

B S R & Associates LLP

Chartered Accountants

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Auditor's Report on audited Annual Standalone Financial Results of Qess Corp Limited Pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of Qess Corp Limited

We have audited the accompanying annual standalone financial results ('Statement') of Qess Corp Limited ('the Company') for the year ended 31 March 2018, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the quarter ended 31 March 2018 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of the 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 had 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 up to the end of the third quarter which are the responsibility of the Company's Management. Our responsibility is to express an opinion on the Statement based on our audit of the standalone annual Ind AS financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing 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 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 Management. We believe that our audit provides a reasonable basis for our opinion.

We draw attention to note 7(a) to the Statement regarding the Scheme of Arrangement ('Scheme') which has been approved by the National Company Law Tribunal ('NCLT') vide its order dated 30 November 2017. The Company has given effect to the Scheme from the appointed date specified in the Scheme i.e. 1 December 2016. The accounting treatment is different from that prescribed under Ind AS 103 Business Combinations. Our opinion is not modified in respect of this matter.



B S R & Associates LLP

The financial results and financial information of the merged business for the period from appointed date i.e. 1 December 2016 to 31 March 2017 included in the Statement have been audited by the other auditor who expressed unmodified opinion vide their audit report dated 23 January 2018 has been furnished to us by the management and has been relied upon by us for the purpose of audit of the Statement. Our opinion is not modified in respect of this matter.

In our opinion and to the best of our information and according to the explanations given to us and in the context of overriding effect of the accounting treatment for the merger scheme approved by the NCLT vis-à-vis the treatment that would have been applicable otherwise as described in note 7(a) to the Statement, the Statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (ii) give a true and fair view of the net profit and other comprehensive income and other financial information for the year ended 31 March 2018.

for B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024



Vipin Lodha

Partner

Membership No. 076806

Place: Bengaluru

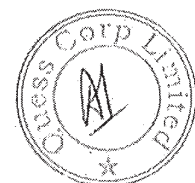
Date: 17 May 2018

(INR in lakhs except per share data)

Part I: Statement of audited standalone financial results for the quarter and year ended 31 March 2018

Sl. No.	Particulars	Standalone				
		Quarter ended			Year ended	
		31 March 2018	31 December 2017	31 March 2017	31 March 2018	31 March 2017
	(Audited) (Refer note 2)	(Unaudited)	(Audited) (Refer note 2)	(Audited)	(Audited)	
1	Income					
	a) Revenue from operations	129,293.22	113,710.97	93,984.87	441,080.79	344,292.70
	b) Other income	1,204.31	1,336.94	375.31	4,630.25	1,620.75
	Total income (a + b)	130,497.53	115,047.91	94,360.18	445,711.04	345,913.45
2	Expenses					
	a) Cost of material and stores and spare parts consumed	3,600.69	3,500.87	2,427.52	12,305.84	5,833.56
	b) Employee benefit expense	104,226.19	94,259.47	77,340.81	364,302.10	294,596.88
	c) Finance costs	1,182.20	1,129.16	1,337.71	4,620.79	3,890.91
	d) Depreciation and amortisation expense	983.87	923.35	893.14	3,531.44	2,178.77
	e) Other expenses	14,283.38	10,345.40	9,129.93	40,548.52	25,048.52
	Total expenses (a + b + c + d + e)	124,276.33	110,158.25	91,129.11	425,308.69	331,548.64
3	Profit before exceptional items and tax (1-2)	6,221.20	4,889.66	3,231.07	20,402.35	14,364.81
4	Exceptional items	-	-	-	-	-
5	Profit before tax (3 + 4)	6,221.20	4,889.66	3,231.07	20,402.35	14,364.81
6	Tax expense (refer note 9)					
	Current tax	1,314.02	996.85	770.82	4,205.15	3,081.47
	Income tax relating to previous year	1,140.28	-	-	(5,711.60)	-
	Deferred tax	(1,166.52)	(984.32)	262.79	(4,017.59)	1,804.76
	Total tax expense	1,287.78	12.53	1,033.61	(5,524.04)	4,886.23
7	Profit for the period (5 - 6)	4,933.42	4,877.13	2,197.46	25,926.39	9,478.58
8	Other comprehensive income					
	<i>Items that will not be reclassified subsequently to profit or loss</i>					
	Remeasurement of defined benefit plans	(159.95)	3.91	(43.91)	(520.26)	(307.33)
	Income tax relating to items that will not be reclassified to profit or loss	41.12	(1.35)	15.36	165.82	106.52
	Other comprehensive (loss)/ income for the period, net of taxes	(118.83)	2.56	(28.55)	(354.44)	(200.81)
9	Total comprehensive income/(loss) for the period (7 + 8)	4,814.59	4,879.69	2,168.91	25,571.95	9,277.77
10	Paid-up equity share capital (Face value of INR 10.00 per share)	14,548.42	14,548.42	12,679.10	14,548.42	12,679.10
11	Reserves i.e. Other equity				221,598.98	67,023.31
12	Earnings Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(annualised)	(annualised)
	(a) Basic (INR)	3.39	3.35	1.64	18.38	7.57
	(b) Diluted (INR)	3.36	3.32	1.62	18.19	7.46

See accompanying notes to the financial results



Qness Corp Limited

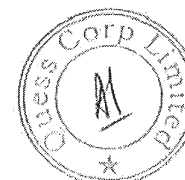
Registered Office: Qness House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;
CIN No. L74140KA2007PLC043909

Balance Sheet as at 31 March 2018

(INR in lakhs)

Particulars	As at	As at
	31 March 2018	31 March 2017
	(Audited)	(Audited)
A ASSETS		
1 Non-current assets		
Property, plant and equipment	5,273.94	2,210.37
Goodwill	55,346.80	55,346.80
Other intangible assets	17,614.36	17,848.09
Intangible assets under development	215.79	852.37
Financial assets		
(i) Investments	60,151.89	19,042.23
(ii) Non-current loans	1,615.00	1,209.34
(iii) Other non-current financial assets	239.75	85.72
Deferred tax assets (net)	12,622.49	1,941.52
Income tax assets (net)	10,946.14	11,636.66
Other non-current assets	630.31	439.78
Total non-current assets	164,656.47	110,612.88
2 Current assets		
Inventories	651.46	546.04
Financial assets		
(i) Investments	19,740.20	-
(ii) Trade receivables	53,986.06	30,593.24
(iii) Cash and cash equivalents	41,093.23	22,605.40
(iv) Bank balances other than cash and cash equivalents above	23,273.71	15,863.71
(v) Current loans	20,365.08	2,611.48
(vi) Unbilled revenue	31,888.91	34,827.63
(vii) Other current financial assets	1,866.30	303.27
Other current assets	1,688.65	1,586.03
Total current assets	194,553.60	108,936.80
Total Assets	359,210.07	219,549.68
B EQUITY AND LIABILITIES		
1 Equity		
Equity share capital	14,548.42	12,679.10
Shares to be issued pursuant to merger [note no 7 (a)]	-	46,030.53
Other equity	221,598.98	67,023.31
Total equity	236,147.40	125,732.94
2 Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Non-current borrowings	14,866.23	14,872.39
Non-current provisions	2,216.85	1,653.23
Total non-current liabilities	17,083.08	16,525.62
3 Current liabilities		
Financial liabilities		
(i) Current borrowings	57,857.40	38,557.23
(ii) Trade payables	8,822.30	4,449.57
(iii) Other current financial liabilities	20,643.27	18,981.57
Current provisions	2,847.25	2,097.37
Other current liabilities	15,809.37	13,205.38
Total current liabilities	105,979.59	77,291.12
Total liabilities	123,062.67	93,816.74
Total Equity and Liabilities	359,210.07	219,549.68

See accompanying notes to the financial results



Audited financial results for the quarter and year ended 31 March 2018

Notes :

- 1 The Statement of standalone financial results ("the Statement") of Quess Corp Limited ("the Company") for the quarter and year ended 31 March 2018 has been reviewed by the Audit Committee and thereafter approved by the Board of Directors in the meeting held on 17 May 2018.
- 2 The figures for the year ended 31 March 2018 have been audited by the Statutory Auditors of the Company. The report of the Statutory Auditors is 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.uesscorp.com. The figures for the quarters ended 31 March 2018 and 31 March 2017 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.
- 3 These financial results 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. In accordance with Ind AS 108, Operating segments, segment information has been provided in the audited consolidated financial results of the Company and therefore no separate disclosure on segment information is given in these audited standalone financial results.
- 4 Pursuant to the provisions of the 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.uesscorp.com and also on the website of Bombay Stock Exchange ("BSE") (www.bseindia.com) and National Stock Exchange ("NSE") (www.nseindia.com).
- 5 During the year ended 31 March 2018, the Company has completed the Institutional Placement Programme ("IPP") and raised a total capital of INR 87,392.23 lakhs by issuing 10,924,029 equity shares of INR 10.00 each at a premium of INR 790.00 per equity share. The proceeds from IPP is INR 84,754.90 lakhs (net of estimated 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 31 March 2018	Unutilised amount as on 31 March 2018
Acquisitions and other strategic initiatives	62,500.00	34,236.00	28,264.00
Funding incremental working capital requirement of our Company	15,000.00	15,000.00	-
General corporate purpose	7,254.90	2,421.00	4,833.90
Total	84,754.90	51,657.00	33,097.90

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 During the previous year ended 31 March 2017, the Company has completed the Initial Public Offering ("IPO") and raised a total capital of INR 40,000.00 lakhs by issuing 12,618,297 equity shares of INR 10.00 each at a premium of INR 307.00 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 INR 37,038.47 lakhs (net of issue expenses).
Details of utilisation of IPO proceeds are as follows:

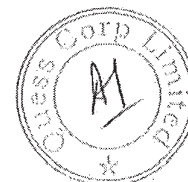
(INR in lakhs)

Particulars	Objects of the issue as per the prospectus	Utilised upto 31 March 2018	Unutilised amount as on 31 March 2018
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	7,171.70	-
Funding incremental working capital requirement of our Company	15,790.10	15,790.10	-
Acquisitions and strategic initiatives	8,000.00	8,000.00	-
General corporate purpose	1,076.67	1,076.67	-
Total	37,038.47	37,038.47	-

Expenses incurred by the Company amounting to INR 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.

7 Acquisitions:

- (a) During the previous 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 67,909.00 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 in the previous year 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 has obtained approval from the National Company Law Tribunal ("NCLT") dated 30 November 2017, to merge Identified Business of MIS. The scheme has been filed with Registrar of Companies ("ROC") on 13 December 2017. The appointed date of the scheme is 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 quarters/ periods including Earnings Per Share ("EPS").



The impact of merger on the Statement are as follows:

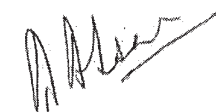
(INR in lakhs except per share data)

Particulars	for the quarter ended 31 March 2018	for the quarter ended 31 December 2017	for the quarter ended 31 March 2017	for the year ended 31 March 2018	for the year ended 31 March 2017
Revenue (including other income)	10,164.26	8,186.50	6,173.87	29,718.46	8,229.14
Total expenditure	8,614.97	7,610.61	5,869.78	26,483.85	7,700.82
Profit after tax	1,549.29	575.89	304.09	3,234.61	528.32
Basic Earning Per Share	1.06	0.40	0.23	2.29	0.42
Diluted Earnings Per Share	1.05	0.39	0.22	2.27	0.42

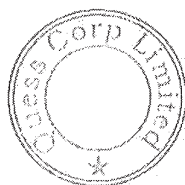
The identified business includes two subsidiaries namely Master Staffing Solutions Private Limited (100% owned) and Golden Star Facilities & Services Private Limited (60% owned). The Company has a contractual commitment to acquire the non-controlling interest in Golden Star Facilities & Services Private Limited. During the year, 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 year ended 31 March 2018, the Company has entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 20 November 2017 with Tata Business Support Services Limited ("TBSS") and its shareholders to acquire 100% equity stake in TBSS at an estimated consideration of INR 32,166.68 lakhs. In accordance with the SPA and SHA, during the year the Company has acquired 51% stake for consideration of INR 15,272.82 lakhs and thus TBSS has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest. The name of Tata Business Support Services Limited has been changed to Conneqt Business Solutions Limited w.e.f. 9 January 2018.
- (c) During the year ended 31 March 2018, the Company has entered into Share Purchase Agreement ("SPA") and Share Holders Agreement ("SHA") dated 25 October 2017 with Vedang Cellular Services Private Limited ("Vedang") and its shareholders to acquire 100% equity stake in Vedang. In accordance with the SPA and SHA, during the year the Company has acquired 70% stake for a consideration of INR 3,990.00 lakhs and thus Vedang has become the subsidiary of the Company. The Company has a contractual commitment to acquire the non-controlling interest.
- (d) During the year ended 31 March 2018, the Company has entered into an arrangement with Monster.Com Asia Ltd and Monster Worldwide, Inc. to acquire controlling stake in Monster.Com India Private Limited ("Monster") at an estimated consideration of INR 9,479.28 lakhs.
- (e) During the year ended 31 March 2018, the Company has entered into a Share Subscription Agreement ("SSA") dated 21 June 2017 with Heptagon Technologies Private Limited ("Heptagon") and has acquired 46% of shares for a consideration of INR 977.00 lakhs. Accordingly, Heptagon has become the associate of the Company.
- 8 During the year ended 31 March 2018, the Company has granted options to employees under the ESOP Scheme 2015. The Company has granted 230,680 stock options to employees at the exercise price of INR 10.00 each which has graded vesting over a period of 3 years. Accordingly, the Company has accounted for ESOP cost aggregating to INR 698.46 lakhs at fair value for the year ended 31 March 2018.
- 9 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 current year.
- 10 Thomas Cook (India) Limited ("TCIL"), the Holding Company, in its board meeting dated 23 April 2018, ratified the management's decision to reclassify its investments in Quess Corp Limited from a Subsidiary to an Associate Company effective 1 March 2018. Post 31 March 2018, the Company has entered into a Composite Scheme of Arrangement and Amalgamation with 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 business (including investment in shares of Quess Corp Limited) into Quess Corp Limited. As a part of consideration, the Company will issue its own shares to the shareholders of TCIL.
- 11 Subsequent to the year ended 31 March 2018, the Company has acquired the controlling stakes in Green Piece Landscapes India Private Limited and Qdigi Services Limited (formerly known as HCL Computing Products Limited).

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



Ajit Isaac
Chairman & Managing Director
Place: Bengaluru
Date: 17 May 2018



Disclosures in compliance with regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31 March 2018.

(a) Details of Outstanding Non-Convertible Debentures:

SLNo	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 : 3.26 times*

(d) Debt-Equity ratio: 0.31 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: 0.41 times***

(g) Interest service coverage ratio: 4.18 times****

(h) Debenture redemption reserve: INR 937.50 lakhs as at 31 March 2018

(i) Net worth: INR 2,36,147.40 lakhs as at 31 March 2018

(j) Net profit after tax: INR 25,926.39 lakhs as at 31 March 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]

