

## **INDEPENDENT AUDITORS' REPORT ON AUDIT OF CONSOLIDATED FINANCIAL RESULTS**

### **TO THE BOARD OF DIRECTORS OF QUESS CORP LIMITED**

1. We have audited the accompanying Statement of Consolidated Financial Results of **QUESS CORP LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its share of the profit/(loss) of its joint venture company and associates for the year ended 31 March 2019 ("the Statement"), being submitted by the 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 5 July 2016.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint venture referred to in paragraph 6 below, the Statement:
  - a. includes the results of the subsidiaries as given in the Annexure to this report;

- b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016; and
- c. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net profit, Total comprehensive income and other financial information of the Group for the year ended 31 March 2019.

**5. Emphasis of Matter**

We draw attention to Note 14 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 from a related party.

We draw attention to Note 8 of the Statement, which describes the impracticability of applying the judgement of Supreme Court retrospectively and reliably measure the contingencies related to amounts payable if any on potential demands on Provident Fund.

Our opinion is not modified in respect of these matters.

6. We did not audit the financial statements of thirty three subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of Rs. 202,396.10 lakhs as at 31 March 2019, total revenues of Rs. 294,197.48 lakhs, total net profit after tax of Rs. 2,911.64 lakhs and total comprehensive income of Rs. 3,666.45 lakhs for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net (loss) of Rs. 880.85 lakhs and total comprehensive (loss) of Rs. 162.42 lakhs for the year ended 31 March 2019, as considered in the consolidated financial results, in respect of six associates and one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, is based solely on the reports of the other auditors.

Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

7. The consolidated financial results includes the unaudited financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 1,754.67 lakhs as at 31 March 2019, total revenue of Rs. 2,232.08 lakhs, total net profit after tax of Rs. 84.92 lakhs and total comprehensive income of Rs. 104.06 lakhs for the year ended 31 March 2019, as considered in the consolidated financial results. This financial statement is unaudited and has been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statement. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.


Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the financial statement certified by the Management.



8. The Statement includes the results for the quarter ended 31 March 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.
9. The comparative financial information of the Group and its associates and joint venture for the quarter and year ended 31 March 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 17 May 2018 expressed an unmodified opinion.

Our report 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, 22 May 2019

**Annexure:**

<b>Nature</b>	<b>S. No.</b>	<b>Entity name</b>
<b>Subsidiary/ Step- subsidiary:</b>	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	MFXchange (Ireland) Limited.(dissolved w.e.f 16 September 2017)
	8	Quess (Philippines) Corp.
	9	Quess Corp (USA) Inc
	10	Quess Corp Holdings Pte Ltd
	11	Quessglobal (Malaysia) Sdn. Bhd.
	12	MFXchange Holdings Inc.
	13	MFXchange US Inc.
	14	Quess Corp Lanka (Private) Limited
	15	Ikya Business Services (Private) Limited (struck off effective 11 March 2018)
	16	Inticore VJP Advance Systems Private Limited., [Refer note 5(i)]
	17	Comtel Solutions Pte. Limited
	18	Dependo Logistics Solutions Private Limited
	19	Excelus Learning Solutions Private Limited
	20	CentreQ Business Services Private Limited
	21	Connq Business Solutions Limited (formerly known as: Tata Business Support Services Limited)
	22	Vedang Cellular Services Private Limited
	23	Master Staffing Solutions Private Limited
	24	Golden Star Facilities and Services Private Limited
	25	MFX Chile SpA
	26	Comtelpro Pte. Limited
	27	Comtelink Sdn. Bhd.
	28	Monster.com.SG PTE Limited
	29	Monster.com.HK Limited
	30	Agensi Pekerjaan Monster Malaysia Sdn. Bhd (formerly known as Monster Malaysia Sdn Bhd)
	31	Monster.com (India) Private Limited
	32	Quess Corp Vietnam LLC
	33	Simpliance Technologies Private Limited [Refer note 5(c)]
	34	Qdigi Services Limited (formerly known as: HCL Computing Products Limited) [Refer note 5(b)]
	35	Greenpiece Landscapes India Private Limited [Refer note 5(a)]
	36	Quesscorp Management Consultancies (formerly known as Styracorp Management Services)
	37	Quesscorp Manpower Supply Servcies LLC [formerly known as S M S Manpower Supply Services (LLC)]

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Haskins & Sells LLP**

<b>Nature</b>	<b>S. No.</b>	<b>Entity name</b>
<b>Associate:</b>	1	Terrier Security Services (India) Private Limited
	2	Heptagon Technologies Private Limited
	3	Qess Recruit, Inc
	4	Trimax Smart Infraprojects Private Limited
	5	Qess East Bengal FC Private Limited [Refer note 5(e)]
	6	Agency Pekerjaan Qess Recruit Sdn. Bhd.
<b>Joint venture:</b>	1	Himmer Industrial Services (M) Sdn. Bhd.

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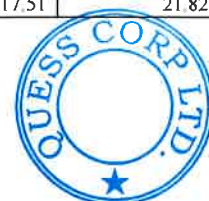
**Qess Corp Limited**  
Registered Office: Qess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. L74140KA2007PLC043909

Part I: Statement of audited consolidated financial results for the quarter and year ended 31 March 2019

(INR in lakhs except per share data)

Sl. No.	Particulars	Consolidated				
		Quarter ended			Year ended	
		31 March 2019	31 December 2018	31 March 2018	31 March 2019	31 March 2018
	(Audited) (Refer note 2)	(Unaudited)	(Audited) (Refer note 2)	(Audited)	(Audited)	
1	<b>Income</b>					
	a) Revenue from operations	229,477.44	217,215.40	189,075.30	852,699.28	616,726.07
	b) Other income	2,900.80	1,233.33	2,398.39	7,122.57	5,692.16
	<b>Total income (a + b)</b>	<b>232,378.24</b>	<b>218,448.73</b>	<b>191,473.69</b>	<b>859,821.85</b>	<b>622,418.23</b>
2	<b>Expenses</b>					
	a) Cost of material and stores and spare parts consumed	4,312.09	7,062.85	4,137.65	26,240.51	14,221.87
	b) Employee benefits expense	182,062.81	170,276.65	151,405.70	671,321.16	507,931.79
	c) Finance costs	3,208.46	2,802.38	2,515.32	11,439.94	7,545.39
	d) Depreciation and amortisation expense	3,252.86	3,167.41	2,847.30	12,315.04	7,474.01
	e) Other expenses	29,926.04	28,042.89	22,597.92	108,679.77	59,136.01
	<b>Total expenses (a + b + c + d + e)</b>	<b>222,762.26</b>	<b>211,352.18</b>	<b>183,503.89</b>	<b>829,996.42</b>	<b>596,309.07</b>
3	<b>Profit before share of profit/ (loss) of equity accounted investees, exceptional items and tax (1 - 2)</b>	<b>9,615.98</b>	<b>7,096.55</b>	<b>7,969.80</b>	<b>29,825.43</b>	<b>26,109.16</b>
4	Share of profit/ (loss) of equity accounted investees (net of income tax)	(856.87)	(489.47)	(83.58)	(880.85)	36.49
5	<b>Profit before exceptional items and tax (3+4)</b>	<b>8,759.11</b>	<b>6,607.08</b>	<b>7,886.22</b>	<b>28,944.58</b>	<b>26,145.65</b>
6	Exceptional items	-	-	-	-	-
7	<b>Profit before tax (5 + 6)</b>	<b>8,759.11</b>	<b>6,607.08</b>	<b>7,886.22</b>	<b>28,944.58</b>	<b>26,145.65</b>
8	<b>Tax expense/ (credit) (refer note 6)</b>					
	Current tax	2,211.29	1,815.54	1,947.27	8,065.33	6,260.55
	Income tax relating to previous year	384.02	-	1,097.87	384.02	(5,651.55)
	Deferred tax	(1,386.28)	(1,708.08)	(2,734.18)	(5,159.69)	(5,439.54)
	<b>Total tax expense/ (credit)</b>	<b>1,209.03</b>	<b>107.46</b>	<b>310.96</b>	<b>3,289.66</b>	<b>(4,830.54)</b>
9	<b>Profit for the period (7 - 8)</b>	<b>7,550.08</b>	<b>6,499.62</b>	<b>7,575.26</b>	<b>25,654.92</b>	<b>30,976.19</b>
10	<b>Other comprehensive income</b>					
	(i) Items that will not be reclassified subsequently to profit or loss					
	Remeasurement of defined benefit plans	459.06	(370.28)	(271.92)	(346.50)	(470.85)
	Income tax relating to items that will not be reclassified to profit or loss	(97.16)	129.39	27.76	184.33	152.46
	Share of other comprehensive income of equity accounted investees (net of income tax)	180.76	16.39	-	162.42	15.40
	(ii) Items that will be reclassified subsequently to profit or loss					
	Exchange differences in translating financial statements of foreign operations	(369.48)	(325.19)	(175.01)	634.43	(83.38)
	<b>Other comprehensive income for the period, net of taxes</b>	<b>173.18</b>	<b>(549.69)</b>	<b>(419.17)</b>	<b>634.68</b>	<b>(386.37)</b>
11	<b>Total comprehensive income for the period (9 + 10)</b>	<b>7,723.26</b>	<b>5,949.93</b>	<b>7,156.09</b>	<b>26,289.60</b>	<b>30,589.82</b>
12	<b>Profit attributable to:</b>					
	Owners of the Company	7,608.79	6,404.15	7,652.08	25,674.11	31,098.72
	Non-controlling interests	(58.71)	95.47	(76.82)	(19.19)	(122.53)
13	<b>Other comprehensive income attributable to:</b>					
	Owners of the Company	173.18	(549.69)	(419.17)	634.68	(386.37)
	Non-controlling interests	-	-	-	-	-
14	<b>Total comprehensive income attributable to:</b>					
	Owners of the Company	7,781.97	5,854.46	7,232.91	26,308.79	30,712.35
	Non-controlling interests	(58.71)	95.47	(76.82)	(19.19)	(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
16	Reserves i.e. Other equity				257,950.09	231,527.90
17	<b>Earning Per Share (EPS)</b>	(not annualised)	(not annualised)	(not annualised)	(annualised)	(annualised)
	(a) Basic (INR)	5.21	4.38	5.26	17.61	22.05
	(b) Diluted (INR)	5.18	4.36	5.21	17.51	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 audited consolidated segment wise revenue, results, assets and liabilities for the quarter and year ended ended 31 March 2019 (INR in lakhs)

Sl. No.	Particulars	Consolidated				
		Quarter ended		Year ended		
		31 March 2019	31 December 2018	31 March 2018	31 March 2019	31 March 2018
		(Audited) (Refer note 2)	(Unaudited)	(Audited) (Refer note 2)	(Audited)	(Audited)
1	<b>Segment revenue</b>					
	a) People services	110,707.26	99,094.99	83,990.79	388,021.32	287,814.10
	b) Technology solutions	71,099.16	71,426.24	60,806.91	279,620.36	186,806.69
	c) Facility management	32,834.35	31,173.86	28,913.58	123,014.48	102,725.19
	d) Industrials	10,985.41	11,945.57	13,025.09	47,189.96	37,041.16
	e) Internet business	3,851.26	3,574.74	2,338.93	14,853.16	2,338.93
	<b>Total income from operations</b>	<b>229,477.44</b>	<b>217,215.40</b>	<b>189,075.30</b>	<b>852,699.28</b>	<b>616,726.07</b>
2	<b>Segment results</b>					
	a) People services	5,602.73	4,670.75	3,769.41	18,356.55	13,624.35
	b) Technology solutions	4,969.13	4,021.79	3,851.34	16,417.40	11,805.90
	c) Facility management	2,554.74	2,143.12	1,870.56	8,464.37	6,715.02
	d) Industrials	218.50	410.60	486.61	1,633.44	1,497.62
	e) Internet business	(1,447.88)	(457.51)	(361.90)	(3,050.48)	(361.90)
	<b>Total</b>	<b>11,897.22</b>	<b>10,788.75</b>	<b>9,616.02</b>	<b>41,821.28</b>	<b>33,280.99</b>
	Less: (i) Unallocated corporate expenses	1,973.58	2,123.15	1,529.29	7,678.48	5,318.60
	Less: (ii) Finance costs	3,208.46	2,802.38	2,515.32	11,439.94	7,545.39
	Add: (iii) Other income	2,900.80	1,233.33	2,398.39	7,122.57	5,692.16
	Add: (iv) Share of profit/ (loss) of equity accounted investees (net of income tax)	(856.87)	(489.47)	(83.58)	(880.85)	36.49
	<b>Total profit before tax</b>	<b>8,759.11</b>	<b>6,607.08</b>	<b>7,886.22</b>	<b>28,944.58</b>	<b>26,145.65</b>
3	<b>Segment assets</b>					
	a) People services	41,836.16	51,638.08	42,809.19	41,836.16	42,809.19
	b) Technology solutions	160,335.52	151,146.30	132,538.39	160,335.52	132,538.39
	c) Facility management	110,535.58	110,547.74	101,772.97	110,535.58	101,772.97
	d) Industrials	24,363.54	24,779.47	25,552.78	24,363.54	25,552.78
	e) Internet business	21,471.90	20,165.86	18,493.38	21,471.90	18,493.38
	f) Unallocated	142,624.63	150,166.15	168,696.62	142,624.63	168,696.62
	<b>Total</b>	<b>501,167.33</b>	<b>508,443.60</b>	<b>489,863.33</b>	<b>501,167.33</b>	<b>489,863.33</b>
4	<b>Segment liabilities</b>					
	a) People services	22,434.95	31,962.71	29,433.67	22,434.95	29,433.67
	b) Technology solutions	62,579.12	54,338.84	42,967.14	62,579.12	42,967.14
	c) Facility management	18,465.50	17,611.28	15,597.43	18,465.50	15,597.43
	d) Industrials	9,607.15	7,356.80	8,665.02	9,607.15	8,665.02
	e) Internet business	11,745.63	13,947.03	13,142.20	11,745.63	13,142.20
	f) Unallocated	103,466.48	118,093.97	133,823.77	103,466.48	133,823.77
	<b>Total</b>	<b>228,298.83</b>	<b>243,310.63</b>	<b>243,629.23</b>	<b>228,298.83</b>	<b>243,629.23</b>

See accompanying notes to the financial results

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CIN No. L74140KA2007PLC043909

Consolidated Balance Sheet as at 31 March 2019

(INR in lakhs)

Particulars		As at	As at
		31 March 2019	31 March 2018
		(Audited)	(Audited)
<b>A</b>	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	Property, plant and equipment	23,544.26	23,249.12
	Capital work-in-progress	33.71	18.87
	Goodwill	117,686.43	109,593.33
	Other intangible assets	24,405.39	30,320.77
	Intangible assets under development	1,437.80	215.79
	Investments in equity accounted investees	8,832.74	8,578.78
	<b>Financial assets</b>		
	(i) Non-current investments	165.50	297.74
	(ii) Non-current loans	24,243.29	5,150.58
	(iii) Other non-current financial assets	8,032.24	5,258.21
	Deferred tax assets (net)	19,264.59	15,556.23
	Income tax assets (net)	31,195.31	20,918.27
	Other non-current assets	1,831.03	1,792.41
	<b>Total non-current assets</b>	<b>260,672.29</b>	<b>220,950.10</b>
2	<b>Current assets</b>		
	Inventories	2,208.18	849.45
	<b>Financial assets</b>		
	(i) Current investments	3,846.82	19,740.20
	(ii) Trade receivables	91,319.04	92,067.85
	(iii) Cash and cash equivalents	50,477.39	56,611.15
	(iv) Bank balances other than cash and cash equivalents above	8,072.35	27,040.22
	(v) Current loans	3,797.30	17,431.63
	(vi) Unbilled revenue	70,321.95	47,287.46
	(vii) Other current financial assets	219.51	1,724.37
	Other current assets	10,232.50	6,160.90
	<b>Total current assets</b>	<b>240,495.04</b>	<b>268,913.23</b>
	<b>Total Assets</b>	<b>501,167.33</b>	<b>489,863.33</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity</b>		
	Equity share capital	14,608.48	14,548.42
	Other equity	257,950.09	231,527.90
	<b>Total equity attributable to equity holders of the Company</b>	<b>272,558.57</b>	<b>246,076.32</b>
	Non-controlling interests	309.93	157.78
	<b>Total equity</b>	<b>272,868.50</b>	<b>246,234.10</b>
2	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	<b>Financial liabilities</b>		
	(i) Non-current borrowings	20,901.93	26,860.08
	(ii) Other non-current financial liabilities	20,635.15	19,569.04
	Deferred income tax liabilities (net)	9.02	22.40
	Non-current provisions	11,486.85	9,102.81
	<b>Total non-current liabilities</b>	<b>53,032.95</b>	<b>55,554.33</b>
3	<b>Current liabilities</b>		
	<b>Financial liabilities</b>		
	(i) Current borrowings	54,113.97	69,760.56
	(ii) Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	17,291.75	14,812.32
	(iii) Other current financial liabilities	75,088.01	78,395.08
	Income tax liabilities (net)	853.75	961.19
	Current provisions	994.46	1,438.46
	Other current liabilities	26,923.94	22,707.29
	<b>Total current liabilities</b>	<b>175,265.88</b>	<b>188,074.90</b>
	<b>Total Equity and Liabilities</b>	<b>501,167.33</b>	<b>489,863.33</b>

See accompanying notes to the financial results

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**Quess Corp Limited**

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

**Audited consolidated financial results for the quarter and year ended 31 March 2019****Notes :**

- The statement of audited 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 year ended 31 March 2019 are 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.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 22 May 2019. The statutory auditors, have issued an unqualified report. The figures for the quarters ended 31 March 2019 and 31 March 2018 are the balancing figures between audited figures in respect of the full financial years and the published unaudited year to date figures upto the end of the third quarter of the relevant financial year, which were subjected to limited review by the Statutory Auditors of the Company. Consolidated financial results for the quarter and year ended 31 March 2018 were audited by previous auditors.
- Pursuant to the provisions of the Listing Agreement, the Management has decided to publish audited consolidated financial results in the newspapers. However, the audited Consolidated financial results of the Company will be made available on the Company website [www.quesscorp.com](http://www.quesscorp.com) and also on the website of Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE").
- 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 issue expenses).

Details of utilisation of IPP proceeds are as follows:

Particulars	Objects of the issue as per the prospectus	(INR in lakhs)	
		Utilised upto 31 March 2019	Unutilised amount as on 31 March 2019
Acquisitions and other strategic initiatives	62,500.00	50,386.30	12,113.70
Funding incremental working capital requirement of our Company	15,000.00	15,000.00	-
General corporate purpose	7,254.90	7,254.90	-
<b>Total</b>	<b>84,754.90</b>	<b>72,641.20</b>	<b>12,113.70</b>

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 complete by 2020.

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 previous year.

**5 Acquisitions:**

- During the previous year ended 31 March 2018, the Company 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 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. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. Post allocation of purchase price, the Company has recorded goodwill of INR 2,506.85 lakhs. Subsequent to 31 March 2019, on 7 May 2019 the Company acquired balance 10.00% equity stake in GLIPL at a consideration of INR 280.00 lakhs and GLIPL has become 100.00% subsidiary of the Company.
- During the year ended 31 March 2019, the Company acquired 100.00% equity stake in HCL Computing Products Limited ("HCPL") at a consideration of INR 3,041.82 lakhs and thus HCPL has become the subsidiary of the Company. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. Post allocation of purchase price, the Company has recorded goodwill of INR 1,908.65 lakhs. The name of HCPL has been changed to Qdigi Services Limited w.e.f. 21 February 2018.
- During the year ended 31 March 2019, the Company 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. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. Post allocation of purchase price, the Company has recorded goodwill of INR 527.42 lakhs.
- During the year ended 31 March 2019, the Company 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 March 2019, the Company holds 49.00% equity stake in Heptagon.
- During the year ended 31 March 2019, the Company 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. The Company has completed the transaction and QEBFC has become the associate of the Company.



- (f) During the previous year ended 31 March 2018, the Company entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 20 November 2017 with Tata Business Support Services Limited ("TBSS") and its shareholders to acquire 100.00% equity stake in TBSS at an estimated consideration of INR 32,166.68 lakhs. In accordance with the SPA and SHA, the Company had acquired 51.00% stake for consideration of INR 15,272.82 lakhs and thus TBSS has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. The name of Tata Business Support Services Limited has been changed to Connect Business Solutions Limited w.e.f 9 January 2018. The impact of the purchase price allocation as compared to provisional allocation is as follows:

(INR in lakhs)

Particulars	Provisional purchase price allocation	Final purchase price allocation	Impact
Purchase price consideration	32,166.68	31,117.63	(1,049.05)
Net assets and liabilities	21,015.97	21,015.97	-
Intangibles	6,425.25	5,354.05	(1,071.20)
Deferred tax liability arising on identified intangibles	(2,223.65)	(1,852.93)	370.72
Goodwill	6,949.11	6,600.53	(348.58)

- (g) During the previous year ended 31 March 2018, the Company entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 25 October 2017 with Vedang Cellular Services Private Limited ("Vedang") and its shareholders to acquire 100.00% equity stake in Vedang. In accordance with the SPA and SHA, the Company had acquired 70.00% stake for a consideration of INR 3,990.00 lakhs and thus Vedang has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. The impact of the purchase price allocation as compared to provisional allocation is as follows:

(INR in lakhs)

Particulars	Provisional purchase price allocation	Final purchase price allocation	Impact
Purchase price consideration	5,775.18	5,775.18	-
Net assets and liabilities	2,043.96	2,043.96	-
Intangibles	1,834.41	1,572.85	(261.56)
Deferred tax liability arising on identified intangibles	(635.03)	(544.33)	90.70
Goodwill	2,531.84	2,702.70	170.86

- (h) During the previous year ended 31 March 2018, the Company along with its subsidiary entered into an arrangement with Monster Group to acquire controlling stake in certain entities of Monster Group at an estimated consideration of INR 14,477.95.00 lakhs. During the year, the Company has completed the purchase price allocation and has recognised assets and liabilities at its fair value including intangible assets. The impact of the purchase price allocation as compared to provisional allocation is as follows:

(INR in lakhs)

Particulars	Provisional purchase price allocation	Final purchase price allocation	Impact
Purchase price consideration	14,477.95	14,436.83	(41.12)
Net assets and liabilities	3,461.31	3,461.31	-
Intangibles	3,509.65	3,071.75	(437.90)
Deferred tax liability arising on identified intangibles	-	(828.31)	(828.31)
Goodwill	7,506.99	8,732.09	1,225.10

- (i) During the year ended 31 March 2019, the Company completed the sale of 74.00% equity stake in Inticore VJP Advance Systems Private Limited.
- (j) During the year ended 31 March 2019, the Company 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.
- 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 has 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. The Company continued to claim the said deduction during the year ended 31 March 2019.
- 7 Effective 1 April 2018, the Group had duly adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method. The adoption of the standard did not have any material impact to the audited financial results of the Group.
- 8 On 28 February 2019, the Hon'ble Supreme Court of India delivered a judgment 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. The Company has been legally advised that there are various interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is not practicable at this stage to reliably measure the contingencies relating to amounts payable if any on potential demands relating to PF


AS



- 9 During the 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 Qess 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.
- 10 The Board of Directors of the Company at its Meeting held on 25 October 2018, approved the Scheme of Amalgamation ("Scheme") among Qess Corp Ltd ("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 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 of amalgamation 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.
- 11 Subsequent to 31 March 2019, the Company ("PAC") through its subsidiary Conneqt 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 at INR 320.00 per share amounting to INR 17,238.90 lakhs and with SPA2 to acquire 39,61,940 shares at INR 250.00 per share amounting to INR 9,904.85 Lakhs. 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 have 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 have appointed Axis Capital Limited as the Managers to the Open Offer, in terms of Regulation 12 of the SEBI SAST Regulations.
- 12 Subsequent to 31 March 2019, the Board of Directors of the Company at its meeting held on 17 April 2019, considered and approved additional investment of (a) INR 19,310.00 lakhs by way of subscription to equity shares to be issued and allotted by Conneqt 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. Pursuant to the Equity Subscription, the total shareholding of the Company in CBSL will increase from 51.00% to 70.00%. The foregoing shareholding of Qess in CBSL may further increase on conversion of the CCDs.
- 13 On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019. The Group will adopt this standard using modified retrospective method effective 1 April 2019, and accordingly, the comparatives will not be retrospectively adjusted. The Group is in the process of evaluating the potential impact on its financial statements.
- 14 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 is Trimax. 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 center for the Ahmedabad Smart City ("Project"). On 21 February 2019, the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench ordered the commencement of Corporate Insolvency Resolution Process for Trimax based on a petition filed by Corporation Bank which had declared Trimax as an NPA on 31 March 2018. At 31 March 2019, the Company has an outstanding trade receivable of INR 4,763.85 lakhs, advance receivable of INR 1,136.51 lakhs and loan and interest receivable of INR 9,339.76 lakhs recoverable from TSIPL. Similarly, TSIPL and therefore Trimax has an outstanding trade receivable of INR 15,100.00 lakhs from Trimax and SCADL respectively. As at 31 March 2019, the resolution professional handling the Insolvency process for Trimax, has acknowledged INR 15,100.00 lakhs as debts due to TSIPL. Further 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. Currently, the Company considers the amounts due from Trimax as recoverable, based on an independent legal opinion, which provides that 99.00% of the amounts due from SCADL will be transferred to the Escrow account during the Insolvency process extending over 180 days from 21 February 2019. Based on the current facts and circumstances, the Company considers the amounts outstanding to be eventually recoverable, although such recovery is contingent on the inherent uncertainties over the outcome and timing of the ongoing Insolvency process before the NCLT.
- 15 During the year ended 31 March 2019, the Company has reviewed and reassessed the presentation of defined benefit obligations. Consequently, an amount of INR 3,334.42 lakhs representing provision for gratuity as at 31 March 2018, earlier classified under "current provisions" has been reclassified to "non-current provisions". This change has no impact on the profit/(loss) for the reporting periods.
- 16 The group has maintained requisite full asset cover by way of floating charge on book debts and other unencumbered assets of the Company on its Secured Listed Non-Convertible Debentures as at 31 March 2019.

for and on behalf of Board of Directors of

**Qess Corp Limited**

  
**Ajit Isaac**  
 Chairman & Managing Director  
 Place: Bengaluru  
 Date: 22 May 2019



**Appendix - I**

<b>Nature</b>	<b>S. No.</b>	<b>Entity name</b>
<b>Subsidiary/Step-subsiary:</b>	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	MFXchange (Ireland) Limited. (dissolved w.e.f 16 September 2017)
	8	Quess (Philippines) Corp.
	9	Quess Corp (USA) Inc
	10	Quess Corp Holdings Pte Ltd
	11	Quessglobal (Malaysia) Sdn. Bhd.
	12	MFXchange Holdings Inc.
	13	MFXchange US Inc.
	14	Quess Corp Lanka (Private) Limited
	15	Ikya Business Services (Private) Limited*
	16	Inticore VJP Advance Systems Private Limited., [Refer note 5(i)]
	17	Comtel Solutions Pte. Limited
	18	Dependo Logistics Solutions Private Limited
	19	Excelus Learning Solutions Private Limited
	20	CentreQ Business Services Private Limited
	21	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
	22	Vedang Cellular Services Private Limited
	23	Master Staffing Solutions Private Limited
	24	Golden Star Facilities and Services Private Limited
	25	MFX Chile SpA
	26	Comtelpro Pte. Limited
	27	Comtelink Sdn. Bhd.
	28	Monster.com.SG PTE Limited
	29	Monster.com.HK Limited
	30	Agensi Pekerjaan Monster Malaysia Sdn. Bhd (formerly known as Monster Malaysia Sdn Bhd)
	31	Monster.com (India) Private Limited
	32	Quess Corp Vietnam LLC
	33	Simpliance Technologies Private Limited [Refer note 5(c)]
	34	Qdigi Services Limited (formerly known as: HCL Computing Products Limited) [Refer note 5(b)]
	35	Greenpiece Landscapes India Private Limited [Refer note 5(a)]
	36	Quesscorp Management Consultancies (formerly known as Styracorp Management Services)
	37	Quesscorp Manpower Supply Servcies LLC [formerly known as S M S Manpower Supply Services (LLC)]
<b>Associate:</b>	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.
<b>Joint venture:</b>	1	Himmer Industrial Services (M) Sdn. Bhd.

\*The subsidiary does not have any operations and is struck off from Register of Companies effective 11 March 2018

