

| <p style="text-align: center;">Quess Corp Limited Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103; CIN No. U74140KA2007PLC043909</p> | | | | | |
|---|--|---|-------------------------------|---|----------------------------|
| (Rupees in lakhs except per share data) | | | | | |
| Part I Statement of audited consolidated financial results for the quarter and twelve months ended 31 March 2017 | | | | | |
| Sl. No. | Particulars | Consolidated | | | |
| | | Quarter ended | | Twelve months ended | |
| | | 31 March 2017 (Audited) (Refer note 14) | 31 December 2016 Unaudited | 31 March 2016 (Audited) (Refer note 14) | 31 March 2017 (Audited) |
| 1 | Income from operations | | | | |
| | a) Sale of services | 112,209.37 | 102,660.24 | 99,647.00 | 415,735.95 |
| | b) Other operating income | - | - | - | 343,501.42 |
| | Total Income from operations (a + b) | 112,209.37 | 102,660.24 | 99,647.00 | 415,735.95 |
| 2 | Expenses | | | | |
| | a) Cost of material and stores and spare parts consumed | 977.36 | 525.68 | 1,243.15 | 4,687.77 |
| | b) Employee benefit expenses | 95,669.24 | 88,197.68 | 86,051.30 | 354,350.85 |
| | c) Depreciation and amortisation expense | 654.10 | 698.56 | 623.60 | 2,644.20 |
| | d) Other expenses | 9,698.17 | 8,310.93 | 8,337.76 | 34,417.22 |
| | Total Expenses (a + b + c + d) | 106,998.87 | 97,732.85 | 96,255.81 | 396,100.04 |
| 3 | Profit from operations before other income, finance costs and exceptional items (1 - 2) | 5,210.50 | 4,927.39 | 3,391.19 | 19,635.91 |
| 4 | Other income | 285.58 | 602.55 | 332.87 | 1,525.20 |
| 5 | Profit from ordinary activities before finance costs and exceptional items (3 + 4) | 5,496.08 | 5,529.94 | 3,724.06 | 21,161.11 |
| 6 | Finance expenses | 1,533.98 | 1,214.71 | 1,020.86 | 4,653.28 |
| 7 | Profit from ordinary activities after finance costs but before exceptional items (5 - 6) | 3,962.10 | 4,315.23 | 2,703.20 | 16,507.83 |
| 8 | Exceptional Items | - | - | - | - |
| 9 | Profit from ordinary activities before tax (7 + 8) | 3,962.10 | 4,315.23 | 2,703.20 | 16,507.83 |
| 10 | Tax expense, net (refer note 12) | 1,164.02 | 1,262.94 | (60.00) | 5,175.85 |
| 11 | Net Profit from ordinary activities after tax (9 - 10) | 2,798.08 | 3,052.29 | 2,763.20 | 11,331.98 |
| 12 | Extraordinary items (net of tax expense) | - | - | - | - |
| 13 | Net Profit for the period (11 - 12) | 2,798.08 | 3,052.29 | 2,763.20 | 11,331.98 |
| 14 | Share of profit of equity accounted investees (net of tax expense) | (34.01) | 46.47 | - | 12.46 |
| 15 | Non-controlling interest | 4.15 | (2.52) | - | 1.63 |
| 16 | Net profit after taxes, Non-controlling interest and share of profit of equity accounted investees (13 + 14 + 15) | 2,768.22 | 3,096.24 | 2,763.20 | 11,346.07 |
| 17 | Other comprehensive income | | | | |
| | (i) Items that will not be reclassified subsequently to profit or loss | | | | |
| | Remeasurement of defined benefit plan | (77.04) | 55.69 | 569.85 | (340.47) |
| | Share of Other Comprehensive Income in associates and joint venture (net of tax expense) | 54.44 | - | - | 54.44 |
| | Income tax relating to items that will not be reclassified to profit or loss | 15.56 | (19.27) | (198.86) | 106.72 |
| | Net other comprehensive income not to be reclassified subsequently to profit or loss (a) | (7.04) | 36.42 | 370.99 | (179.31) |
| | (ii) Items that will be classified to profit or loss | | | | |
| | Exchange differences in translating financial statements of foreign operations | (333.91) | - | (25.41) | (333.91) |
| | Income tax relating to items that will be reclassified to profit or loss | - | - | - | - |
| | Net other comprehensive income to be reclassified subsequently to profit or loss (b) | (333.91) | - | (25.41) | (333.91) |
| | Other comprehensive income (net of taxes) (a+b) | (340.95) | 36.42 | 345.58 | (513.22) |
| 18 | Total comprehensive income (16 + 17) | 2,427.27 | 3,132.66 | 3,108.78 | 10,832.85 |
| 19 | Paid-up equity share capital (Face value of Rs 10 per share) | 12,679.10 | 12,679.10 | 11,333.51 | 12,679.10 |
| 20 | Reserves i.e. Other equity | | | | 70,938.29 |
| 21 | Earning Per Share (EPS) | (not annualised) | (not annualised) | (not annualised) | (annualised) |
| | (a) Basic (Rs) | 2.18 | 2.44 | 2.46 | 9.24 |
| | (b) Diluted (Rs) | 2.15 | 2.37 | 2.41 | 9.10 |

See accompanying notes to the financial results



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|---|--|------------------------------|-------------------|------------------------------|-------------------|
| Statement of consolidated segment wise revenue, results, assets and liabilities for the quarter and twelve months ended 31 March 2017 | | | | | |
| Sl. No. | Particulars | Consolidated | | | |
| | | Quarter ended | | Twelve months ended | |
| | | 31 March 2017 | 31 December 2016 | 31 March 2016 | 31 March 2016 |
| | | (Audited) (Refer note 14) | (Unaudited) | (Audited) (Refer note 14) | (Audited) |
| 1 | Segment revenue | | | | |
| | a) People and services | 60,801.98 | 58,712.46 | 57,474.28 | 194,984.66 |
| | b) Global technology solutions | 34,959.22 | 28,078.68 | 26,930.30 | 92,112.45 |
| | c) Integrated facility management | 10,760.98 | 10,138.62 | 9,800.21 | 37,187.13 |
| | d) Industrials | 5,687.19 | 5,730.48 | 5,442.21 | 19,217.18 |
| | Total Income from operations | 112,209.37 | 102,660.24 | 99,647.00 | 343,501.42 |
| 2 | Segment results | | | | |
| | a) People and services | 2,980.30 | 2,786.67 | 1,551.57 | 7,243.12 |
| | b) Global technology solutions | 2,299.35 | 2,112.79 | 1,978.14 | 6,046.14 |
| | c) Integrated facility management | 647.56 | 534.31 | 537.85 | 1,717.96 |
| | d) Industrials | 271.28 | 324.01 | 564.26 | 1,705.40 |
| | Total | 6,198.49 | 5,757.78 | 4,631.82 | 16,712.62 |
| | Less: (i) unallocated corporate expenses | 987.99 | 830.39 | 1,240.63 | 3,043.38 |
| | Less: (ii) Finance costs | 1,533.98 | 1,214.71 | 1,020.86 | 3,104.27 |
| | Add: (iii) Other income | 285.58 | 602.55 | 332.87 | 905.16 |
| | Total profit before tax | 3,962.10 | 4,315.23 | 2,703.20 | 11,470.13 |
| 3 | Segment assets | | | | |
| | a) People and services | 35,202.16 | 36,480.14 | 32,439.69 | 32,439.69 |
| | b) Global technology solutions | 71,687.50 | 48,420.07 | 46,648.10 | 46,648.10 |
| | c) Integrated facility management | 13,866.23 | 14,854.17 | 13,641.78 | 13,641.78 |
| | d) Industrials | 10,570.10 | 11,773.29 | 6,649.15 | 6,649.15 |
| | e) Unallocated | 96,708.06 | 84,216.93 | 25,625.94 | 25,625.94 |
| | Total | 228,034.05 | 195,744.60 | 125,004.66 | 125,004.66 |
| 4 | Segment liabilities | | | | |
| | a) People and services | 23,241.85 | 26,164.42 | 21,767.96 | 21,767.96 |
| | b) Global technology solutions | 16,252.91 | 12,572.27 | 12,446.53 | 12,446.53 |
| | c) Integrated facility management | 7,085.10 | 7,141.54 | 4,231.16 | 4,231.16 |
| | d) Industrials | 3,792.01 | 9,179.24 | 1,443.46 | 1,443.46 |
| | e) Unallocated | 93,956.59 | 58,046.23 | 49,453.27 | 49,453.27 |
| | Total | 144,328.46 | 113,103.70 | 89,342.38 | 89,342.38 |

See accompanying notes to the financial results



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|---|-------------------|-------------------|
| (Rupees in lakhs) | | |
| Consolidated Statement of Assets and Liabilities as at 31 March 2017 | | |
| Particulars | | As at |
| | | 31 March 2017 |
| | | (Audited) |
| A ASSETS | | |
| 1 Non-current assets | | |
| Property, plant and equipment | 5,043.56 | 4,443.92 |
| Goodwill | 37,875.28 | 20,197.56 |
| Intangible assets | 790.38 | 575.84 |
| Intangible assets under development | 771.68 | 239.07 |
| Financial assets | | |
| Investments | 29,763.82 | 365.50 |
| Loans | 1,433.41 | 408.90 |
| Other financial assets | 131.13 | 217.40 |
| Deferred tax assets (net) | 4,799.58 | 6,138.72 |
| Income tax assets (net) | 11,780.15 | 7,309.47 |
| Other non-current assets | 563.30 | 613.66 |
| Total non-current assets | 92,952.29 | 40,510.04 |
| 2 Current assets | | |
| Inventories | 572.74 | 182.77 |
| Financial assets | | |
| Trade receivables | 44,684.60 | 40,527.69 |
| Cash and cash equivalents | 30,127.19 | 10,664.22 |
| Other bank balances | 15,833.46 | 271.08 |
| Loans | 2,302.32 | 1,738.87 |
| Other financial assets | 259.86 | 23.77 |
| Unbilled revenue | 38,682.58 | 28,732.80 |
| Other current assets | 2,619.01 | 2,353.42 |
| Total current assets | 135,081.76 | 84,494.62 |
| Total Assets | 228,034.05 | 125,004.66 |
| B EQUITY AND LIABILITIES | | |
| 1 Equity | | |
| Equity share capital | 12,679.10 | 11,333.51 |
| Other equity | 70,938.29 | 24,328.77 |
| Total equity attributable to equity holders of the Company | 83,617.39 | 35,662.28 |
| Non-controlling interests | 88.20 | - |
| | 83,705.59 | 35,662.28 |
| 2 Liabilities | | |
| Non-current liabilities | | |
| Financial liabilities | | |
| Borrowings | 27,444.87 | 3,548.14 |
| Other financial liabilities | 13,279.03 | 2,918.31 |
| Provisions | 2,254.62 | 1,417.83 |
| Total non current liabilities | 42,978.52 | 7,884.28 |
| 3 Current liabilities | | |
| Financial liabilities | | |
| Bank overdraft | 34.22 | 385.66 |
| Borrowings | 45,565.52 | 33,900.11 |
| Trade payables | 6,314.45 | 6,737.45 |
| Other financial liabilities | 28,638.61 | 26,295.05 |
| Income tax liabilities (net) | 823.72 | - |
| Provisions | 2,272.23 | 1,969.09 |
| Other current liabilities | 17,701.19 | 12,170.74 |
| Total current liabilities | 101,349.94 | 81,458.10 |
| Total Equity and Liabilities | 228,034.05 | 125,004.66 |

See accompanying notes to the financial results



Audited consolidated financial results for the quarter and year ended 31 March 2017

Notes :

- The above results of Quess Corp Limited ("the Company") including its subsidiaries (collectively known as 'group') its associates and its joint venture are prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013. The consolidated figures above include figures of subsidiary companies namely Coachive Solutions Private Limited, MFX Infotech Private Limited, Aravon Services Private Limited, Quess (Philippines) Corp, Quess Corp (USA) Inc., Quesscorp Holdings Pte. Ltd, Ikya Business Services (Private) Limited, Mindwire Systems Ltd., Canada, Brainhunter Companies Canada Inc., Brainhunter Companies LLC, Brainhunter Systems Ltd, MFXchange Holdings Inc., MFXchange (Ireland) Limited, MFXchange US Inc., Quessglobal (Malaysia) SDN.BHD, Quesscorp Lanka (Private) Limited, CentreQ Business Services Private Limited, Dependo Logistics Solutions Private Limited, Excelus Learning Solutions Private Limited, Inticore VJP Advance Systems Private Limited and Comtel Solutions Pte Limited and results of the associates namely Terrier Security Services (India) Private Limited and Simpliance Technologies Private Limited and its joint venture Himmer Industrial Services (M) SDN.BHD.
- The statement of consolidated financial results ('the Statement') of the Group its associates and its joint venture for the quarter and year ended 31 March 2017 has been reviewed by the Audit Committee and thereafter approved by the Board of Directors in the meeting held on 16 May 2017.
- The consolidated figures for the year ended 31 March 2017 have been audited by Statutory Auditors of the Company. The reports of the Statutory Auditors are unqualified. The audit 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.
- During the year ended 31 March 2017, the Company has completed the Initial Public Offering (IPO) and raised a total capital of Rs 40,000 lakhs by issuing 12,618,297 equity shares of Rs 10 each at a premium of Rs 307 per equity share. The equity shares of the Company got listed on NSE and BSE effective from 12 July 2016. The proceeds from IPO is Rs 37,038.47 lakhs (net of estimated issue expenses).
Details of utilisation of IPO proceeds are as follows:

| (Rupees in lakhs) | | | |
|--|--|-----------------------------|---------------------------------------|
| Particulars | Objects of the issue as per the prospectus | Utilised upto 31 March 2017 | Unutilised amount as on 31 March 2017 |
| Repayment of debt availed by the Company | 5,000.00 | 5,000.00 | - |
| Meeting capital expenditure requirement of the Company and Subsidiary MFX US | 7,171.70 | 1,636.01 | 5,535.69 |
| Funding incremental working capital requirement of the Company | 15,790.10 | 9,500.00 | 6,290.10 |
| Acquisitions and strategic initiatives | 8,000.00 | 8,000.00 | - |
| General corporate purpose | 1,076.67 | 1,076.67 | - |
| Total | 37,038.47 | 25,212.68 | 11,825.79 |

Unutilised amounts of the issue as at 31 March 2017 have been temporarily deployed in fixed deposit with banks which is in accordance with objects of the issue. The same needs to be utilised by 2018.

Expenses incurred by the Company estimated at Rs 2,961.53 lakhs, in connection with IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013. Till 31 March 2017, the Company has incurred Rs 2,746.04 lakhs of IPO expenses and the remaining amount of Rs 215.49 lakhs is accrued and expected to be utilized by June 2017.

- These consolidated financial results have been prepared in accordance with Indian Accounting Standard ('Ind 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 and SEBI Circular dated 5 July 2016.

Up to the year ended 31 March 2016, the Group has prepared its financial results in accordance with the requirements of the Indian GAAP (Previous GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1 April 2015.

Accounting policies have been applied consistently to all periods presented in these consolidated financial results. The consolidated financial results correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements".

6 Reconciliation between Previous GAAP and Ind AS

The Group has prepared a reconciliation of the net profit for the quarter and year ended 31 March 2016 under the previously applicable Generally Accepted Accounting Principles ('previous GAAP') with the total comprehensive income as reported in these consolidated financial results under Ind AS which is presented below:

| (Rupees in lakhs) | | | |
|---|------|-------------------------------|------------------------------|
| Net Profit reconciliation - Consolidated | Note | 12 months ended 31 March 2016 | 3 months ended 31 March 2016 |
| Profit after tax (PAT) as per Previous GAAP | | 8,971.60 | 3,535.44 |
| Employee benefit expenses [actuarial valuation gain / (losses)] | | (632.19) | (569.85) |
| Reversal of amortisation on goodwill and other intangible assets | (A) | 132.33 | 28.40 |
| Other adjustments [gain/(losses)] | | (26.16) | (21.21) |
| Expected credit loss allowance debited | (C) | (540.24) | (540.24) |
| Income tax impact of Ind AS adjustments[gain/(losses)] | (D) | 212.66 | 330.66 |
| PAT as per Ind AS [A] | | 8,118.00 | 2,763.20 |
| Other comprehensive income (OCI) | | | |
| Actuarial gain / (losses) of defined benefit obligation - Gratuity (net of tax) | | 406.81 | 370.99 |
| Exchange differences in translating financial statements of foreign operations | | (25.41) | (25.41) |
| Sub-total [B] | | 381.40 | 345.58 |
| Total Comprehensive Income [A+B] | | 8,499.40 | 3,108.78 |



The Group has also prepared an equity reconciliation between the equity as at 31 March 2016 under Previous GAAP and the equity as reported in the statement of assets and liabilities under Ind AS.

The equity reconciliation as at 31 March 2016 and 1 April 2015 for consolidated financial results is as below:

(Rupees in lakhs)

| Equity reconciliations | Note | As at 31 March 2016 | As at 1 April 2015 |
|---|------|---------------------|--------------------|
| Equity under previous GAAP attributable to shareholders of the Company | | 34,558.34 | 25,073.35 |
| Impairment of goodwill | (A) | (145.69) | (145.69) |
| Reversal of amortisation on goodwill and other intangible assets | (A) | 132.33 | - |
| Reinstatement of business combination | (B) | (290.56) | - |
| Other adjustments | | (25.93) | (7.56) |
| Expected credit loss allowance | (C) | (2,222.27) | (1,682.03) |
| Income tax impact of Ind AS adjustment | (D) | 3,656.06 | 3,668.78 |
| Equity as per Ind AS | | 35,662.28 | 26,906.85 |

Notes on equity reconciliation and profit reconciliation between Previous GAAP and Ind AS

- (A) **Impairment of Goodwill and amortisation reversal:** The Company has availed the exemption under Ind AS 101 and accordingly business combinations prior to 1 April 2015 has not been restated and goodwill is carried forward at its carrying value. The Company has carried the impairment testing of goodwill as at 1 April 2015 and as the recoverable amount was less than the carrying value, goodwill is impaired leading to decrease in equity. Accordingly, the goodwill is impaired on 1 April 2015 and the related amortisation on such goodwill as per previous GAAP is reversed leading to an increase in income.
- (B) **Reinstatement of business combination:** The Group has reinstated business combinations for the year 2015-16 as required under Ind AS 103 post transition date. Accordingly, based on the Purchase Price Allocation for Aravon Services Private Limited, the Group has recognised goodwill of Rs 72.97 lakhs as opposed to capital reserve aggregating Rs 290.56 lakhs recognised under Previous GAAP.
- (C) **Expected credit loss:** Under Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection. The Group uses an allowance matrix to measure the expected credit loss over the last six quarters. This has resulted in decrease in income and equity.
- (D) **Tax impact (net):** Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS. This includes reversal of deferred tax liability aggregating Rs 813.31 lakhs as at 1 April 2015 on the brand ("intangible assets" appearing in standalone financial statement of the Company created pursuant to court scheme) which is eliminated in the consolidated financial statement owing to common control transaction (merger of subsidiaries in the standalone books). Further, a deferred tax asset aggregating Rs 2,227.47 lakhs is created on such brand which has a tax base with corresponding nil book base at consolidated financial statements. These have resulted in increase in equity.

- 7 During the year, the Company along with its subsidiaries has made the following acquisitions which provides the Company to obtain a controlling interest in the below companies. The said acquisitions has resulted into a goodwill of Rs 18,300.11 lakhs which is given below:

(Rupees in lakhs)

| Name of Company | Date of Acquisition | % Stake | Investment amount | Fair value of net assets acquired | Goodwill on acquisition date |
|--|---------------------|---------|-------------------|-----------------------------------|------------------------------|
| Quess Corp Lanka Private Limited* | 26 April 2016 | 100% | 387.16 | 288.08 | 99.08 |
| Inticore VJP Advance Systems Private Limited | 1 December 2016 | 74% | 349.89 | 255.00 | 94.89 |
| Comtel Solutions Pte Limited | 14 February 2017 | 64% | 25,094.49 | 6,988.35 | 18,106.14 |
| Total | | | | | 18,300.11 |

* Formerly known as Randstad Lanka (Private) Limited

During the year the Company has entered into agreements with shareholders of Terrier Security Solutions Private Limited ("Terrier") and Simpliance Technology Private Limited ("Simpliance") and has acquired equity stake of 49% and 27% respectively in these companies. The Company has accounted these investments as associates as per Ind AS 28, Investments in Associates and Joint Ventures.

During the year Quesscorp Holdings Pte. Ltd (QHPL) (step down subsidiary) has entered into agreement with CPI Engineering Services SDN. BHD (CPI) and incorporated Himmer Industrial Services (M) SDN. BHD ("Himmer"). QHPL and CPI acquired equity stake of 49% and 51% respectively. As per the agreement all relevant activities of Himmer requires unanimous board approval. Considering provision of agreement the Company has classified investment in Himmer as joint venture as per Ind AS 111, Joint Arrangements.

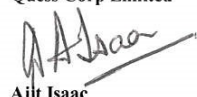
- 8 The Company has entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business") of MIS through the Scheme of Arrangement ("the Scheme") into the Company. The Board vide its meeting dated 28 November 2016 has approved the draft scheme of arrangement and filed the Scheme with BSE and NSE. The Company has received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively and has further filed it with National Company Law Tribunal (NCLT), subsequent to the balance sheet date. In pursuance of the Scheme, Company has invested Rs 22,000 lakhs by subscribing to Compulsory Convertible Preference Share of MIS as part of the purchase consideration.

The Scheme requires the Company to account for the acquisition, on and from 1 December 2016, i.e. appointed date. In accordance with Indian Accounting Standard 103, Business Combinations, (Ind AS 103), the accounting for the acquisition has to be done on and from the "Acquisition date". As per paragraph 9 of Ind-AS 103, the acquisition date is the date on which the acquirer obtains control of the acquiree and is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree the closing date. The appointed date (1 December 2016) as per the Scheme is not the same as the acquisition date, as defined under Ind AS 103. The accounting from the appointed date as mentioned in the Scheme is subject to regulatory approval.



- 9 During the year ended 31 March 2017, the Company has passed resolution in its Board of Directors Meeting dated 28 November 2016 and has issued 1,500 redeemable non-convertible debentures at a face value of Rs 10 lakh aggregating to Rs 15,000 lakhs. The debenture agreement carries a term where in the proceeds from debentures shall be utilised for Company's long-term working capital, payment of transaction related expenses related to capital issue and its general corporate purpose but shall not be used for any real estate business, equity trading/ speculative business. The debentures carry a coupon rate of 8.25% p.a. payable annually and is to be redeemed after 5 years from the date of allotment without any redemption premium. These debentures are secured by way of exclusive charge on all the movable and immovable assets of the Company.
- 10 Pursuant to the provisions of Listing Agreement, the Management has decided to publish audited consolidated financial results in the newspapers. However, the audited standalone financial results of the Company will be made available on the Company's website www.quescorp.com and also on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 11 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 and Services, Global Technology Solutions, Integrated Facility Management and Industrials. The accounting principles used in the preparation of these consolidated financial results are consistently applied to record revenue and expenditure in individual segments.
- 12 During the three months ended 31 March 2016, the Company has performed the reconciliations of tax provision created as per books of accounts with the income tax provisions filed in its return of income for the completed assessment years and written back additional provision aggregating Rs 645.64 lakhs.
- 13 During the year ended 31 March 2015, the Company acquired 100% interest in Brainhunter Systems (Canada) Limited ("BSL") from ICICI Bank India. Prior to acquisition of BSL by the Company, equity shares of BSL were originally owned by Zylog Systems Limited ("ZSL") and were pledged in favour of ICICI Bank as security for loans availed by ZSL from ICICI Bank. ZSL defaulted on loan repayments and ICICI Bank invoked the pledge and sold the shares to the Company.
- During the year ended 31 March 2015, the Company has received a notice from the official liquidator of Zylog, alleging that the acquisition of the equity shares of BSL by the Company was not in accordance with law and therefore void-ab-initio, as such sale and transfer of the equity shares of BSL had taken place subsequent to an order passed by the Honorable Madras High Court appointing the official liquidator for ZSL liquidation. Further, the Company has also received letter from the RBI stating its inability to take on record the transfer of the equity shares of BSL until the winding up proceedings of ZSL have been completed and resolved. The Company is of the view, that they have a strong case and has taken a legal opinion.
- The legal opinion reiterates that the case does not have merit and the sale is bonafide on the basis of the following:
- a. There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings.
 - b. ICICI Bank has enforced its security to realise its rights as a secured creditor and the sale is in compliance with Canadian law
 - c. That the sale of equity shares of Brainhunter is not prejudicial to the parties and that the same has been undertaken in accordance with the provisions of the law
- The Company has also obtained legal opinion from a Canadian law firm which has confirmed that the acquisition is appropriate from a Canadian jurisdiction perspective.
- Based on the legal opinions the management believes that the acquisition of BSL is appropriate.
- 14 The consolidated figures for the quarters ended 31 March 2017 and 31 March 2016 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.

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


Ajit Isaac

Chairman & Managing Director & CEO
Place: Bangalore
Date: 16 May 2017

