Deloitte Haskins & Sells LLP

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

Tel: +91 80 6188 6000
Fax: +91 80 6188 6011

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF QUESS CORP LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **QUESS CORP LIMITED** ("the Company"), for the quarter ended 30 June 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 amended.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. **Emphasis of Matter**

We draw attention to Note 11 of the Statement, which describes the effects on the collectability arising from uncertainty on the outcome of insolvency resolution process relating to certain trade and other receivables, including interest on loans granted from a related party.

We also draw attention to Note 7 of the Statement regarding the review petition pending in the Supreme Court, in relation to its earlier judgement dated 28 February 2019, and the consequent uncertainty on the applicability of the judgement, and the impracticability of measuring the amounts payable, if any.

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

6. **Other Matter**

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

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

Anand Subramanian
Partner
(Membership No. 110815)

Bengaluru, 24 July 2019

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

Part 1: Statement of unaudited standalone financial results for the quarter ended 30 June 2019

(INR in lakhs except per share data)

Sl. No.	Particulars	Standalone			
		Quarter ended			**Year ended**
		30 June 2019	**31 March 2019**	**30 June 2018**	**31 March 2019**
		(Unaudited)	**(Audited) (Refer note 2)**	**(Unaudited)**	**(Audited)**
1	**Income**				
	a) Revenue from operations	161,587.54	153,417.05	129,769.28	561,307.55
	b) Other income	1,644.14	1,214.28	1,079.24	4,722.79
	Total income (a + b)	**163,231.68**	**154,631.33**	**130,848.52**	**566,030.34**
2	**Expenses**				
	a) Cost of material and stores and spare parts consumed	2,882.38	3,386.25	2,930.70	12,967.12
	b) Employee benefit expense	135,603.80	125,567.92	104,805.56	456,006.88
	c) Finance costs	2,435.81	1,659.61	1,397.71	6,360.26
	d) Depreciation and amortisation expense	1,612.03	1,102.16	1,110.69	4,456.48
	e) Other expenses	15,486.13	15,196.60	15,213.60	61,505.41
	Total expenses (a + b + c + d + e)	**158,020.15**	**146,912.54**	**125,458.26**	**541,296.15**
3	**Profit before tax (1 - 2)**	**5,211.53**	**7,718.79**	**5,390.26**	**24,734.19**
4	**Tax expense/(credit)**				
	Current tax	1,011.89	1,697.56	1,121.71	5,230.87
	Income tax relating to previous year	-	517.72	-	517.72
	Deferred tax	(825.72)	(1,780.12)	(726.43)	(4,142.39)
	Total tax expense/(credit)	**186.17**	**435.16**	**395.28**	**1,606.20**
5	**Profit for the period (3 - 4)**	**5,025.36**	**7,283.63**	**4,994.98**	**23,127.99**
6	**Other comprehensive income**				
	Items that will not be reclassified subsequently to profit or loss				
	Remeasurement of defined benefit plans	(43.55)	257.41	(299.56)	(465.14)
	Income tax relating to items that will not be reclassified to profit or loss	15.22	(89.95)	103.67	162.53
	Other comprehensive income for the period, net of taxes	**(28.33)**	**167.46**	**(195.89)**	**(302.61)**
7	**Total comprehensive income for the period (5 + 6)**	**4,997.03**	**7,451.09**	**4,799.09**	**22,825.38**
8	Paid-up equity share capital (Face value of INR 10.00 per share)	14,610.39	14,608.48	14,548.42	14,608.48
9	Reserves i.e. Other equity				244,888.04
10	Earnings Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (INR)	3.44	4.99	3.43	15.86
	(b) Diluted (INR)	3.42	4.96	3.40	15.77

See accompanying notes to the financials results

Quess Corp Ltd.

Quess Corp Limited
Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;
CIN No. L74140KA2007PLC043909
Unaudited Standalone financial results for the quarter ended 30 June 2019

Notes :

1 The statement of unaudited standalone financials results ("the Statement") of Quess Corp Limited ("the Company") for the quarter ended 30 June 2019 have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 24 July 2019. The statutory auditors, have issued an unmodified review report. The figures for the quarter ended 31 March 2019 are the balancing figures between audited figures in respect of the previous financial year and the published unaudited year to date figures upto the end of the third quarter of the previous financial year, which were subjected to limited review by the Statutory Auditors of the Company. Standalone financial results for the quarter ended 30 June 2018 were reviewed by previous auditors.

3 Pursuant to the provisions of the Listing Agreement, the Management has decided to publish unaudited consolidated financial results in the newspapers. The unaudited standalone financial results and the review report of the Statutory Auditors is being filed with Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE") and will be made available on the Company website www.quesscorp.com.

4 In accordance with Ind AS 108, Operating segments, segment information has been provided in the unaudited consolidated financial results of the Company and therefore no separate disclosure on segment information is given in these unaudited standalone financial results.

5 During the year ended 31 March 2018, the Company had completed the Institutional Placement Programme ("IPP") and raised a total capital of INR 87,392.23 lakhs by issuing 1,09,24,029 equity shares of INR 10.00 each at a premium of INR 790.00 per equity share. The proceeds from IPP is INR 84,754.90 lakhs (net of issue expenses).

Details of utilisation of IPP proceeds are as follows:

(INR in lakhs)

Particulars	**Objects of the issue as per the prospectus**	**Utilised upto 30 June 2019**	**Unutilised amount as on 30 June 2019**
Acquisitions and other strategic initiatives	62,500.00	62,500.00	-
Funding incremental working capital requirement of our Company	15,000.00	15,000.00	-
General corporate purpose	7,254.90	7,254.90	-
Total	**84,754.90**	**84,754.90**	-

Expenses incurred by the Company amounting to INR 2,637.33 lakhs, in connection with IPP have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013 during the year ended 31 March 2018.

6 Acquisitions:

(a) On 7 May 2019 the Company acquired balance 10.00% equity stake in Greenpiece Landscapes India Private Limited ("GLIPL") at a consideration of INR 280.00 lakhs and GLIPL has become 100.00% subsidiary of the Company.

(b) During the quarter ended 30 June 2019, the Board of Directors of the Company at its meeting held on 17 April 2019, considered and approved an additional investment of (a) INR 19,310.00 lakhs by way of subscription to equity shares to be issued and allotted by 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. Accordingly on 23 May 2019, the Company has invested INR 19,310.00 lakhs thereby increasing the total shareholding of the Company in CBSL from 51.00% to 70.00%. On 1 June 2019, the Company invested INR 7,800.00 lakhs in CCD's of CBSL and a further amount of INR 12,708.72 lakhs has been given as Intercorporate Deposits ("ICDs"). The amount given as ICDs, to the extent utilised for open offer with respect to the acquisition of Allsec Technologies Limited [refer note 6 (c) below] will be converted into CCDs and the balance will be transferred back to the Company.

(c) During the quarter ended 30 June 2019, the Company("PAC") through its subsidiary 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 and with SPA2 to acquire 39,61,940 shares. Pursuant to Regulations 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011, as amended ("SEBI SAST Regulations") the Acquirer along with the PAC made a Public Announcement ("PA") for Open Offer ("Offer") to the shareholders of the Target Company to acquire up to 39,61,965 fully paid equity shares of INR 10.00 each at a price of INR 320.00 per share, payable in cash. On 3 May 2019 the Draft Letter of Offer was filed with Securities and Exchange Board of India ("SEBI"). The Acquirer and the PAC appointed Axis Capital Limited as the Managers to the Open Offer, in terms of Regulation 12 of the SEBI SAST Regulations. On 3 June 2019, the Acquirer has completed the acquisition of 93,49,095 shares representing 61.35% equity shares of the Target, from SPA1 and SPA2 for a consideration of INR 27,119.71 lakhs and the Target has become a subsidiary of the Company. On 21 June 2019 the Acquirer made the open offer and acquired 18,33,817 shares representing 12.03% equity shares of the Target at a price of INR 320.00 per share amounting to INR 5,868.21 lakhs which was completed on 10 July 2019.

7 On 28 February 2019, the Hon'ble Supreme Court of India ("SC") delivered a judgement clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund ("PF") contributions need to be made by establishments. As per the judgement all amounts, whether classified as "allowances" or not, paid universally, necessarily and ordinarily to all across the board would be considered as components of salaries and wages for the purpose of calculation of PF contribution. A review petition on the above judgement is pending before the SC. Further, the Company has been legally advised that there are various interpretative challenges on the application of the judgement retrospectively. Based on legal advice and pending the outcome of the review petition no provision or contingent liability disclosure is made at this stage.

Quess Corp Ltd.

8 During the previous year ended 31 March 2019, the Company had entered into a Composite Scheme of Arrangement and Amalgamation ("the Scheme") with

9 The Board of Directors of the Company at its meeting held on 25 October 2018, approved the Scheme of Amalgamation ("Scheme") among Quess Corp Limited ("Transferee Company") with four of its wholly owned subsidiaries viz. Aravon Services Private Limited ("ASPL"), CentreQ Business Services Private Limited ("CBSP"), Coachieve Solutions Private Limited ("COAL"), and Master Staffing Solutions Private Limited ("MSSP") together known as ("Transferor Companies") and their respective shareholders and creditors. Upon the Scheme becoming effective the Transferor Companies stands dissolved, all the assets and liabilities of the transferor companies will be recorded at the carrying values in the Consolidated financial statements. The carrying amount of the Transferee Company's investment in the shares of the Transferor Companies, which shall stand cancelled in the terms of this Scheme, and the aggregate face value of such shares shall, subject to other provisions contained herein, be adjusted and reflected in the Capital Reserve of the 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.

10 On 30 March 2019, the Ministry of Corporate affairs has notified Ind AS 116, Leases with effect from 1 April 2019. The standard primarily requires the Company, as a lessee, to recognize, at the commencement of the lease a right-of-use asset and a lease liability (representing present value of unpaid lease payments). Such right-of-use assets are subsequently depreciated and the lease liability reduced when paid, with the interest on the lease liability being recognized as finance cost subject to certain re-measurement adjustments. The Company has adopted this standard using modified retrospective method effective 1 April 2019, and accordingly, the comparatives have not been restated retrospectively. In the Statement of Profit and Loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-of-use asset and finance cost for interest accrued on lease liability. Further transition adjustments, if any, arising from refinements or authoritative interpretation guidance will be prospectively recognized. The impact on profits and earnings per share is not material.

11 The Company through a subcontracting arrangement with its associate, Trimax Smart Infraprojects Private Limited (TSIPL) provides hardware, software, maintenance and technical support to Trimax IT Infrastructure & Services Limited ("Trimax"). The joint venture partner, Trimax, executed an agreement with Smart City Ahmedabad Development Limited ("SCADL") a government undertaking, in 2017 for supply, installation, commissioning and operation and maintenance for a Pan CIT infrastructure and intelligent command and control centre for the Ahmedabad Smart City ("Project").

As per the Tripartite agreement between TSIPL, Trimax and Axis Bank ("Escrow Agent"), amounts recoverable from SCADL will be deposited into an escrow account and 99.00% of the money received will be paid to TSIPL. TSIPL will utilize the proceeds to settle the obligation of the Company.

On 21 February 2019, the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench ordered the commencement of Corporate Insolvency Resolution Process (CIRP) for Trimax based on a petition filed by Corporation Bank which had declared Trimax as an NPA on 31 March 2018.

At 30 June 2019, the Company has outstanding trade receivables of INR 4,947.97 lakhs, advance receivable of INR 1,228.20 lakhs and loan and interest receivable of INR 11,730.40 lakhs recoverable from TSIPL.

During the quarter and subsequently in July 2019, SCADL released INR 1.96 lakhs, and INR 765.00 lakhs respectively, towards dues to Trimax. TSIPL requested the Resolution Professional ('RP') of Trimax to release 99% of INR 1.96 lakhs and INR 765.00 lakhs deposited in the Escrow account. The RP, on the advice of Committee of Creditors (CoC) has communicated to the Company that these amounts pertain to pre-CIRP period but have been received during the CIRP period and hence need to be held in escrow until outcome of the resolution process is known.

TSIPL, based on an independent legal opinion, has challenged the withholding of payment in escrow by RP by filing a Miscellaneous Application with the NCLT which was heard on 8 July 2019 on fast track basis wherein the RP has been asked to file a response and the next hearing is scheduled for 20 August 2019.

Based on the current facts and circumstances, the Company considers the amounts outstanding to be eventually recoverable. The Company expects its Miscellaneous Application filed with the NCLT to sustain which will result in release of the amounts deposited in escrow account, although such recovery is contingent on the inherent uncertainties over the outcome and timing of the ongoing Insolvency process before the NCLT.

The above matter has not impacted TSIPL's ability to execute the contract, which is expected to be completed in the normal course.

12 The Board of Directors of the Company at its meeting held on 12 July 2019 approved issue of 7,54,437 equity shares of the Company having a face value of INR 10.00 per equity share ("Equity Shares") to Amazon.com NV Investment Holdings LLC, a Category III Foreign Portfolio Investor ("Investor"), for an aggregate amount of INR 5,099.99 lakhs at an issue price of INR 676.00 by way of a preferential allotment ("Issue") in accordance with applicable laws, and subject to such regulatory/statutory approval as may be required, including approval by shareholders of the Company. In relation to the proposed investment by the Investor in the Company, the Board has approved the execution by the Company of (i) the Share Subscription Agreement ("SSA") with the Investor for the proposed Issue of Equity Shares to the Investor on a preferential basis and (ii) the investment agreement ("Investment Agreement") with the Investor and Qdigi Services Limited, a wholly owned subsidiary of the Company ("Subsidiary"), in relation to the utilization of the proceeds of the investment towards, and certain rights of the Investor relating to, the business of the Subsidiary.

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

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

Quess Corp Limited