



Dated: June 1, 2017

The Secretary  
BSE Limited  
PhirozeJeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

Scrip Code: 539978 / QUESS

Kind Attn: Mr. Rakesh Parekh, Special Assistant, Listing Compliance

Dear Sir / Madam,

Sub: Financial results for the quarter and year ended March 2017 under  
Regulation 33 of the SEBI (LODR) Regulations 2015.

Ref: Your email dated May 31, 2017.

With reference to the above and as advised by you, we have reformatted the standalone and consolidated audited financial results for quarter and year ended March 31, 2017(copy attached) as per the format mentioned at Schedule III of Companies Act, 2013 which is in line with IND AS format.

We request you to take the above on record.

Thanking you,

Yours faithfully,  
For Quess Corp Limited

(Sudershan Pallap)  
Vice President & Company Secretary



Encl: As above

CC: National Stock Exchange of India Limited, Mumbai – for information and records.

# B S R & Associates LLP

Chartered Accountants

Maruthi Info-Tech Centre  
11-12/1 Inner Ring Road  
Koramangala  
Bangalore 560 071 India

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## **Auditor's Report on Annual Consolidated Financial Results of Qess Corp Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Board of Directors of Qess Corp Limited

We have audited the annual Consolidated Financial Results ('the Statement') of Qess Corp Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (collectively referred to as "the Group"), its associates and joint venture as listed in Note 1 to the Statement for the year ended 31 March 2017, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'). Attention is drawn to the fact that the figures for the quarter ended 31 March 2017 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also, the figures up to the end of the third quarter of the respective financial year have only been reviewed and not subjected to audit.

This Statement has been prepared on the basis of the consolidated annual Ind AS financial statements and reviewed consolidated quarterly financial results up to the end of the third quarter, which is the responsibility of the Company's Management. This Statement has been approved by the Board of Directors of the Company in their meeting held on 16 May 2017. Our responsibility is to express an opinion on the Statement based on our audit of consolidated Annual Ind AS financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards, prescribed under Section 133 of the Companies Act, 2013 with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with requirement of SEBI Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by the Management. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial results/ financial information of twenty subsidiaries, whose financial results/ financial information reflect total assets of INR 64,576 lakhs and net assets of INR 6,414 lakhs as at 31 March 2017, total revenues of INR 78,336 lakhs and net cash inflows amounting to INR 1,431 lakhs for the year ended on that date, as considered in the Statement. The Statement also include the Group's share of net profit of INR 67 lakhs for the year ended 31 March 2017, as considered in this Statement, in respect of two associates and a joint venture, whose financial results/ financial information have not been audited by us. These financial results/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts included in respect

of these subsidiaries, associates and a 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 matters with respect to the reports of the other auditors.

Seven of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting requirements applicable to the Statement under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the Statement, insofar as it relates to the financial results of such subsidiaries located outside India, is based solely on the aforesaid audit reports of these other auditors. Our opinion on the Statement is not modified in respect of the above matters with respect to the reports of the other auditors.

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, the Statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and
- (ii) give a true and fair view of the consolidated financial performance including other comprehensive income and other financial information for the year ended 31 March 2017.

for **B S R & Associates LLP**

*Chartered Accountants*

Firm registration number: 116231W/W-100024



**Vineet Dhawan**

*Partner*

Membership number: 092084

Place: Bangalore

Date: 16 May 2017

**Quess Corp Limited**

Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. U74140KA2007PLC043909

*(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)	31 March 2016 (Audited)
1	<b>Income from operations</b>					
	a) Revenue from operations	112,209.37	102,660.24	99,647.00	415,735.95	343,501.42
	b) Other income	285.58	602.55	332.87	1,525.20	905.16
	<b>Total income (a + b)</b>	<b>112,494.95</b>	<b>103,262.79</b>	<b>99,979.87</b>	<b>417,261.15</b>	<b>344,406.58</b>
2	<b>Expenses</b>					
	a) Cost of material and stores and spare parts consumed	977.36	525.68	1,243.15	4,687.77	4,814.04
	b) Employee benefit expense	95,669.24	88,197.68	86,051.30	354,350.85	300,692.06
	c) Finance costs	1,533.98	1,214.71	1,020.86	4,653.28	3,104.27
	d) Depreciation and amortisation expense	654.10	698.56	623.60	2,644.20	1,439.01
	e) Other expenses	9,698.17	8,310.93	8,337.76	34,417.22	22,887.07
	<b>Total expenses (a + b + c + d + e)</b>	<b>108,532.85</b>	<b>98,947.56</b>	<b>97,276.67</b>	<b>400,753.32</b>	<b>332,936.45</b>
3	<b>Profit before share of profit of equity accounted investees, exceptional items and tax (1 - 2)</b>	<b>3,962.10</b>	<b>4,315.23</b>	<b>2,703.20</b>	<b>16,507.83</b>	<b>11,470.13</b>
4	Share of profit of equity accounted investees (net of tax expense)	(34.01)	46.47	-	12.46	-
5	<b>Profit before exceptional items and tax (3 + 4)</b>	<b>3,928.09</b>	<b>4,361.70</b>	<b>2,703.20</b>	<b>16,520.29</b>	<b>11,470.13</b>
6	Exceptional items	-	-	-	-	-
7	<b>Profit before tax (5 + 6)</b>	<b>3,928.09</b>	<b>4,361.70</b>	<b>2,703.20</b>	<b>16,520.29</b>	<b>11,470.13</b>
8	<b>Tax expense</b>					
	a) Current tax	1,414.37	154.89	2,966.05	3,720.74	6,245.80
	b) Excess provision of tax relating to earlier years (refer note 12)	-	-	(645.64)	-	(645.64)
	c) Deferred tax	(250.35)	1,108.05	(2,380.41)	1,455.11	(2,248.03)
	<b>Total tax expenses</b>	<b>1,164.02</b>	<b>1,262.94</b>	<b>(60.00)</b>	<b>5,175.85</b>	<b>3,352.13</b>
9	<b>Profit for the period (7 - 8)</b>	<b>2,764.07</b>	<b>3,098.76</b>	<b>2,763.20</b>	<b>11,344.44</b>	<b>8,118.00</b>
10	<b>Other comprehensive income</b>					
	<i>(i) Items that will not be reclassified subsequently to profit or loss</i>					
	Remeasurement of defined benefit plans	(77.04)	55.69	569.85	(340.47)	632.19
	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	(225.38)
	<i>(ii) Items that will be classified to profit or loss</i>					
	Exchange differences in translating financial statements of foreign operations	(333.91)	-	(25.41)	(333.91)	(25.41)
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	<b>Other comprehensive income for the period, net of taxes</b>	<b>(340.95)</b>	<b>36.42</b>	<b>345.58</b>	<b>(513.22)</b>	<b>381.40</b>
11	<b>Total comprehensive income (9 + 10)</b>	<b>2,423.12</b>	<b>3,135.18</b>	<b>3,108.78</b>	<b>10,831.22</b>	<b>8,499.40</b>
12	<b>Profit attributable to:</b>					
	Owners of the Company	2,768.22	3,096.24	2,763.20	11,346.07	8,118.00
	Non-controlling interests	(4.15)	2.52	-	(1.63)	-
13	<b>Other comprehensive income attributable to:</b>					
	Owners of the Company	(340.95)	36.42	345.58	(513.22)	381.40
	Non-controlling interests	-	-	-	-	-
14	<b>Total comprehensive income attributable to:</b>					
	Owners of the Company	2,427.27	3,132.66	3,108.78	10,832.85	8,499.40
	Non-controlling interests	(4.15)	2.52	-	(1.63)	-
15	Paid-up equity share capital (Face value of Rs 10 per share)	12,679.10	12,679.10	11,333.51	12,679.10	11,333.51
16	Reserves i.e. Other equity				70,938.29	24,328.77
17	<b>Earning Per Share (EPS)</b>	(not annualised)	(not annualised)	(not annualised)	(annualised)	(annualised)
	(a) Basic (Rs)	2.18	2.44	2.46	9.24	7.17
	(b) Diluted (Rs)	2.15	2.37	2.41	9.10	7.03

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. U74140KA2007PLC043909

*(Rupees in lakhs)*

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 2017	31 March 2016
		(Audited) (Refer note 14)	(Unaudited)	(Audited) (Refer note 14)	(Audited)	(Audited)
1	<b>Segment revenue</b>					
	a) People and services	60,801.98	58,712.46	57,474.28	234,541.08	194,984.66
	b) Global technology solutions	34,959.22	28,078.68	26,930.30	118,296.65	92,112.45
	c) Integrated facility management	10,760.98	10,138.62	9,800.21	40,461.18	37,187.13
	d) Industrials	5,687.19	5,730.48	5,442.21	22,437.04	19,217.18
	<b>Total Income from operations</b>	<b>112,209.37</b>	<b>102,660.24</b>	<b>99,647.00</b>	<b>415,735.95</b>	<b>343,501.42</b>
2	<b>Segment results</b>					
	a) People and services	2,980.30	2,786.67	1,551.57	10,890.38	7,243.12
	b) Global technology solutions	2,299.35	2,112.79	1,978.14	8,336.78	6,046.14
	c) Integrated facility management	647.56	534.31	537.85	2,030.63	1,717.96
	d) Industrials	271.28	324.01	564.26	1,709.41	1,705.40
	<b>Total</b>	<b>6,198.49</b>	<b>5,757.78</b>	<b>4,631.82</b>	<b>22,967.20</b>	<b>16,712.62</b>
	Less: (i) unallocated corporate expenses	987.99	830.39	1,240.63	3,331.29	3,043.38
	Less: (ii) Finance costs	1,533.98	1,214.71	1,020.86	4,653.28	3,104.27
	Add: (iii) Other income	285.58	602.55	332.87	1,525.20	905.16
	<b>Total profit before tax</b>	<b>3,962.10</b>	<b>4,315.23</b>	<b>2,703.20</b>	<b>16,507.83</b>	<b>11,470.13</b>
3	<b>Segment assets</b>					
	a) People and services	35,202.16	36,480.14	32,439.69	35,202.16	32,439.69
	b) Global technology solutions	71,687.50	48,420.07	46,648.10	71,687.50	46,648.10
	c) Integrated facility management	13,866.23	14,854.17	13,641.78	13,866.23	13,641.78
	d) Industrials	10,570.10	11,773.29	6,649.15	10,570.10	6,649.15
	e) Unallocated	96,708.06	84,216.93	25,625.94	96,708.06	25,625.94
	<b>Total</b>	<b>228,034.05</b>	<b>195,744.60</b>	<b>125,004.66</b>	<b>228,034.05</b>	<b>125,004.66</b>
4	<b>Segment liabilities</b>					
	a) People and services	23,241.85	26,164.42	21,767.96	23,241.85	21,767.96
	b) Global technology solutions	16,252.91	12,572.27	12,446.53	16,252.91	12,446.53
	c) Integrated facility management	7,085.10	7,141.54	4,231.16	7,085.10	4,231.16
	d) Industrials	3,792.01	9,179.24	1,443.46	3,792.01	1,443.46
	e) Unallocated	93,956.59	58,046.23	49,453.27	93,956.59	49,453.27
	<b>Total</b>	<b>144,328.46</b>	<b>113,103.70</b>	<b>89,342.38</b>	<b>144,328.46</b>	<b>89,342.38</b>

See accompanying notes to the financial results



**Quess Corp Limited**

Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. U74140KA2007PLC043909

(Rupees in lakhs)

Consolidated Statement of Assets and Liabilities as at 31 March 2017

Particulars		As at	As at
		31 March 2017	31 March 2016
		(Audited)	(Audited)
<b>A</b>	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	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
	<b>Financial assets</b>		
	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
	<b>Total non-current assets</b>	<b>92,952.29</b>	<b>40,510.04</b>
2	<b>Current assets</b>		
	Inventories	572.74	182.77
	<b>Financial assets</b>		
	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
	<b>Total current assets</b>	<b>135,081.76</b>	<b>84,494.62</b>
	<b>Total Assets</b>	<b>228,034.05</b>	<b>125,004.66</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity</b>		
	Equity share capital	12,679.10	11,333.51
	Other equity	70,938.29	24,328.77
	<b>Total equity attributable to equity holders of the Company</b>	<b>83,617.39</b>	<b>35,662.28</b>
	Non-controlling interests	88.20	-
		<b>83,705.59</b>	<b>35,662.28</b>
2	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	<b>Financial liabilities</b>		
	Borrowings	27,444.87	3,548.14
	Other financial liabilities	13,279.03	2,918.31
	Provisions	2,254.62	1,417.83
	<b>Total non current liabilities</b>	<b>42,978.52</b>	<b>7,884.28</b>
3	<b>Current liabilities</b>		
	<b>Financial liabilities</b>		
	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
	<b>Total current liabilities</b>	<b>101,349.94</b>	<b>81,458.10</b>
	<b>Total Equity and Liabilities</b>	<b>228,034.05</b>	<b>125,004.66</b>

See accompanying notes to the financial results



**Quess Corp Limited**

Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. U74140KA2007PLC043909

**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 Coachieve Solutions Private Limited, MFX Infotech Private Limited, Aravon Services Private Limited, Quess (Philippines) Corp, Quess Corp (USA) Inc., Quesscorp Holdings Pte. Ltd, Iky 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. quesscorp.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	-
<b>Total</b>	<b>37,038.47</b>	<b>25,212.68</b>	<b>11,825.79</b>

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
<b>Profit after tax (PAT) as per Previous GAAP</b>		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
<b>PAT as per Ind AS [A]</b>		<b>8,118.00</b>	<b>2,763.20</b>
<b>Other comprehensive income (OCI)</b>			
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]		<b>381.40</b>	<b>345.58</b>
<b>Total Comprehensive Income [A+B]</b>		<b>8,499.40</b>	<b>3,108.78</b>



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
<b>Equity under previous GAAP attributable to shareholders of the Company</b>		<b>34,558.34</b>	<b>25,073.35</b>
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
<b>Equity as per Ind AS</b>		<b>35,662.28</b>	<b>26,906.85</b>

**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
			<b>Total</b>		<b>18,300.11</b>

\* 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.

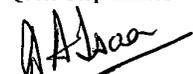
8 The Company has entered into definitive agreement with Manipal Integrated Services Private Limited ("MIS") dated 28 November 2016 to demerge the Facility Management Business and Catering Business (together means "Identified Business") of MIS through the Scheme of Arrangement ("the Scheme") into the 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](http://www.quescorp.com) and also on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://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:
- There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings.
  - ICICI Bank has enforced its security to realise its rights as a secured creditor and the sale is in compliance with Canadian law
  - 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  
**Quess Corp Limited**



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



# B S R & Associates LLP

Chartered Accountants

Maruthi Info-Tech Centre  
11-12/1 Inner Ring Road  
Koramangala  
Bangalore 560 071 India

Telephone: + 91 80 3980 6000  
Fax: + 91 80 3980 6999

## **Auditor's Report on Annual Standalone Financial Results of Qess Corp Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Board of Directors of Qess Corp Limited

We have audited the annual standalone financial results ("Statement") of Qess Corp Limited ("the Company") for the year ended 31 March 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'). Attention is drawn to the fact that the figures for the quarter ended 31 March 2017 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of full financial year and the published year to date figures up to the end of third quarter of the relevant financial year. Also the figures upto the end of the third quarter of the respective financial year have only been reviewed and not subjected to audit.

This Statement has been prepared on the basis of the standalone annual Ind AS financial statements and reviewed standalone quarterly financial results upto the end of third quarter, which are the responsibility of the Company's Management. This Statement has been approved by the Board of Directors of the Company in its meeting held on 16 May 2017. Our responsibility is to express an opinion on the Statement based on our audit of such standalone annual Ind AS financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with requirement of SEBI Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.



B S R & Associates LLP

Based on audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, the Statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and
- (ii) give a true and fair view of the standalone financial performance including other comprehensive income and other financial information for the year ended 31 March 2017.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm's registration number: 116231W/W-100024



**Vineet Dhawan**

*Partner*

Membership number: 092084

Place: Bengaluru

Date: 16 May 2017

**Quess Corp Limited**

Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. U74140KA2007PLC043909

*(Rupees in lakhs except per share data)*

**Part I Statement of audited standalone financial results for the quarter and twelve months ended 31 March 2017**

Sl. No.	Particulars	Standalone				
		Quarter ended			Twelve months ended	
		31 March 2017 (Audited) (Refer note 15)	31 December 2016 Unaudited	31 March 2016 (Audited) (Refer note 15)	31 March 2017 (Audited)	31 March 2016 (Audited)
1	<b>Income from operations</b>					
	a) Revenue from operations	87,819.50	84,080.05	82,353.59	336,072.21	291,817.69
	b) Other income	366.82	571.01	397.83	1,612.10	909.90
	<b>Total income (a + b)</b>	<b>88,186.32</b>	<b>84,651.06</b>	<b>82,751.42</b>	<b>337,684.31</b>	<b>292,727.59</b>
2	<b>Expenses</b>					
	a) Cost of material and stores and spare parts consumed	655.92	224.23	1,032.37	3,604.22	4,171.35
	b) Employee benefit expense	76,815.31	74,160.92	73,483.08	293,630.38	255,833.80
	c) Finance costs	1,337.25	979.60	864.89	3,890.30	2,708.63
	d) Depreciation and amortisation expense	438.97	438.37	393.91	1,702.15	1,523.68
	e) Other expenses	6,011.86	5,203.28	4,809.75	21,020.78	17,407.93
	<b>Total expenses (a + b + c + d + e)</b>	<b>85,259.31</b>	<b>81,006.40</b>	<b>80,584.00</b>	<b>323,847.83</b>	<b>281,645.39</b>
3	<b>Profit before tax and exceptional items (1 - 2)</b>	<b>2,927.01</b>	<b>3,644.66</b>	<b>2,167.42</b>	<b>13,836.48</b>	<b>11,082.20</b>
4	Exceptional items	-	-	-	-	-
5	<b>Profit before tax (3 + 4)</b>	<b>2,927.01</b>	<b>3,644.66</b>	<b>2,167.42</b>	<b>13,836.48</b>	<b>11,082.20</b>
6	<b>Tax expense</b>					
	a) Current tax	1,105.28	103.88	2,945.00	3,327.42	6,135.00
	b) Excess provision of tax relating to earlier years (refer note 11)	-	-	(645.64)	-	(645.64)
	c) Deferred tax	(67.17)	1,062.62	(2,188.79)	1,488.05	(2,262.54)
	<b>Total tax expense</b>	<b>1,038.11</b>	<b>1,166.50</b>	<b>110.57</b>	<b>4,815.47</b>	<b>3,226.82</b>
7	<b>Profit for the period (5 - 6)</b>	<b>1,888.90</b>	<b>2,478.16</b>	<b>2,056.85</b>	<b>9,021.01</b>	<b>7,855.38</b>
8	<b>Other comprehensive income</b>					
	<i>(i) Items that will not be reclassified subsequently to profit or loss</i>					
	Remeasurement of defined benefit plans	(45.62)	55.69	576.25	(309.29)	655.98
	Income tax relating to items that will not be reclassified to profit or loss	15.79	(19.27)	(199.73)	107.20	(227.02)
	<b>Other comprehensive income for the period, net of taxes</b>	<b>(29.83)</b>	<b>36.42</b>	<b>376.52</b>	<b>(202.09)</b>	<b>428.96</b>
9	<b>Total comprehensive income for the period (7 + 8)</b>	<b>1,859.07</b>	<b>2,514.58</b>	<b>2,433.37</b>	<b>8,818.92</b>	<b>8,284.34</b>
10	Paid-up equity share capital (Face value of Rs 10 per share)	12,679.10	12,679.10	11,333.51	12,679.10	11,333.51
11	Reserves i.e. Other equity				66,564.47	21,968.90
12	<b>Earning Per Share (EPS)</b>	(not annualised)	(not annualised)	(not annualised)	(annualised)	(annualised)
	(a) Basic (Rs)	1.49	1.96	2.21	7.34	6.94
	(b) Diluted (Rs)	1.47	1.93	2.16	7.23	6.81

See accompanying notes to the financial results



**Quess Corp Limited**

Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. U74140KA2007PLC043909

(Rupees in lakhs)

Statement of standalone segment wise revenue, results, assets and liabilities for the quarter and twelve months ended 31 March 2017

Sl. No.	Particulars	Standalone				
		Quarter ended			Twelve months ended	
		31 March 2017	31 December 2016	31 March 2016	31 March 2017	31 March 2016
		(Audited) (Refer note 15)	(Unaudited)	(Audited) (Refer note 15)	(Audited)	(Audited)
1	<b>Segment revenue</b>					
	a) People and services	59,792.71	57,702.63	57,154.87	230,913.12	194,860.77
	b) Global technology solutions	13,489.39	12,276.33	11,542.83	49,094.63	45,974.02
	c) Integrated facility management	9,007.53	8,447.07	8,213.70	33,861.21	31,765.73
	d) Industrials	5,529.87	5,654.02	5,442.19	22,203.25	19,217.17
	<b>Total Income from operations</b>	<b>87,819.50</b>	<b>84,080.05</b>	<b>82,353.59</b>	<b>336,072.21</b>	<b>291,817.69</b>
2	<b>Segment results</b>					
	a) People and services	2,644.26	2,688.78	1,449.77	10,466.16	7,682.01
	b) Global technology solutions	1,672.88	1,546.13	1,312.67	6,123.30	5,130.17
	c) Integrated facility management	409.28	371.45	376.49	1,377.18	1,330.49
	d) Industrials	247.75	277.27	244.86	1,568.06	1,321.59
	<b>Total</b>	<b>4,974.17</b>	<b>4,883.63</b>	<b>3,383.79</b>	<b>19,534.70</b>	<b>15,464.26</b>
	Less: (i) unallocated corporate expenses	1,076.73	830.38	749.31	3,420.02	2,583.33
	Less: (ii) Finance costs	1,337.25	979.60	864.89	3,890.30	2,708.63
	Add: (iii) Other income	366.82	571.01	397.83	1,612.10	909.90
	<b>Total profit before tax</b>	<b>2,927.01</b>	<b>3,644.66</b>	<b>2,167.42</b>	<b>13,836.48</b>	<b>11,082.20</b>
3	<b>Segment assets</b>					
	a) People and services	32,681.05	34,130.43	32,318.43	32,681.05	32,318.43
	b) Global technology solutions	20,532.61	21,393.26	19,922.88	20,532.61	19,922.88
	c) Integrated facility management	13,211.45	13,992.32	13,359.74	13,211.45	13,359.74
	d) Industrials	10,619.95	12,118.08	7,518.04	10,619.95	7,518.04
	e) Unallocated	91,038.20	84,332.69	23,001.24	91,038.20	23,001.24
	<b>Total</b>	<b>168,083.26</b>	<b>165,966.78</b>	<b>96,120.33</b>	<b>168,083.26</b>	<b>96,120.33</b>
4	<b>Segment liabilities</b>					
	a) People and services	21,466.86	24,476.81	21,715.21	21,466.86	21,715.21
	b) Global technology solutions	3,206.28	4,494.27	3,211.22	3,206.28	3,211.22
	c) Integrated facility management	5,167.65	5,146.40	2,495.50	5,167.65	2,495.50
	d) Industrials	3,659.91	3,818.86	1,443.46	3,659.91	1,443.46
	e) Unallocated	55,338.99	49,068.68	33,952.53	55,338.99	33,952.53
	<b>Total</b>	<b>88,839.69</b>	<b>87,005.02</b>	<b>62,817.92</b>	<b>88,839.69</b>	<b>62,817.92</b>

See accompanying notes to the financial results



**Quess Corp Limited**

Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. U74140KA2007PLC043909

*(Rupees in lakhs)*

Standalone Statement of Assets and Liabilities as at 31 March 2017

Particulars		As at 31 March 2017	As at 31 March 2016
		(Audited)	(Audited)
<b>A</b>	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	Property, plant and equipment	1,810.59	1,623.95
	Goodwill	45.20	-
	Intangible assets	8,053.74	8,672.86
	Intangible assets under development	852.37	85.55
	<b>Financial assets</b>		
	Investments	36,502.53	1,688.40
	Loans	1,146.46	577.36
	Other financial assets	85.72	205.16
	Deferred tax assets (net)	1,561.34	2,942.19
	Income tax assets (net)	11,155.58	6,929.88
	Other non-current assets	436.63	388.17
	<b>Total non-current assets</b>	<b>61,650.16</b>	<b>23,113.52</b>
2	<b>Current assets</b>		
	Inventories	462.35	132.22
	<b>Financial assets</b>		
	Trade receivables	28,553.05	32,398.20
	Cash and cash equivalents	22,379.68	8,420.77
	Other bank balances	15,827.11	269.74
	Loans	2,572.17	2,614.10
	Other financial assets	294.74	66.84
	Unbilled revenue	34,827.63	27,479.00
	Other current assets	1,516.37	1,625.94
	<b>Total current assets</b>	<b>106,433.10</b>	<b>73,006.81</b>
	<b>Total Assets</b>	<b>168,083.26</b>	<b>96,120.33</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity</b>		
	Equity share capital	12,679.10	11,333.51
	Other equity	66,564.47	21,968.90
		<b>79,243.57</b>	<b>33,302.41</b>
2	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	<b>Financial liabilities</b>		
	Borrowings	14,872.39	15.65
	Provisions	1,613.08	836.14
	<b>Total non current liabilities</b>	<b>16,485.47</b>	<b>851.79</b>
3	<b>Current liabilities</b>		
	<b>Financial liabilities</b>		
	Bank overdraft	34.22	-
	Borrowings	38,523.01	26,274.48
	Trade payables	1,998.85	1,592.60
	Other financial liabilities	18,713.71	22,346.99
	Provisions	2,044.07	1,736.34
	Other current liabilities	11,040.36	10,015.72
	<b>Total current liabilities</b>	<b>72,354.22</b>	<b>61,966.13</b>
	<b>Total Equity and Liabilities</b>	<b>168,083.26</b>	<b>96,120.33</b>

See accompanying notes to the financial results



**Qess Corp Limited**

Registered Office: Qess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. U74140KA2007PLC043909

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

**Notes :**

- The Statement of standalone financial results ('the Statement') of Qess Corp Limited ('the Company') 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 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 and National Stock Exchange and is also available on the Company's website www.qesscorp.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 our 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	-
<b>Total</b>	<b>37,038.47</b>	<b>25,212.68</b>	<b>11,825.79</b>

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 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 Company 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 standalone financial results. The financial results correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements".

**5 Reconciliation between previous GAAP and Ind AS**

The Company 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 financial results under Ind AS which is presented below:

(Rupees in lakhs)

Net Profit reconciliation - Standalone	Note	12 months ended 31 March 2016	3 months ended 31 March 2016
<b>Profit after tax (PAT) as per previous GAAP</b>		8,559.00	2,888.96
Employee benefit expenses [actuarial valuation gain / (losses)]	(A)	(655.98)	(575.78)
Reversal of amortisation on goodwill	(B)	121.64	26.44
Expected credit loss allowance	(C)	(563.42)	(563.42)
Other adjustments gain/(loss)		12.22	(5.75)
Income tax impact of Ind AS adjustment	(D)	381.92	286.40
<b>PAT as per Ind AS [A]</b>		<b>7,855.38</b>	<b>2,056.85</b>
<b>Other comprehensive income (OCI)</b>			
Actuarial gain / (losses) of defined benefit obligation - Gratuity (net of tax)		428.96	376.52
Sub-total [B]		428.96	376.52
<b>Total Comprehensive Income [A+B]</b>		<b>8,284.34</b>	<b>2,433.37</b>



The Company 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 standalone financial results is as below:

*(Rupees in lakhs)*

Equity reconciliations	Note	As at 31 March 2016	As at 1 April 2015
<b>Equity under previous GAAP attributable to shareholders of the Company</b>		<b>34,763.67</b>	<b>25,948.67</b>
Impairment of goodwill	(B)	(145.69)	(145.69)
Reversal of amortisation of goodwill	(B)	121.64	-
Other adjustments		4.89	(7.34)
Expected credit loss allowance	(C)	(2,225.01)	(1,661.59)
Income tax impact of Ind AS adjustment	(D)	782.91	628.00
<b>Equity under Ind AS attributable to shareholders of the Company</b>		<b>33,302.41</b>	<b>24,762.05</b>

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

- (A) **Employee benefits:** Under Previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses is recognised in other comprehensive income in the respective periods.
- (B) **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 was not restated and goodwill is carried at cost. The Company has carried the 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 . As the goodwill is impaired on 1 April 2015, the amortisation on such goodwill amortised as per previous GAAP is reversed leading to an increase in income.
- (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 Company 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. These have resulted in increase in equity.

6 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.

7 The Company has entered into Share Purchase Agreement (SPA) with Terrier Security Solutions Private Limited ("Terrier") and its shareholders on 19 October 2016, to acquire 74% stake in Terrier subject to the approval of Foreign Investment Promotion Board ("FIPB") for consideration as per the terms mentioned in the SPA. The Company has currently acquired 49% stake on 9 December 2016 for a consideration of Rs 7,200 lakhs and accordingly Terrier has become an associate of the Company.

8 The Company has entered into a Share Subscription Agreement dated 28 November 2016 with Inticore VJP Advance Systems Private Limited ("Inticore") to subscribe 73.99% of shares for a consideration of Rs 349.99 lakhs. The Company acquired controlling stake on 1 December 2016 and Inticore has become the subsidiary of the Company.

9 The Company has entered into Share Subscription Agreement (SSA) dated 19 October 2016 with Simpliance Technologies Private Limited ("Simpliance") and its shareholders to acquire equity stake of 45% in Simpliance for a consideration of Rs 250 lakhs. The Company has currently acquired 27% equity stake for a consideration of Rs 113 lakhs and accordingly Simpliance has become an associate of the Company.

10 During the year ended 31 March 2017, the Company has passed resolution in its Board of Directors Meeting held on 28 November 2016 and issued 1,500 redeemable non-convertible debentures at a face value of Rs 10 lakh aggregated to Rs 15,000 lakhs. The debenture agreement carries a term wherein 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.



- 11 During the quarter 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.
- 12 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:
- There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings.
  - ICICI Bank has enforced its security to realise its rights as a secured creditor and the sale is in compliance with Canadian law
  - 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 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.
- 13 Pursuant to the provisions of Listing Agreement, the Management has decided to publish audited consolidated financial results in the newspapers. However, the unaudited standalone financial results of the Company will be made available on the Company's website [www.quescorp.com](http://www.quescorp.com) and also on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).
- 14 Based on the "management approach" as defined in Ind AS 108, Operating Segments, the Chief Operating Decision Maker evaluates the Company 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 financial results are consistently applied to record revenue and expenditure in individual segments.
- 15 The 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  
**Quess Corp Limited**



**Aji Isaac**

*Chairman & Managing Director & CEO*

Place: Bangalore

Date: 16 May 2017





**Declaration pursuant to Regulation 33 (3) (d) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

I, Subrata Kumar Nag, Wholetime Director & Chief Financial Officer of the Company, hereby declare that the Statutory Auditors of the Company, M/s B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100034) have issued unmodified opinion on standalone and consolidated financial results of the Company for financial year ended March 31, 2017.

For Quess Corp Limited

*Subrata Nag*

Subrata Kumar Nag  
Whole-time Director & CFO



Dated May 16, 2017

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