

# 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 7134 7000  
Fax +91 80 7134 7999

## Limited Review Report On Quarterly Standalone Financial Results of the Company 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 reviewed the accompanying statement of unaudited standalone financial results ("Statement") of Qess Corp Limited ("the Company") for the quarter ended 30 June 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in the meeting held on 21 July, 2017. Our responsibility is to issue a report on this statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditors of the Entity* issued by the Institute of Chartered Accountants of India. This standards require that we plan and perform the review to obtain moderate assurance about whether the Statement is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that accompanying Statement prepared in accordance with applicable accounting standard i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/W-100024



Vipin Lodha

Partner

Membership No.: 076806

Place: Bangalore

Date: 21 July 2017

**Quess Corp Limited**

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

*(Rupees in lakhs except per share data)*

Part I Statement of unaudited standalone financial results for the quarter ended 30 June 2017

Sl. No.	Particulars	Standalone			
		Quarter ended		Year ended	
		30 June 2017 (Unaudited)	31 March 2017 (Audited)	30 June 2016 (Unaudited)	31 March 2017 (Audited)
1	<b>Income from operations</b>				
	a) Revenue from operations	89,685.94	87,819.50	81,041.80	336,072.21
	b) Other income	390.94	366.82	85.57	1,612.10
	<b>Total income (a + b)</b>	<b>90,076.88</b>	<b>88,186.32</b>	<b>81,127.37</b>	<b>337,684.31</b>
2	<b>Expenses</b>				
	a) Cost of material and stores and spare parts consumed	824.31	655.92	1,020.07	3,604.22
	b) Employee benefit expense	78,702.45	76,815.31	70,594.48	293,630.38
	c) Finance costs	1,220.45	1,337.25	768.74	3,890.30
	d) Depreciation and amortisation expense	445.77	438.97	394.10	1,702.15
	e) Other expenses	5,471.76	6,011.86	4,949.11	21,020.78
	<b>Total expenses (a + b + c + d + e)</b>	<b>86,664.74</b>	<b>85,259.31</b>	<b>77,726.50</b>	<b>323,847.83</b>
3	<b>Profit before tax and exceptional items (1 - 2)</b>	<b>3,412.14</b>	<b>2,927.01</b>	<b>3,400.87</b>	<b>13,836.48</b>
4	Exceptional items	-	-	-	-
5	<b>Profit before tax (3 + 4)</b>	<b>3,412.14</b>	<b>2,927.01</b>	<b>3,400.87</b>	<b>13,836.48</b>
6	<b>Tax expense</b>				
	a) Current tax	750.18	1,105.28	1,195.52	3,327.42
	b) Deferred tax	131.43	(67.17)	72.62	1,488.05
	<b>Total tax expense</b>	<b>881.61</b>	<b>1,038.11</b>	<b>1,268.14</b>	<b>4,815.47</b>
7	<b>Profit for the period (5 - 6)</b>	<b>2,530.53</b>	<b>1,888.90</b>	<b>2,132.73</b>	<b>9,021.01</b>
8	<b>Other comprehensive income</b>				
	<i>Items that will not be reclassified subsequently to profit or loss</i>				
	Remeasurement of defined benefit plans	(78.86)	(45.62)	(119.85)	(309.29)
	Income tax relating to items that will not be reclassified to profit or loss	27.29	15.79	41.48	107.20
	<b>Other comprehensive income for the period, net of taxes</b>	<b>(51.57)</b>	<b>(29.83)</b>	<b>(78.37)</b>	<b>(202.09)</b>
9	<b>Total comprehensive income for the period (7 + 8)</b>	<b>2,478.96</b>	<b>1,859.07</b>	<b>2,054.36</b>	<b>8,818.92</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	Reserves i.e. Other equity				66,564.47
12	Earning Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (Rs)	2.00	1.49	1.88	7.34
	(b) Diluted (Rs)	1.97	1.47	1.84	7.23

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. L74140KA2007PLC043909

**Unaudited financial results for the quarter ended 30 June 2017**

**Notes :**

- 1 The Statement of unaudited standalone financial results ('the Statement') of Quess Corp Limited ('the Company') for the quarter ended 30 June 2017 has been reviewed by the Audit Committee and thereafter approved by the Board of Directors in the meeting held on 21 July 2017.
- 2 The figures for the quarter ended 30 June, 2017 was subjected to 'Limited Review' by Statutory Auditors of the Company. The review 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.queesscorp.com.
- 3 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.
- 4 Pursuant to the provisions of Listing Agreement, the Management has decided to publish unaudited 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.queesscorp.com and also on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 5 During the previous 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 issue expenses).  
Details of utilisation of IPO proceeds are as follows:

Particulars	<i>(Rupees in lakhs)</i>		
	Objects of the issue as per the prospectus	Utilised upto 30 June 2017	Unutilised amount as on 30 June 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	2,004.55	5,167.15
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>25,581.22</b>	<b>11,457.25</b>

Unutilised amounts of the issue as at 30 June 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 amounting to 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.

- 6 The Company has entered into a Share Subscription Agreement dated 21 June 2017 with Heptagon Technologies Private Limited ("Heptagon") to subscribe 46% of shares for a consideration of Rs 977 lakhs. During the quarter, the Company has acquired 43.81% stake for a consideration of Rs 894.04 lakhs and accordingly Heptagon has become an associate of the Company.
- 7 During the previous year, 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") of MIS through the Scheme of Arrangement ("the Scheme") into the Company. 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 and has filed the Scheme with National Company Law Tribunal (NCLT) dated 26 April 2017 and awaiting the approval. In pursuance of the Scheme, the 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.
- 8 During the previous year, the Company had entered into Share Purchase Agreement (SPA) with Terrier Security Solutions Private Limited ("Terrier") and its shareholders dated 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. Pending approval of FIPB, the Company in the previous year had 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.



9 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 had 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 had 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 had 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 in the earlier years had 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 taken by the Company in the earlier years, the management believes that the acquisition of BSL is appropriate.

10 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 standalone financial results.

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



Aji Isaac  
*Chairman & Managing Director & CEO*  
Place: Bangalore  
Date: 21 July 2017

