00% equity stake at a consideration of INR 200.00 lakhs. Accordingly, the Company's equity stake has increased to 53.00% and STPL has become the subsidiary of the Company. The Company has opted for the measurement period exemption on purchase price allocation and based on the provisional allocation has recognised a goodwill of INR 513.37 lakhs.
- d) During the half year ended 30 September 2018, the Company had entered into a Share Purchase Agreement ("SPA") dated 5 September 2018 with Heptagon Technologies Private Limited ("Heptagon") and its shareholders to acquire additional 3.00% shares for a consideration of INR 150.00 lakhs. As of 31 December 2018, the Company holds 49.00% equity stake in Heptagon.
- e) During the half year ended 30 September 2018, the Company had entered into a Share Purchase Agreement ("SPA") dated 5 July 2018 with Quess East Bengal FC Private Limited ("QEBFC") and its shareholders to subscribe for 70.00% shares for a consideration of INR 1,003.50 lakhs. During the quarter ended 31 December 2018, the Company has completed the transaction and QEBFC has become the associate of the Company.
- 6 As per the amendment in the Finance Act 2016, deduction under Section 80JJAA of Income Tax Act, 1961 was extended across all sectors subject to fulfilment of conditions as stipulated in the said Section. The amendment was first applicable for the financial year ended 31 March 2017. Since the provision was subject to a number of clarifications and interpretations, the Company had obtained an opinion from an external advisor establishing its eligibility and method to compute deduction under Section 80JJAA during the year ended 31 March 2018. Resultantly, the Company had accounted for 80JJAA deduction, for the year ended 31 March 2018 and the year ended 31 March 2017, in the previous year ended 31 March 2018.
- 7 Effective 1 April 2018, the Group had adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method. The standard is applied retrospectively only to contracts that were not completed as at the date of 1 April 2018 and the comparative information is not restated in the unaudited consolidated financial results. The adoption of the standard did not have any material impact to the unaudited consolidated financial results of the Group.



- 8 During the quarter ended 30 June 2018, 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 Qess Corp Limited) into the Company on a going concern basis. The Board vide its meeting dated 23 April 2018 had 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.
- 9 During the half year ended 30 September 2018, the company had completed the sale of 74.00% equity stake in Inticore VJP Advance Systems Private Limited,
- 10 During the quarter ended 31 December 2018, the Company had completed the acquisition of residual 36.00% equity stake in Comtel Solutions Pte Ltd for a consideration of SGD 22.00 million of which SGD 19.00 million has been paid. An additional amount of SGD 5.00 million was paid by Comtel Solutions Pte Ltd to its erstwhile shareholder. The company has also completed the acquisition of residual 49.00% equity stake in Comtelpro Pte Ltd for a consideration of SGD 500,000 on the same date.

for and on behalf of the Board of Directors of
Qess Corp Limited



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



Appendix - 1

Nature	Sl. 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	Quesscorp Holdings Pte Ltd
	10	Quessglobal Malaysia Sdn. Bhd.
	11	MFXchange Holdings Inc.
	12	MFXchange US Inc.
	13	Quess Lanka (Private) Limited [(fka: Randstad Lanka (Private) Limited)]
	14	Ikya Business Services (Private) Limited
	15	Inticore VJP Advance Systems Pvt. Ltd. (refer note 9)
	16	Comtel Solutions Pte. Limited
	17	Dependo Logistics Solutions Private Limited
	18	Excelus Learning Solutions Private Limited
	19	CentreQ Business Services Private Limited
	20	Conneqt Business Solutions Limited (fka: Tata Business Support Services Limited)
	21	Vedang Cellular Services Private Limited
	22	Master Staffing Solutions Private Limited
	23	Golden Star Facilities & Services Private Limited
	24	MFX Chile SpA
	25	Comtelpro Pte. Limited
	26	Comtelink Sdn. Bhd.
	27	Monster.com.SG PTE Limited
	28	Monster.com.HK Limited
	29	Monster Malaysia SDN. BHD
	30	Monster.com (India) Private Limited
	31	Quess Corp Vietnam LLC
	32	Greenpiece Landscapes India Private Limited
	33	Qdigi Services Limited (fka: HCL Computing Products)
	34	Simpliance Technologies Private Limited [refer note 5(c)]
Associate:	1	Terrier Security Services (India) Private Limited
	2	Heptagon Technologies Private Limited
	3	Quess Recruit, Inc
	4	Trimax Smart Infracprojects Private Limited
	5	Quess East Bengal FC Private Limited
Joint venture:	1	Himmer Industrial Services (M) Sdn. Bhd.

