

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	31 December 2016	31 March 2016	31 March 2017	31 March 2016
		(Audited) (Refer note 15)	Unaudited	(Audited) (Refer note 15)	(Audited)	(Audited)
1	Income from operations					
	a) Sale of services	87,819.50	84,080.05	82,353.59	336,072.21	291,817.69
	b) Other operating income	-	-	-	-	-
	Total Income from operations (a + b)	87,819.50	84,080.05	82,353.59	336,072.21	291,817.69
2	Expenses					
	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 expenses	76,815.31	74,160.92	73,483.08	293,630.38	255,833.80
	c) Depreciation and amortisation expense	438.97	438.37	393.91	1,702.15	1,523.68
	d) Other expenses	6,011.86	5,203.28	4,809.75	21,020.78	17,407.93
	Total Expenses (a + b + c + d)	83,922.06	80,026.80	79,719.11	319,957.53	278,936.76
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	3,897.44	4,053.25	2,634.48	16,114.68	12,880.93
4	Other income	366.82	571.01	397.83	1,612.10	909.90
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	4,264.26	4,624.26	3,032.31	17,726.78	13,790.83
6	Finance expenses	1,337.25	979.60	864.89	3,890.30	2,708.63
7	Profit from ordinary activities after finance costs but before exceptional items (5 - 6)	2,927.01	3,644.66	2,167.42	13,836.48	11,082.20
8	Exceptional Items	-	-	-	-	-
9	Profit from ordinary activities before tax (7 + 8)	2,927.01	3,644.66	2,167.42	13,836.48	11,082.20
10	Tax expense, net (refer note 11)	1,038.11	1,166.50	110.57	4,815.47	3,226.82
11	Net Profit from ordinary activities after tax (9 - 10)	1,888.90	2,478.16	2,056.85	9,021.01	7,855.38
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net Profit for the period (11 - 12)	1,888.90	2,478.16	2,056.85	9,021.01	7,855.38
14	Other comprehensive income					
	(i) Items that will not be reclassified subsequently to profit or loss					
	Remeasurement of defined benefit plan	(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)
	Net other comprehensive income not to be reclassified subsequently to profit or loss	(29.83)	36.42	376.52	(202.09)	428.96
15	Total comprehensive income	1,859.07	2,514.58	2,433.37	8,818.92	8,284.34
16	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
17	Reserves i.e. Other equity				66,564.47	21,968.90
18	Earning Per Share (EPS)	(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



(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	Segment revenue					
	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
	Total Income from operations	87,819.50	84,080.05	82,353.59	336,072.21	291,817.69
2	Segment results					
	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
	Total	4,974.17	4,883.63	3,383.79	19,534.70	15,464.26
	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
	Total profit before tax	2,927.01	3,644.66	2,167.42	13,836.48	11,082.20
3	Segment assets					
	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
	Total	168,083.26	165,966.78	96,120.33	168,083.26	96,120.33
4	Segment liabilities					
	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
	Total	88,839.69	87,005.02	62,817.92	88,839.69	62,817.92

See accompanying notes to the financial results



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(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)
A	ASSETS		
1	Non-current assets		
	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
	Financial assets		
	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
	Total non-current assets	61,650.16	23,113.52
2	Current assets		
	Inventories	462.35	132.22
	Financial assets		
	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
	Total current assets	106,433.10	73,006.81
	Total Assets	168,083.26	96,120.33
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	12,679.10	11,333.51
	Other equity	66,564.47	21,968.90
		79,243.57	33,302.41
2	Liabilities		
	Non-current liabilities		
	Financial liabilities		
	Borrowings	14,872.39	15.65
	Provisions	1,613.08	836.14
	Total non current liabilities	16,485.47	851.79
3	Current liabilities		
	Financial liabilities		
	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
	Total current liabilities	72,354.22	61,966.13
	Total Equity and Liabilities	168,083.26	96,120.33

See accompanying notes to the financial results



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

Notes :

- 1 The Statement of standalone financial results ('the Statement') of Quess 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.
- 2 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.uesscorp.com.
- 3 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	-
Total	37,038.47	25,212.68	11,825.79

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

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

- 4 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
Profit after tax (PAT) as per previous GAAP		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
PAT as per Ind AS [A]		7,855.38	2,056.85
Other comprehensive income (OCI)			
Actuarial gain / (losses) of defined benefit obligation - Gratuity (net of tax)		428.96	376.52
Sub-total [B]		428.96	376.52
Total Comprehensive Income [A+B]		8,284.34	2,433.37



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
Equity under previous GAAP attributable to shareholders of the Company		34,763.67	25,948.67
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
Equity under Ind AS attributable to shareholders of the Company		33,302.41	24,762.05

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 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.

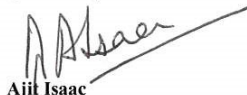
The debentures carry a coupon rate of 8.25% p.a. payable annually and is to be redeemed after 5 years from the date of allotment without any redemption premium. These debentures are secured by way of exclusive charge on all the movable and immovable assets of the Company.



- 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:
- a. There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings.
 - b. ICICI Bank has enforced its security to realise its rights as a secured creditor and the sale is in compliance with Canadian law
 - c. That the sale of equity shares of Brainhunter is not prejudicial to the parties and that the same has been undertaken in accordance with the provisions of the law
- The Company has also obtained legal opinion from 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.quesscorp.com and also on the website of BSE (www.bseindia.com) and NSE (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

Ques Corp Limited



Ajit Isaac

Chairman & Managing Director & CEO

Place: Bangalore

Date: 16 May 2017

