

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

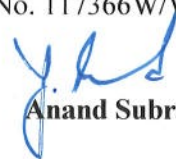
**TO THE BOARD OF DIRECTORS OF
QUESS CORP LIMITED**

1. We have reviewed the Financial Results of **QUESS CORP LIMITED** ("the Company"), for the quarter and half year ended September 30, 2018, included in the statement of Standalone Unaudited Financial Results of Quess Corp Limited ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

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

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or the financial results for the quarter and half year ended 30 September, 2018 contain any material misstatement.

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


Anand Subramanian
Partner
(Membership No. 110815)

Bengaluru, October 25, 2018

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 and half year ended ended 30 September 2018

(INR in lakhs except per share data)

Sl. No.	Particulars	Standalone					
		Quarter ended			Half year ended		Year ended
		30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
	(Unaudited)	(Unaudited)	(Unaudited) (Restated)*	(Unaudited)	(Unaudited) (Restated)*	(Audited)	
1	Income						
	a) Revenue from operations	1,35,420.66	1,29,769.28	1,03,170.15	2,65,189.94	1,98,076.59	4,41,080.79
	b) Other income	996.78	1,079.24	1,689.42	2,076.02	2,089.00	4,630.25
	Total income (a + b)	1,36,417.44	1,30,848.52	1,04,859.57	2,67,265.96	2,00,165.59	4,45,711.04
2	Expenses						
	a) Cost of material and stores and spare parts consumed	3,395.20	2,930.70	2,777.82	6,325.90	5,204.29	12,305.84
	b) Employee benefit expense	1,10,063.08	1,04,805.56	86,710.58	2,14,868.64	1,65,816.44	3,64,302.10
	c) Finance costs	1,557.86	1,397.71	1,088.57	2,955.57	2,309.42	4,620.79
	d) Depreciation and amortisation expense	1,123.35	1,110.69	828.19	2,234.04	1,624.22	3,531.44
	e) Other expenses	14,845.74	15,213.60	8,101.13	30,059.34	15,919.75	40,548.52
	Total expenses (a + b + c + d + e)	1,30,985.23	1,25,458.26	99,506.29	2,56,443.49	1,90,874.12	4,25,308.69
3	Profit before exceptional items and tax (1-2)	5,432.21	5,390.26	5,353.28	10,822.47	9,291.47	20,402.35
4	Exceptional items	-	-	-	-	-	-
5	Profit before tax (3 + 4)	5,432.21	5,390.26	5,353.28	10,822.47	9,291.47	20,402.35
6	Tax expense/(credit) [refer note 7]						
	Current tax	1,084.63	1,121.71	1,091.34	2,206.34	1,894.28	4,205.15
	Income tax relating to previous year	-	-	(6,851.88)	-	(6,851.88)	(5,711.60)
	Deferred tax	(783.23)	(726.43)	(1,081.17)	(1,509.66)	(1,866.74)	(4,017.59)
	Total tax expense/(credit)	301.40	395.28	(6,841.71)	696.68	(6,824.34)	(5,524.04)
7	Profit for the period (5 - 6)	5,130.81	4,994.98	12,194.99	10,125.79	16,115.81	25,926.39
8	Other comprehensive income						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Remeasurement of defined benefit plans	(52.71)	(299.56)	(285.37)	(352.27)	(364.23)	(520.26)
	Income tax relating to items that will not be reclassified to profit or loss	19.42	103.67	98.76	123.09	126.05	165.82
	Other comprehensive income for the period, net of taxes	(33.29)	(195.89)	(186.61)	(229.18)	(238.18)	(354.44)
9	Total comprehensive income for the period (7 + 8)	5,097.52	4,799.09	12,008.38	9,896.61	15,877.63	25,571.95
10	Paid-up equity share capital (Face value of INR 10.00 per share)	14,608.48	14,548.42	14,548.42	14,608.48	14,548.42	14,548.42
11	Reserves i.e. Other equity						2,21,598.98
12	Earnings Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (INR)	3.53	3.43	8.76	6.96	11.80	18.38
	(b) Diluted (INR)	3.51	3.40	8.67	6.92	11.67	18.19

* Refer note 6 (a)

See accompanying notes to the financial results



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Quess Corp Limited

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

Balance Sheet as at 30 September 2018

(INR in lakhs)

Particulars	As at	As at
	30 September 2018 (Unaudited)	31 March 2018 (Audited)
A ASSETS		
1 Non-current assets		
Property, plant and equipment	5,053.52	5,273.94
Goodwill	55,346.80	55,346.80
Other intangible assets	16,624.51	17,614.36
Intangible assets under development	334.73	215.79
Financial assets		
(i) Non-current investments	67,463.78	60,151.89
(ii) Non-current loans	2,734.89	1,615.00
(iii) Other non-current financial assets	455.64	239.75
Deferred tax assets (net)	14,255.25	12,622.49
Income tax assets (net)	15,151.11	10,946.14
Other non-current assets	892.96	630.31
Total non-current assets	1,78,313.19	1,64,656.47
2 Current assets		
Inventories	717.32	651.46
Financial assets		
(i) Current investments	4,919.17	19,740.20
(ii) Trade receivables	48,140.52	53,986.06
(iii) Cash and cash equivalents	37,488.56	41,093.23
(iv) Bank balances other than cash and cash equivalents above	17,290.60	23,273.71
(v) Current loans	24,825.47	20,365.08
(vi) Unbilled revenue	47,539.62	31,888.91
(vii) Other current financial assets	2,970.14	1,866.30
Other current assets	5,488.55	1,688.65
Total current assets	1,89,379.95	1,94,553.60
Total Assets	3,67,693.14	3,59,210.07
B EQUITY AND LIABILITIES		
1 Equity		
Equity share capital	14,608.48	14,548.42
Other equity	2,31,824.96	2,21,598.98
Total equity	2,46,433.44	2,36,147.40
2 Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Non-current borrowings	14,878.45	14,866.23
Non-current provisions	5,808.84	4,724.42
Total non-current liabilities	20,687.29	19,590.65
3 Current liabilities		
Financial liabilities		
(i) Current borrowings	40,015.39	57,857.40
(ii) Trade payables	10,524.27	8,822.30
(iii) Other current financial liabilities	29,194.89	25,965.40
Current provisions	319.45	339.68
Other current liabilities	20,518.41	10,487.24
Total current liabilities	1,00,572.41	1,03,472.02
Total liabilities	1,21,259.70	1,23,062.67
Total Equity and Liabilities	3,67,693.14	3,59,210.07

See accompanying notes to the financial results



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CIN No. L74140KA2007PLC043909

Unaudited financial results for the quarter and half year ended 30 September 2018

Notes :

- 1 The statement of unaudited standalone financial results ("the Statement") of Quess Corp Limited ("the Company") for the quarter and half year ended 30 September 2018 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 25 October 2018. The statutory auditors, have issued an unqualified review report. Standalone financial results for the quarter ended 30 June 2018, quarter and half year ended 30 September 2017 and year ended 31 March 2018 were reviewed / audited by previous auditors.
- 3 Pursuant to the provisions of the Listing Agreement, the Management has decided to publish unaudited consolidated financial results in the newspapers. The review report of the statutory auditors is being filed with Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE") and is also available on the Company's website www.uesscorp.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 previous 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 10,924,029 equity shares of INR 10.00 each at a premium of INR 790.00 per equity share. The proceeds from IPP is INR 84,754.90 lakhs (net of estimated issue expenses).
Details of utilisation of IPP proceeds are as follows:

Particulars	Objects of the issue as per the prospectus	(INR in lakhs)	
		Utilised upto 30 September 2018	Unutilised amount as on 30 September 2018
Acquisitions and other strategic initiatives	62,500.00	38,648.76	23,851.24
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	60,903.66	23,851.24

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

Expenses estimated by the Company amounting to INR 2,637.33 lakhs, in connection with IPP have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

6 Acquisitions:

- (a) During the year ended 31 March 2017, the Company had 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" or "Merged Business") of MIS through the Scheme of Arrangement ("the Scheme") at a consideration of INR 68,030.53 lakhs. The Board vide its meeting dated 28 November 2016 had approved the draft Scheme of Arrangement and filed the Scheme with BSE and NSE. The Company had received the approval from BSE and NSE dated 23 March 2017 and 27 March 2017 respectively.

During the year ended 31 March 2018, the Company had obtained approval from the National Company Law Tribunal ("NCLT") dated 30 November 2017, to merge Identified Business of MIS. The scheme had been filed with Registrar of Companies ("ROC") on 13 December 2017. The appointed date of the Scheme was 1 December 2016 which is the effective date of merger approved by NCLT. The NCLT order override the requirements under Ind AS 103, Business Combinations, and hence the Company has considered the date of acquisition as 1 December 2016. The Company has considered the said merger as a business acquisition from the appointed date and accordingly have restated its results for the comparative quarter including Earnings Per Share ("EPS").

The impact of merger on the Statement are as follows:

Particulars	(INR in lakhs except per share data)	
	For the quarter ended 30 September 2017	For the half year ended 30 September 2017
Revenue (including other income)	6,138.56	11,367.70
Total expenditure	5,554.58	10,257.67
Profit after tax	(1,222.10)	168.20
Basic Earning Per Share	(0.88)	0.12
Diluted Earnings Per Share	(0.87)	0.12

The identified business includes two subsidiaries namely Master Staffing Solutions Private Limited (100.00% owned) and Golden Star Facilities and Services Private Limited (60.00% owned). The Company has a contractual commitment to acquire the non-controlling interest in Golden Star Facilities and Services Private Limited. During the previous year ended 31 March 2018, the Company has completed the purchase price allocation and has recognised assets and liabilities of the acquired business at its fair value including intangible assets. Post allocation of purchase price, the Company has recorded goodwill of INR 55,301.60 lakhs.

- (b) During the previous year ended 31 March 2018, the Company had entered into Share Purchase Cum Shareholder's Agreement ("SPSHA") dated 24 January 2018 and subsequent amendment agreement dated 28 March 2018 with Greenpiece Projects Private Limited, Greenpiece Landscapes India Private Limited ("GLIPL") and its Shareholders to acquire equity stake in GLIPL. As per these agreements, the Company has agreed to acquire 100.00% equity stake in GLIPL in various tranches. During the quarter ended 30 June 2018, the Company had acquired 90.00% equity stake in GLIPL at a consideration of INR 2,160.00 lakhs and thus GLIPL has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest.



- (c) During the quarter ended 30 June 2018, the Company had acquired 100.00% equity stake in HCL Computing Products Limited ("HCPL") at an estimated consideration of INR 3,000.00 lakhs and thus HCPL has become the subsidiary of the Company. The name of HCPL has been changed to Qdigi Services Limited w.e.f. 21 February 2018.
- (d) During the half year ended 30 September 2018, the Company had entered into an agreement (amendment to the original share subscription agreement dated 19 October 2016) with Simpliance Technologies Private Limited ("STPL") to subscribe for additional 8.00% equity stake at a consideration of INR 200.00 lakhs. Accordingly, the Company's equity stake has increased to 53.00% and STPL has become the subsidiary of the Company.
- (e) During the half year ended 30 September 2018, the Company had entered into a Share Purchase Agreement ("SPA") dated 5 September 2018 with Heptagon Technologies Private Limited ("Heptagon") and its shareholders to subscribe for additional 3.00% shares for a consideration of INR 150.00 lakhs. As of 30 September 2018, the Company holds 49.00% equity stake in Heptagon.
- 7 As per the amendment in the Finance Act 2016, deduction under Section 80JJAA of Income Tax Act, 1961 was extended across all sectors subject to fulfilment of conditions as stipulated in the said Section. The amendment was first applicable for the financial year ended 31 March 2017. Since the provision was subject to a number of clarifications and interpretations, the Company had obtained an opinion from an external advisor establishing its eligibility and method to compute deduction under Section 80JJAA during the year ended 31 March 2018. Resultantly, the Company had accounted for 80JJAA deduction and the related deduction for the year ended 31 March 2017 in the previous year ended 31 March 2018.
- 8 Effective 1 April 2018, the Company had adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method. The standard is applied retrospectively only to contracts that were not completed as at the date of 1 April 2018 and the comparative information is not restated in the unaudited standalone financial results. The adoption of the standard did not have any material impact to the unaudited financial results of the Company.
- 9 During the quarter ended 30 June 2018, the Company had entered into a Composite Scheme of Arrangement and Amalgamation ("the Scheme") with Thomas Cook India Limited ("TCIL"), Travel Corporation (India) Limited, TC Travel and Services Limited, TC Forex Services Limited and SOTC Travel Management Private Limited and their respective shareholders and creditors, wherein TCIL will demerge its Human Resource Services business (including investment in shares of Quess Corp Limited) into the Company on a going concern basis. The Board vide its meeting dated 23 April 2018 had approved the Scheme and filed the Scheme with BSE and NSE and is awaiting approval. As a part of consideration, the Company will issue its own shares to the shareholders of TCIL.
- 10 During the quarter ended 30 September 2018, the Company has entered into contractual arrangements to acquire controlling stakes in Quess East Bengal FC Private Limited.
- 11 On 29 August 2018, the Company has completed the sale of its 74.00% equity stake in Inticore VJP Advance Systems Private Limited.
- 12 During the half year ended 30 September 2018, the Company has reviewed and reassessed the presentation of defined benefit obligations. Consequently, an amount of INR 2,507.57 lakhs representing provision for gratuity as at 31 March 2018, earlier classified under "current provisions" has been reclassified to "non-current provisions". This change has no impact on the profit/(loss) for the reporting periods.

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



Aji Isaac
Chairman & Managing Director
Place: Bengaluru
Date: 25 October 2018



Disclosures in compliance with regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended 30 September 2018.

(a) Details of Outstanding Non-Convertible Debentures:

Sl.No	Name of Series	No of debentures	Amount of Issue in INR
1	8.25% NCD's (issued on 21 January 2017)	1500.00	150,00,00,000

(b) Credit Rating :

The Credit rating in respect of the above mentioned NCD series is "AA-" by ICRA. We confirm that there is no change in the credit rating as of date.

(c) Asset coverage : 4.15 times*

(d) Debt-Equity ratio: 0.23 times**

(e)

Previous due date for payment of Interest: 20-Jan-2018

Next due date for payment of principal and interest

Particulars	Principal due date	Amount in INR	Interest due date	Amount in INR
8.25% NCD's (issued on 21 January 2017)	NIL	NIL	20-Jan-19	12,37,50,000
8.25% NCD's (issued on 21 January 2017)	NIL	NIL	20-Jan-20	12,37,50,000
8.25% NCD's (issued on 21 January 2017)	NIL	NIL	20-Jan-21	12,37,50,000
8.25% NCD's (issued on 21 January 2017)	20-Jan-22	150,00,00,000	20-Jan-22	12,37,50,000

(f) Debt service coverage ratio: 0.34 times***

(g) Interest service coverage ratio: 3.96 times****

(h) Debenture redemption reserve: INR 1,312.50 lakhs as at 30 September 2018

(i) Net worth: INR 2,46,433.44 lakhs as at 30 September 2018

(j) Net profit after tax: INR 10,125.79 lakhs as at 30 September 2018

(k) Earnings per share: Included in the results

* Asset coverage ratio = [(Total assets-Intangible assets)-(Current liabilities-short term debt)] divided by total debt.

** Debt-equity ratio = Total debt divided by Equity.

*** DSCR = [Net operating income divided by total debt service]

**** ISCR = [Profit before interest and exceptional items divided by interest expense]

