



“Quess Corp Ltd. Q2 and H1 FY18 Earnings Conference Call”

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Moderator: Ladies and Gentlemen, Good Day and Welcome to the Quess Corp Ltd. Q2 FY18 Earning Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sangram Mallick. Thank you and over to you, Sir.

Sangram Mallick: Thanks, Karuna. Welcome everyone and thank you for joining us for Q2FY18 earnings call of Quess Corp. I am Sangram Mallick and I handle Investor Relations at Quess Corp. Please note that the results and the press release have already been emailed to you and the earnings presentation has been updated on our website at www.uesscorp.com.

To take us through the results and to answer your questions today, we have Mr. Ajit Isaac, Chairman, MD and CEO of Quess Corp and Mr. Subrata Nag, our Group Executive Director and CFO.

We will be starting the call with a brief discussion giving an overview of the company's performance followed by Q&A session.

I would like to remind you that everything said on this call that reflects any outlook for the future or which can be construed as forward-looking statement must be viewed in conjunction with the uncertainties and the risks we face. These uncertainties and risks are included, but not limited to what have already been mentioned in the prospectus filed with SEBI.

With that said, I would now turn over the call to Mr. Ajit Isaac. Over to you, Sir.

Ajit Isaac: Good Afternoon and a warm welcome to all of you to the earnings call for the second quarter of this financial year. As part of our introductory remarks to this call, the second quarter at Quess this year has been a rather busy one. We have had a few significant events; we completed

successfully our first Institutional Placement Programme (IPP) where we raised about Rs 874 crores of stock which led to the increase in the public holding of our company to about 18% and through this process added some marquee investors who joined our roster of shareholders. We also successfully implemented the GST along with the number of digitization initiatives, which will give us a competitive differentiation in the market. This quarter, the company has shown strong organic growth with revenues rising by about 25% year-on-year to Rs 1,274 crores and EBITDA by about 21% growth to Rs 66 crores. We have also started availing the benefits of 80JJAA of income tax act which was recently extended to the services' sector. As a result of this, our earnings grew by significant 367% year-on-year from Rs 30 crores to Rs 141 crores. This includes a one-time benefit of Rs 67 crores for the previous year, but we expect our company to be a zero-tax company over the next few years so long as the provision continues to be in operation.

I would also like to highlight that Quess is now 212,500 employees strong. We reached the milestone of 100,000 in the year 2015, eight years after incorporation and reached the milestone of 200,000 in just two years thereafter, reflecting the accelerated pace of growth and the success of our M&A strategy. In our People and Services business, Quess has emerged as the largest staffing entity in India with an associated headcount of 145,000 engaged in staffing services which does not include any apprentices. The company also announced two acquisitions in the industrial segment this year. Vedang Cellular Services which is the top five telecom networking and operations and maintenance company at an investment of about Rs 40 crores. Additionally, we have invested into an SPV along with Trimax IT Infrastructure Services to develop and rollout IT infrastructure for Ahmedabad city as part of the smart city project being rolled out by the government. I am also joined by my colleague Subrata Nag, our Director of Finance, and other members of our Investor Relations team who will join me in taking questions from each of you. I now throw it open to all of you to ask questions which will be queuing up and we will take it on the basis of priority as they come in. Thank you and I am looking forward to your questions.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, we will now begin with the question and answer session. The first question is from the line of Anuj Gupta from Perfect Research. Please go ahead.

Anuj Gupta: My question is what is our current market share in staffing in India and globally, and how much is the unorganized market, also at what rate is overall market growing?

Ajit Isaac: We do not have the computation of our market share on a global basis, research and data on that is unavailable. In India, it is a highly granulated market. There is scope for much more aggregation, but the key element of the question that you raised is about what is the rate of growth, I think it is fair to expect a 20% rate of growth in the staffing industry.

Anuj Gupta: 20% is the expectation?

Ajit Isaac: That is right.

Anuj Gupta: Any data for market share in India at least, your estimate?

Subrata Nag: As you are aware that this industry is not being tracked in a way the other industries like FMCG has been tracked, but what data we have we can tell you is that the top five or six staffing companies may command between 20% to 25% in the market share, almost 70% to 75% is still in the unorganized sector, so that is the opportunity all of us are working together towards and that is slowly coming into the organized sector and the people like us are getting benefited from the movement from the unorganized to organized sector.

Anuj Gupta: Sir, could you please elaborate the outcome-based model which we follow and are there any risks in these versus the cost-based model followed by some of your competitors?

Ajit Isaac: I think we have to look at this in the context of specific businesses. We have four verticals that we operate in, one is Facility Management, second one is Industrials, third one is People & Services, and the fourth

one is Technology Solutions. The outcome-based model is prevalent in Facility Management and in Industrial and lesser in People & Services vertical, so the risk if any are factored in to our pricing, the margins reflect the risk that we take and we have covered on the risk front by suitable insurance and other operational safeguards, so there is no disproportionate amount of risk as a result of the outcome-based model that we have.

Anuj Gupta: Sir, sticking on to the 1800-5000 plan or is there any revision or delay in the same?

Ajit Isaac: I think we have passed that stage where we had a target of 1800-5000, we have reached a revenue run rate that is in excess of a billion-dollar right now, so I think we have passed that and in terms of EBITDA margins also I think we are headed in the direction of 8% that was the directional intent and we have grown our EBITDA significantly by margins from the time we started, we are headed therefore in the right direction.

Moderator: Thank you. We move to the next question from the line of Anuj Jain from Value Quest Capital. Please go ahead.

Anuj Jain: My first question is related to Manipal acquisition, so can you throw some update on the Manipal acquisition by when we can expect the final closure?

Subrata Nag: As on today, 30th of this month the final hearing is scheduled and we expect that the NCLT will take up on that day the final hearing and post that I think the final order will come may be in another seven to ten days, so by all probability I think by November 30th at the outer limit I think should conclude the process and we will be able to consider it in the next quarter results you will see the consolidated results of Manipal along with our Quess results.

Anuj Jain: Also if you can share some numbers for the business which we are acquiring under this deal, let us say like revenue and EBITDA numbers for FY17 and H1 FY18?

Subrata Nag: Manipal, the revenue is around Rs 552 to Rs 600 crores and they are working at about 10 to 11% margin, so you can say they are between Rs 552 to Rs 600 crores which can be expected from this year.

Anuj Jain: My second question is regarding the visa issue in America, so how is our business getting impacted by this issue?

Subrata Nag: No, we are not at all dependent on any visa issue as far as the US is concerned. Our American staffing business or Canadian staffing business is fully dependent on the people who are residing there, either Green card holders or the American or Canadian citizen. We do not use H1B for our business, so we do not have any direct implications on our business for visa issues.

Anuj Jain: Continuing to this part, do you see any headwind for the IT staffing due to automation in IT industry?

Subrata Nag: We do not see any major headwinds in this sector. We also discussed earlier that the automation, the buzz what we are hearing and what is happening on the ground, there is some wide gap. Definitely, there is some stress in the service sector, which is one third of our IT staffing business, some of the Indian staffing companies particularly at the low end of the staffing entry-level. Otherwise, headcount wise, we do not see any major impact as on date, but definitely Indian IT staffing as all of us know are going through a bad lean patch, so there is some stress on the margin and the growth aspect what you used to see in Magna is little bit of slowed down, we have to accept that.

Anuj Jain: The last query is regarding the GST impact, we have mentioned and written quite a bit in our annual report regarding the benefit from this movement, so if you can elaborate more on this?

Subrata Nag: There are two things, one is the GST direct impact that you may have seen in our results that because the service tax has gone up between 15% to 18%, we have an impact of almost Rs 25 crores in additional working capital requirement and also as a transition process, lot of our customers delayed in the invoice accepting and where we raise the

invoice through portal, faced technical issues, so this quarter we had some issues as far as the cash flow is concerned which is getting eased out slowly as we are moving into and people are getting used to the technical glitches of the GST, that is one part.

Second part, you are right, I think we see particularly in our staffing space more and more companies are outsourcing, recently for example, we got one contract from a cosmetic company who are almost 2000 people which they used to employ through the distributors, but they now are bringing into their own fold and outsourcing to us, so we are getting these new contracts because people are seeing the benefits they are getting as far as the GST credit is concerned. So what we thought, that is happening, but I think it will take another quarter or two quarters to really feel the benefits, but definitely, our People and Staffing business are getting lot of tailwinds because of the GST implementation.

Anuj Jain: Regarding GST, if you can comment on the competition like the unorganized players who were non-compliant, how they are getting impacted after this?

Ajit Isaac: I think you should ask them about it.

Subrata Nag: You have to give some time because see, it is not even a quarter, even if people want to change, nobody will change disrupting their current business, so you have to give them some time. We see some early signs, but as I told you give a quarter or two and you will see that how it is panning out in the market.

Moderator: Thank you. The next question is from the line of Aniruddha Jain from Quest Wealth Advisors. Please go ahead.

Aniruddha Jain: Can you just throw some light on the recent acquisitions in terms of revenue, PAT, ROC, and the second question is regarding, I am finding some investment of around Rs 564 crores in balance sheet, so can you brief about that?

Ajit Isaac: On the investment we just made in Vedang, Vedang is a company that does Telecom network optimization work in the RF equipment space. It is one of the top five players in India, employs about 1500 technically qualified staff who deliver these services, has contracts with some of the best names who are equipment manufacturers and operators of tower companies in India. The company does approximately about Rs 100 crores of sales now and has an EBITDA of about Rs 11 crores, so it is at a margin in excess of about 10%. We are buying about 70% of this company right now for a consideration of about Rs 40 crores and the balance we have an earn out that we will implement in the next couple of years. The team is led by CEO, Ashish, who we find is a terrific addition to the leadership team of Quess Corp itself. We believe that the combination of Maxeed which we have organically built in India and is engaged in passive infrastructure along with Vedang, which works as the active infrastructure space will give Quess solid hold on the telecom services market making us the top three player, so that is the summary of Vedang itself. We also have an investment in SPV along with Trimax to implement the smart city project of Ahmedabad. In the industrial space, we have noticed that infrastructure is moving from civil, mechanical electrical, electronic to the digital space. The digital infrastructure layout or rollout of that in the smart city program in India is a big opportunity for us and we think that the qualification and experience that we gain from this will extend into operation and maintenance services in the future. This project will also be EBITDA and margin accretive for us and we expect the completion of this project in the next six months' time followed by a five-year period of maintenance.

Aniruddha Jain: What about the investment which are there in the balance sheet of Rs 560 crore?

Subrata Nag: I am coming to that, that Rs 560 crore that is the investment in the mutual fund, the money we raised, if you see the current investment basically the money part in the mutual fund, the IPP money.

Moderator: Thank you. We take the next question from the line of Sagar Lele from Motilal Oswal Securities Ltd. Please go ahead.

Sagar Lele: Just wanted to understand if you guys are on track towards profitability improvement in Brainhunter, I believe we had a small profit in FY17 there, just wanted to understand what the progress so far has been?

Subrata Nag: Last year 2014-15 as you are aware we had almost a loss of Rs 2 million, last year we just broke even, and this year I think we are making profit, H1 we had a reasonable amount of profit. We think this year we will end up between around Rs 1.3 to 1.7 million carry EBITDA profit in Brainhunter.

Sagar Lele: Also on the acquisition, just wanted to understand what, if there are any overlaps in terms of customers with your current Telecom business and just a little more in terms of the customer concentration in the entity as well, are revenues dominated by a couple of customers or they are well spread out?

Subrata Nag: That is a good question, basically Maxeed currently working mainly in the South India and little bit of Eastern part and Vedang in that case is very strong in the Western India, so I do not see any major overlap between these two entities currently working overall in the wider sense in the same space. Actually, they would be complementing each other and we will have a pan India presence. The policy we follow when we consider acquisitions is we go for additionality, so that is also working here. It is basically giving us a wider geographical presence in the North and West rather than South and East where we are currently having our presence.

Moderator: Thank you. The next question is from the line of Mihir Sheth from Davidson Kempner Asia Limited. Please go ahead.

Mihir Sheth: Just one question for you Isaac, in terms of the deployment of the money that you all raised in the QIP, would you have some sort of timeframe within which you want to deploy this capital and what are your acquisition pipeline look like right now, how busy is your team?

Ajit Isaac: We are very disciplined investors, we have done 16 or 17 investments so far and we believe we have created an effective playbook by which we conduct these exercises. We are not in a hurry, but having said that, we have sufficient throughput of opportunities right now. We have concluded two and we have an active M&A team in our office, all sufficiently engaged I believe and we think that there is enough momentum to be able to get through with this in the next one year's time.

Mihir Sheth: If I can slip in one more quick follow up question, in terms of the People and Services business that the revenue growth has seen a pretty nice pickup when I compare it with in the past few quarters, so do you think you sort of turned the corner in that business in terms of revenue growth and now you should be tracking in line with a 20% growth that you all expect or do you think in the near-term given the base low, you could actually track slightly higher than that?

Subrata Nag: No, previously also we told that the Q1 is always little slow in the People and Services business and normally in the June-July, in the anticipation of the festive season coming which normally come September-October, business started, and you see the growth coming back and that is happening also this year, so Q2 was a good quarter, but I think it is just starting point. I think Q3 and Q4; I mean H2FY18 actually if you see historically, is always our strong quarters in the People and Services business, so I think that same thing will repeat this time. Consumer demands are very strong and we see a lot of enquiries are coming. And we are quite strong in the Telecom and Retail sector, and our presence in the BFSI sector actually has been increasing and we are seeing more client additions. So I do not see any slowdown actually, People and Services business is always our strong point of the Quess Group, so that will remain there and we will see more growth coming from there.

Moderator: Thank you. The next question is from the line of Kunal Bhatia from Dalal & Broacha Stock Broking Ltd. Please go ahead.

Kunal Bhatia: Sir, I just had a question on the tax benefit which we have got on the 80JJAA, just want to clarify, how much did you mention was the one-off on account of the last year, and secondly also wanted to know going forward, what is the tax we should expect for our business, and thirdly, just wanted an update on how is the business in case of MFX doing, and finally the question on the acquisition which is Trimax, if you could give some details in terms of the revenue and on the margin?

Subrata Nag: Thanks for that. For the 80JJAA, as previously said when we discussed in our investors conference, we also told that we were evaluating ourselves about the eligibility because the amount will be quite substantial, we knew that, that is why in the March '17 we did not take, could have taken but we waited and we asked our auditors and also our tax advisor to go to the department, find out, and give us a concrete 100% assurance that we will be getting this benefit, there should not be grey area or ambiguity, so that process has been done and taken care of. Actually, we spoke with most of the stalwarts in the Indian industry and everybody came up with the opinion that this is genuine and you can go ahead, so we took the benefit this time. For that previous year's benefit that is around Rs 67 crores, that is the one time and balance of Rs 13 crores came for this half year up to H1, so that is the total Rs 80 crore you see this quarter in the benefit. As you understand that there will be a MAT, but we will also be getting the MAT credit, so as Ajit mentioned, my view that next couple of years we will not have any tax liability as such. You will always see jump between the PBT and PAT, but it will depend on number of people we are adding year after year and as long as the provisions are there. If the way we are adding people if I take a projection I think as we told earlier also Rs 20 to 25 crores in first year and then as a peak in the third year because you know it is in the first year, second year, third year you take, so third year after the starting from the last year it will be the peak and that peak as per my current end of business what we are going between Rs 60 to 70 crore at the peak annual benefit we will be able to get, so that is 80JJAA.

Your next question was Trimax, along with the Trimax we will be executing the smart city project and that project is entirely valued at 200 crore plus, so we will be doing that activity next nine months to one year's time, it will be done and then it will be four years or five years I think O&M activities will be there. There will be not much investment as such, but definitely there will be a working capital exposure because we have to invest that, so we have been trying to limit that and see how effectively financially we can do that. Smart city is a huge thing happening in India and I think if we can execute this, it will give us the required qualification and experience to make a larger play for Quess in the coming years.

The last question MFX has been doing actually very great, this year they are making substantial profit and we got some good contracts in Latin America. Also, in the last board meeting, we have taken approval to set up a subsidiary or branch in Chile, so hopefully, we are in the process, we will be doing that in a year and we are getting more business there. This year MFX will have a good year.

Kunal Bhatia: Sir, you mentioned Trimax is one plus four years, right?

Subrata Nag: The first year is basically the current project is in the execution mostly and then four years in the operation and maintenance after that.

Kunal Bhatia: Sir, in case of the 80JJAA, is there a limitation in number of years or it is continuous?

Subrata Nag: No, there is no limit actually, as on date it is an open-ended continuing provision.

Moderator: Thank you. We take the next question from the line of Snigdha Sharma from Axis Capital. Please go ahead.

Snigdha Sharma: Sir, just some quick questions from my side, first of all and I am sorry I actually missed some of the initial opening comments, so apologize for aberration if any, what was the organic growth during the quarter?

- Ajit Isaac:** The organic growth at a company level in top line is on a year-on-year basis is almost about 16%.
- Snigdha Sharma:** The remaining would be contributions from what?
- Subrata Nag:** Snigdha, we did not do any acquisition in the last quarter or quarter before, so in this quarter entirely came through organic, only thing when you compare year-to-year, Comtel was not there last year time, so some of the Comtel revenue came when you compare Y-o-Y basis, otherwise, the entire thing is organic you can consider.
- Snigdha Sharma:** This Comtel acquisition was contributed to the remaining growth, physically?
- Subrata Nag:** Yes, Comtel in the revenue part mainly contributed some portion of that over a year.
- Moderator:** Thank you. We take the next question from the line of Madhu Babu from Prabhudas Limited. Please go ahead.
- Madhu Babu:** Sir, just on the people staffing, general staffing next one-and-a-half to 2 years which would be the industries which would be more vibrant in terms of addition?
- Subrata Nag:** We have a widespread coverage in the People and Services. As I was telling just now that we are very strong in the Telecom, FMCG, and consumer durables or Retail, but we see currently couple of sectors are coming, one is that basically BFSI and also slightly open up happening in the Manufacturing sector, and the theory what we have told many times that we strongly believe that GST will open up the Manufacturing sector and if that happens, definitely that would be a large segment for us. So five to six areas where we are strongly growing, I do not think any particular segment will outperform the others, everything will be growing.
- Moderator:** Thank you. The next question is from the line of Ashish Chopra from Motilal Oswal Securities. Please go ahead.

Ashish Chopra: Ajit, just one question around the People and Services business, with the significant benefit that you now have on the bottom line thanks to 80JJAA, just wanted to know your strategy around it as to could it lead to passing on some of the benefits to clients and hence an impact on the operating line because otherwise it does become a big incentive for the clients to hire themselves as well?

Ajit Isaac: We do not think that we can identify by each associate and on a one-on-one basis pass benefits by associate back to the client, that is something that will not happen and there is also the requirement to look at continuity of service and other issues related to that, so it is probable that there will be some rotation of associates between clients too while continuing on 240 days of employment with us, so we do not envisage the situation that you have mentioned.

Ashish Chopra: Just pardon my understanding on 80JJAA, but so I think Subrata was mentioning about the benefit being Rs 20 to 25 crores per year, so could you just run me through the total of Rs 67 crores for FY17 that has been booked in this quarter, as to how does one come to that kind of a calculation, that will be helpful?

Subrata Nag: We will take that offline and mainly the deferred tax was created last year because as per the accounting standard, so that is one of the reason for that Rs 67 crores, a large part of that came from deferred tax, but if you want the exact details you can call us and I can definitely explain to you how it has been calculated.

Moderator: Thank you. The next question is from the line of Joshua Ho from Saga Tree Capital. Please go ahead.

Joshua Ho: Just like to ask you regarding the global technology segment, if I remove Comtel from Q1 and Q2 numbers; is it true that of any growth is flat and why is that so?

Subrata Nag: Organic growth is, you are right, if you take out the Comtel in the GTS, organic growth is very timid and muted actually, but there has been some growth in the profitability. As we were telling that Magna is doing

okay, but the growth is not happening what we used to have and as you know other two major components of our technology business in the MFX and the Brainhunter. MFX revenue is more or less they have been growing, but not in the ratio or at the percentage what we see the growth in India, but basically by the product mix and the change in the service offerings, profitability has been growing at a much faster pace than the revenue, so those I agree the revenue growth is very muted, but there has been some growth in the profitability in the GTS business if you take off the Comtel.

Joshua Ho: Is it competition?

Subrata Nag: No, it is not competition, Magna is still the largest IT staffing company in India and we have currently almost 10,000 plus engineers working there, but as the Indian IT as I was telling couple of minutes back, the Indian IT going through a lean patch, there has been some pressure on the margin because customer is asking sometimes give us some discounts and others, , so this is a little bit of a lean patch, but we think with the number increasing, we will be able to turn it around in the next two quarters.

Moderator: Thank you. The next question is from the line of Harit Shah from Reliance Securities. Please go ahead.

Harit Shah: Sir, I just had one clarification, your Vedang and Manipal, bookkeeping question when will they be consolidated from?

Subrata Nag: Manipal as we are waiting for the NCLT approval to come and as per the scheme, We believe that we will be able to consolidate it from the effective April 1 of this current year, FY17-18, for the full year it will be consolidation and Vedang I think we will be able to close maybe in next 10 to 15 days and then the balance period at 3.5 months will be coming in this financial year.

Harit Shah: Okay, basically your facility management business can almost double in size with the consolidation of Manipal, I guess more than double, would that be correct?

Subrata Nag: Almost in the same, Facility Management currently on our own. I think we will be doing around 450 to 500, and Manipal will be almost same size, you are right, it will be double.

Moderator: Thank you. The next question is from the line of Binoy Jariwala from Sunidhi Securities & Finance Ltd. Please go ahead.

Binoy Jariwala: Ajit Isaac, you made a comment that Vedang margin is about 10%, is that right, because the presentation actually shows about 7%? Second, could you help me with the revenue and EBITDA for Comtel and Brainhunter, and MF Exchange for Q2 as well as H1 of FY18?

Ajit Isaac: The margin for Vedang at a PAT level is 7%, at the EBITDA level is actually about 10% plus.

Subrata Nag: MFX revenue is around Rs 120 to 125 crores of this and Rs 10 crores is the EBITDA, Brainhunter Rs 150 to 160 crores and Rs 3 crores EBITDA.

Binoy Jariwala: This is for H1, right?

Subrata Nag: Yes.

Binoy Jariwala: Okay, Comtel?

Subrata Nag: Comtel around Rs 175 to 180 crores is the revenue and around Rs 12 to 13 crores is the EBITDA.

Moderator: Thank you. The next question is from the line of Abhishek S. from Equirus Securities. Please go ahead.

Abhishek S.: Just two clarifications, first is regarding the Manipal integration, where we anticipating the integration from 2Q or has there any change in the integration timing, and second on the 80JJAA benefit, these benefits are for three years or did I hear you that there are no timelines in terms of receiving those benefits?

Subrata Nag: Manipal as you know it is pending with the NCLT Bangalore branch, the shareholders meeting, then ROC approval, then RD approval everything have come through last couple of months. NCLT had a hearing a month back then they again rolled back as per the policy with the other accretive, 30th of this month is the final hearing has been set and we are expecting post that we will be getting the final order from the NCLT, so as and when we get the order we will be consolidating. Operational wise, we have already managing the company and as per our scheme, it is supposed to be effective from December 1, 2016, so if the order comes as it is as per the scheme, then we will be able to consolidate it the entire year for this year, so that is the Manipal.

The second question what 80JJAA what I was telling, that 80JJAA in a year the benefit what we get, so basically what it says that if you spend in a year Rs. 100 for an additional headcount then you get a 90% weighted benefit for that, but that benefit you can avail in the next three years 30%, 30%, and 30%, but as per the provisions it is an open provision, so as long as the provision is there in the income tax act, you will be able to take the benefit if you go on increasing your headcount and whatever the amount you are spending for those head accounts.

Abhishek S.: Just a third clarification, the numbers you gave for MFX, Brainhunter, and Comtel are for H1FY18, right?

Subrata Nag: Yes.

Moderator: Thank you. The next question is from the line of Atul Mehra from Motilal Oswal Securities. Please go ahead.

Atul Mehra: Sir, just one clarification in terms if you could just talk about each segmental for first half as well as for 2Q, how would the organic revenue growth and EBITDA growth would have been, and secondly if you could give the same numbers only for the India business, organic growth for each of the divisions for 2Q and for first half, so maybe we can take it offline, but I would request if you could give these numbers on an ongoing basis because it will be easier to understand the moving pieces?

Subrata Nag: It is a lot of numbers, if you come offline it will be better, but just as I was telling People and Services, Industrial Asset Management and Facility Management is 100% organic growth, there is no inorganic in that element, only one element is there that is the Comtel when you consider non-sequential in the quarter, but when you consider year-to-year quarterly, that is the part of the Comtel you have to, that is the inorganic as it was not there last year of this particular quarter., Segmental results are already published, so for these three you can easily get from there, breakup of Comtel I told, but if you still want some details I will always be happy to share with you.

Moderator: Thank you. The next question is from the line of Raj Mohan, an Individual Investor. Please go ahead.

Raj Mohan: Just an update on the major acquisitions that have been done last year, Terrier, Comtel, and Manipal which will happen in this quarter, generally what is the revenue growth you are experiencing in each of the three companies and what is the current consolidation and by when will they be 100% consolidated?

Subrata Nag: Manipal we discussed, that Manipal we are awaiting for the NCLT approval and if it comes through as per the scheme then it will be consolidated effective the first April of this year, so the full year consolidation will be coming. For the Terrier, as you know we have 49% currently, we are doing the equity associate accounting. Our application for the balance 25% because as per the FDI, we can go up to 74%, so it is pending, initially we applied for the FIPB and FIPB is dismantled, so it is now with the MHA (Ministry of Home Affairs), we are waiting for their approval. As and when the approval comes, we will be consolidating, but we do not know the deadline, we have been following with the MHA, so we will be waiting for their approval.

Comtel has already been, we have from the very beginning started consolidating when we acquired last February and so that is already there. Manipal has been doing quite well. We are getting more business from the Manipal Group, they had new hospitals in Dwarka, Delhi, and

others, so we are getting business, so the growth as per the business plan we set out, we are there to achieve that. Comtel, the growth is a little I will say timid because they are facing a little bit of slowdown on the employment part in Singapore, so Singapore dependent on little bit of people from the other countries, but off late I think that restriction is getting eased out little bit, so we are seeing the growth, and Comtel, the JV we set up for the general staffing that just started operating, so we see some growth will be coming from there in the next two quarters and Terrier has been doing well so we are seeing the growth and as per the business plan, nothing to complain there.

Raj Mohan: Comtel is currently at 64% or 100%, and Manipal generally in terms of revenue growth though you mentioned it is encouraging, can you put some numbers to that?

Ajit Isaac: At the EBITDA level, Manipal will go from about Rs 53 to 54 crores last year to about Rs 60 to 63 crores this year, 20% growth will be there in Manipal. In Comtel, the issue is really also about the country level growth. GDP growth rate in Singapore is about 2% to 3%, so to expect that company to grow at the same pace at which Indian investments to grow will be a little unfair, but having said that, it is a very well-run company, strong entrepreneurs, and we own 64% of that and we have an earn out that is going to go in through for the next let us say two more years, so we are hoping to catch the next cycle in Singapore in terms of the upturn of the economy.

Moderator: Thank you. Ladies and Gentlemen, this was the last question for today. I would now like to hand over the floor back to the management for their closing comments. Over to you, Sir.

Ajit Isaac: Thank you. We have had an active and engaging discussion. We have covered a range of topics. We are looking forward to the second of half of the year. We think we have got a good base built in terms of business. We have acquisitions the role of which will add further revenues and earnings to our company, and overall post IPP we are well-positioned to conclude some more transaction. We look forward to

meeting you again and at the next earnings call which is scheduled for Q4 of this year. In the interim, should any of you have clarifications on data or on any aspects of the company, we would be happy to take them off-line.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, on behalf of Quess Corp Ltd., that concludes this conference call. Thank you for joining us today and you may now disconnect your lines.