

Dated: July 21, 2017

Stock Code: BSE: 539978

NSE: QUESS

ISIN: INE615P01015

The Manager Listing Department, National Stock Exchange of India Limited, “Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai-400051.	The General Manager Listing Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.
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Dear Sir,

Sub: Outcome of the Board meeting.

This is to inform you that the Board of Directors at its meeting held today i.e. July 21, 2017 (commenced at 2.00 pm and concluded at 6.00 pm) considered, interalia, and approved the Un-audited Standalone and Consolidated financial results (subjected to limited review by the Statutory Auditors) for the quarter ended June 30, 2017.

Please find attached:

- Un-audited Standalone and Consolidated financial results for the quarter ended June 30, 2017 along with limited review report issued by the Statutory Auditors.
- Press release on the aforesaid financial results.

We request you to take the above on record.

Thanking you,

Yours faithfully,

For Quess Corp Limited



(Sudershan Pallap)

Vice President & Company Secretary



Encl: As above.

Quess Corp Limited

Quess House, 3/3/2, Bellandur Gate, Sarjapura Road, Bengaluru – 560 103, Karnataka, India

Tel: +91 80 6105 6001 | connect@quesscorp.com | CIN L74140KA2007PLC043909

www.quesscorp.com

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 Consolidated Financial Results of Quess Corp Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To The Board of Directors of Quess Corp Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ("the Statement") of Quess Corp Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (collectively referred to as "the Group"), its associates and joint venture as listed in Note 1 to the Statement for the quarter ended 30 June 2017 attached herewith, being submitted by the Holding 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 Holding Company's Management and has been approved by the Board of Directors in their 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 standard requires 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.

- a. We did not review the financial results of eight subsidiaries incorporated outside India whose financial results reflect total revenues (including other income) of INR 24,437 lakhs for the quarter ended on 30 June 2017, as considered in this Statement. The financial results of these subsidiaries have been prepared in accordance with the accounting principles generally accepted in their respective countries ('the local GAAP') and the Company's Management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. This has been done on the basis of a reporting package prepared by the Holding Company which covers accounting requirements applicable to the Statement under the generally accepted accounting principles in India. The reporting packages made for this purpose have been reviewed by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the Statement, in so far as it relates to the financial results of such subsidiaries located outside India is based solely on the aforesaid review reports of the other auditors.
- b. We did not review the financial results of thirteen subsidiaries, whose financial results reflect total revenues (including other income) of INR 4,211 lakhs for the quarter ended on 30 June 2017, as considered in this Statement. The Statement also include the Group's share of total comprehensive income (including other comprehensive income) of INR 57.63 lakhs for the quarter ended on 30 June 2017, as considered in this Statement, in respect of three associates and a joint venture whose financial results have not been reviewed by us. These financial results are unaudited and have been furnished to

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B S R & Associates LLP

us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, is based solely on such unaudited financial results. In our opinion and according to the information and explanations given to us by the Management, these financial results are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters with respect to the reports of the other auditors and the financial results certified by the Management.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognised 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

(Rupees in lakhs except per share data)

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

Sl. No.	Particulars	Consolidated			
		Quarter ended		Year ended	
		30 June 2017 (Unaudited)	31 March 2017 (Audited)	30 June 2016 (Unaudited)	31 March 2017 (Audited)
1	Income from operations				
	a) Revenue from operations	118,810.68	112,209.37	99,095.98	415,735.95
	b) Other income	340.34	285.58	69.72	1,525.20
	Total income (a + b)	119,151.02	112,494.95	99,165.70	417,261.15
2	Expenses				
	a) Cost of material and stores and spare parts consumed	1,114.72	977.36	1,243.48	4,687.77
	b) Employee benefit expense	102,214.79	95,669.24	84,407.92	354,350.85
	c) Finance costs	1,606.33	1,533.98	920.75	4,653.28
	d) Depreciation and amortisation expense	669.37	654.10	600.23	2,644.20
	e) Other expenses	9,132.86	9,698.17	8,169.71	34,417.22
	Total expenses (a + b + c + d + e)	114,738.07	108,532.85	95,342.09	400,753.32
3	Profit before share of profit of equity accounted investees, exceptional items and tax (1 - 2)	4,412.95	3,962.10	3,823.61	16,507.83
4	Share of profit/ (loss) of equity accounted investees (net of income tax)	55.09	(34.01)	-	12.46
5	Profit before exceptional items and tax (3 + 4)	4,468.04	3,928.09	3,823.61	16,520.29
6	Exceptional items	-	-	-	-
7	Profit before tax (5 + 6)	4,468.04	3,928.09	3,823.61	16,520.29
8	Tax expense				
	a) Current tax	974.88	1,414.37	1,210.15	3,720.74
	b) Deferred tax	180.08	(250.35)	144.02	1,455.11
	Total tax expense	1,154.96	1,164.02	1,354.17	5,175.85
9	Profit for the period (7 - 8)	3,313.08	2,764.07	2,469.44	11,344.44
10	Other comprehensive income				
	(i) Items that will not be reclassified subsequently to profit or loss				
	Remeasurement of defined benefit plans	(78.86)	(77.04)	(119.85)	(340.47)
	Share of other comprehensive income of equity accounted investees (net of income tax)	2.54	54.44	-	54.44
	Income tax relating to items that will not be reclassified to profit or loss	27.29	15.56	41.48	106.72
	(ii) Items that will be classified to profit or loss				
	Exchange differences in translating financial statements of foreign operations	51.90	(333.91)	-	(333.91)
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Other comprehensive income for the period, net of taxes	2.87	(340.95)	(78.37)	(513.22)
11	Total comprehensive income (9 + 10)	3,315.95	2,423.12	2,391.07	10,831.22
12	Profit attributable to:				
	Owners of the Company	3,313.61	2,768.22	2,469.44	11,346.07
	Non-controlling interests	(0.53)	(4.15)	-	(1.63)
13	Other comprehensive income attributable to:				
	Owners of the Company	2.87	(340.95)	(78.37)	(513.22)
	Non-controlling interests	-	-	-	-
14	Total comprehensive income attributable to:				
	Owners of the Company	3,316.48	2,427.27	2,391.07	10,832.85
	Non-controlling interests	(0.53)	(4.15)	-	(1.63)
15	Paid-up equity share capital (Face value of Rs 10 per share)	12,679.10	12,679.10	11,333.51	12,679.10
16	Reserves i.e. Other equity				70,938.29
17	Earning Per Share (EPS)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (Rs)	2.61	2.18	2.18	9.24
	(b) Diluted (Rs)	2.58	2.15	2.13	9.10

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

(Rupees in lakhs)

Statement of consolidated segment wise revenue, results, assets and liabilities for the quarter ended 30 June 2017

Sl. No.	Particulars	Consolidated			
		For the quarter ended		For the year ended	
		30 June 2017	31 March 2017	30 June 2016	31 March 2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Segment revenue				
	a) People and services	61,936.91	60,801.98	56,715.78	234,541.08
	b) Global technology solutions	38,971.43	34,959.22	27,469.30	118,296.65
	c) Integrated facility management	11,852.38	10,760.98	9,612.94	40,461.18
	d) Industrials	6,049.96	5,687.19	5,297.96	22,437.04
	Total Income from operations	118,810.68	112,209.37	99,095.98	415,735.95
2	Segment results				
	a) People and services	3,066.22	2,980.30	2,508.09	10,890.38
	b) Global technology solutions	2,632.50	2,299.35	1,956.58	8,336.78
	c) Integrated facility management	725.88	647.56	350.36	2,030.63
	d) Industrials	273.60	271.28	550.89	1,709.41
	Total	6,698.20	6,198.49	5,365.92	22,967.20
	Less: (i) Unallocated corporate expenses	1,019.26	987.99	691.28	3,331.29
	Less: (ii) Finance costs	1,606.33	1,533.98	920.75	4,653.28
	Add: (iii) Other income	340.34	285.58	69.72	1,525.20
	Add: (iv) Share of profit/ (loss) of equity accounted investees (net of income tax)	55.09	(34.01)	-	12.46
	Total profit before tax	4,468.04	3,928.09	3,823.61	16,520.29
3	Segment assets				
	a) People and services	41,586.04	35,202.16	39,079.84	35,202.16
	b) Global technology solutions	74,400.44	71,687.50	50,960.69	71,687.50
	c) Integrated facility management	19,105.81	13,866.23	14,062.03	13,866.23
	d) Industrials	13,101.60	10,570.10	11,693.53	10,570.10
	e) Unallocated	83,761.21	96,708.06	25,286.18	96,708.06
	Total	231,955.10	228,034.05	141,082.27	228,034.05
4	Segment liabilities				
	a) People and services	20,729.83	23,241.85	16,899.11	23,241.85
	b) Global technology solutions	19,077.10	16,252.91	16,469.82	16,252.91
	c) Integrated facility management	8,714.42	7,085.10	5,680.56	7,085.10
	d) Industrials	4,162.76	3,792.01	3,775.38	3,792.01
	e) Unallocated	92,249.97	93,956.59	58,121.54	93,956.59
	Total	144,934.08	144,328.46	100,946.41	144,328.46

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 consolidated financial results for the quarter ended 30 June 2017**Notes :**

- The above results of Quess Corp Limited (the 'Company') including its subsidiaries (collectively known as the 'Group'), its associates and its joint venture are prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013. The consolidated figures above include figures of subsidiary companies namely Coachive Solutions Private Limited, MFX Infotech Private Limited, Aravon Services Private Limited, Quess (Philippines) Corp, Quess Corp (USA) Inc., Quesscorp Holdings Pte Ltd, Ikya Business Services (Private) Limited, Mindwire Systems Ltd., Canada, Brainhunter Companies Canada Inc., Brainhunter Companies LLC, Brainhunter Systems Ltd, MFXchange Holdings Inc., MFXchange (Ireland) Limited, MFXchange US Inc., Quessglobal (Malaysia) Sdn. Bhd, Quesscorp Lanka (Private) Limited, CentreQ Business Services Private Limited, Dependo Logistics Solutions Private Limited, Excelus Learning Solutions Private Limited, Inticore VJP Advance Systems Private Limited and Comtel Solutions Pte Limited and results of the associates namely Terrier Security Services (India) Private Limited, Simpliance Technologies Private Limited and Heptagon Technologies Private Limited and its joint venture Himmer Industrial Services (M) Sdn. Bhd.
- The statement of unaudited consolidated financial results (the 'Statement') of the Group, its associates and its joint venture 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.
- 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.quescorp.com.
- 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 issued thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 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.quescorp.com and also on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 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:

(Rupees in lakhs)

Particulars	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	-
Total	37,038.47	25,581.22	11,457.25

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.

- 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.
- 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 Shares 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.



- 9 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.
- 10 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.
- 11 Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Group 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.

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


Ajit Isaac

Chairman & Managing Director & CEO

Place: Bengaluru

Date: 21 July 2017



B S R & Associates LLP

Chartered Accountants

Maruthi Info-Tech Centre
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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	Income from operations				
	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
	Total income (a + b)	90,076.88	88,186.32	81,127.37	337,684.31
2	Expenses				
	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
	Total expenses (a + b + c + d + e)	86,664.74	85,259.31	77,726.50	323,847.83
3	Profit before tax and exceptional items (1 - 2)	3,412.14	2,927.01	3,400.87	13,836.48
4	Exceptional items	-	-	-	-
5	Profit before tax (3 + 4)	3,412.14	2,927.01	3,400.87	13,836.48
6	Tax expense				
	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
	Total tax expense	881.61	1,038.11	1,268.14	4,815.47
7	Profit for the period (5 - 6)	2,530.53	1,888.90	2,132.73	9,021.01
8	Other comprehensive income				
	<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
	Other comprehensive income for the period, net of taxes	(51.57)	(29.83)	(78.37)	(202.09)
9	Total comprehensive income for the period (7 + 8)	2,478.96	1,859.07	2,054.36	8,818.92
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.quessecorp.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.quessecorp.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	Objects of the issue as per the prospectus	Utilised upto 30 June 2017	(Rupees in lakhs)
			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	-
Total	37,038.47	25,581.22	11,457.25

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



Ajit Isaac

Chairman & Managing Director & CEO

Place: Bangalore

Date: 21 July 2017



Quess Delivers Robust Q1'18 Results

YoY EBITDA up 20%, PAT up 34% and PAT margin up 29 bps

Bengaluru, India – 21st July 2017: Quess Corp., India's leading integrated business services provider announced today its financial results for the first quarter (Q1 FY18) ended 30th June 2017. The key consolidated financials for Q1'18 are:

Particulars (in ₹ cr)	Q1'18	Q1'17	YoY (%)	Q4'17	QoQ (%)
Revenue	1,188	991	19.9%	1,122	5.9%
EBITDA	63	53	20.4%	59	8.2%
<i>EBITDA Margin</i>	5.3%	5.3%	2 bps	5.2%	12 bps
PAT	33	25	34.2%	28	19.9%
<i>PAT Margin</i>	2.8%	2.5%	29 bps	2.5%	32 bps
Diluted EPS (in ₹)	2.6	2.1	20.9%	2.2	19.8%

Q1'18 – Highlights

- Revenue grew 19.9% YoY to ₹1,188 cr from ₹991 cr in Q1'17.
- EBITDA grew 20.4% YoY to ₹63 cr compared to ₹53 cr. Margin steady at 5.3%.
- PAT grew 34.2% YoY at ₹33 cr from ₹25 cr. Margin increased to 2.8% as against 2.5% in Q1'17, registering an expansion of 29 bps YoY.
- Diluted EPS was higher by 20.9% YoY at ₹2.6.
- Employee headcount as on June 30, 2017 was ~195,000 (Including Manipal and Terrier) compared to ~127,250 employees in the corresponding quarter of last year, registering a growth of 53.2%.
- Update on Acquisitions
 - For acquisition of Specialty Facility Management Business of MIS (Manipal Integrated Services Private Limited), received approval from BSE and NSE and filed the draft scheme of arrangement with NCLT (National Company Law Tribunal) on April 26, 2017, awaiting approval.
 - Acquisition of further 25% stake in Terrier Security Services Private Limited was referred to FIPB. Post FIPB dissolution case referred to nodal ministry (MHA – Ministry of Home Affairs).
- Quess' Board and Shareholders have approved fund raise by divesting up to 10% of shareholding through IPP (Institutional Placement Program). The funds will be predominantly used for strategic Mergers & Acquisitions apart from funding organic growth.

Segment Wise Performance

Particulars (in ₹ cr)	Q1'18	Q1'17	YoY (%)	Q1'17	YoY (%)
People & Services					
Revenue	619.4	567.2	9.2%	608.0	1.9%
Results	30.7	25.1	22.3%	29.8	2.9%
EBIT Margin	5.0%	4.4%		4.9%	
Global Technology Solutions					
Revenue	389.7	274.7	41.9%	349.6	11.5%
Results	26.3	19.6	34.5%	23.0	14.5%
EBIT Margin	6.8%	7.1%		6.6%	
Integrated Facility Management					
Revenue	118.5	96.1	23.3%	107.6	10.1%
Results	7.3	3.5	107.2%	6.5	12.1%
EBIT Margin	6.1%	3.6%		6.0%	
Industrials					
Revenue	60.5	53.0	14.2%	56.9	6.4%
Results	2.7	5.5	-50.3%	2.7	0.9%
EBIT Margin	4.5%	10.4%		4.8%	

Commenting on the financial results, CMD & CEO Mr. Ajit Isaac said that, "We are pleased with our robust results for Q1'18 solidifying our leadership position as an Integrated Business Services Provider. As indicated in our topline growth and expansion of profit margins, we continue to compound value for our shareholders over the long term. Funds that will be raised through IPP will enable us to make investments in opportunities that leverage the opportunities in the growing Indian economy. Through a combination of organic growth and new investments our focus continues to be on expanding margins and increasing our return on equity." Speaking on the recent roll out of GST he further added "We believe we are well positioned to benefit from the introduction of GST which will expedite the transition from unorganized to organized sector while opening other segments of the economy for our expanded range of business services."

About Quess Corp

Quess Corp Limited (BSE: 539978, NSE: QUESS), established in 2007, is India's leading integrated business services provider. Based out of Bengaluru, Quess today has a Pan-India presence with 65 offices across 34 cities along with overseas footprint in North America, the Middle East and South East Asia. It serves over 1700+ customers across 4 segments namely, Global Technology Solutions, People & Services, Integrated Facility Management and Industrials. Quess has over 195,000 employees (including Manipal Integrated Services and Terrier Security Services) and market cap of over INR 11,500 Crores as on June 30, 2017. For further details on Quess Corp Ltd. please visit: <http://www.quessecorp.com>

Investor / Analyst contact

Asha Gupta
Christensen Investor Relations
✉ ashah@christensenir.com
☎ +91 22 42150210

Media Contact

Abhinandan R.
Vice President - Strategy & Investment
✉ abhinandan.r@quessecorp.com
☎ +91 80 6105 6000

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