REPORT ON

RECOMMENDATION OF FAIR EQUITY EXCHANGE RATIO

FOR THE PROPOSED AMALGAMATION

OF

ALLSEC TECHNOLOGIES LIMITED

INTO

QUESS CORP LIMITED

REGISTERED VALUER'S REPORT

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1. Glossary of Abbreviation

Abbreviation	Definition
BSE	BSE Limited
CBSL	Conneqt Business Solutions Limited
CCM	Comparable Companies Multiple Method
the Companies	QCL and ATL collectively
QCL	Quess Corp Limited
ATL	Allsec Technologies Limited
Comparable Companies	Comparable Companies in similar line of business
DCF Method	Discounted Cash Flow Method
FCF	Free Cash Flows
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ESOP	Employee Stock Option Plan
EV	Enterprise Value
IVS	ICAI Valuation Standards
ICAI	Institute of Chartered Accountants of India
Management	Management of QCL and/or ATL
NSE	National Stock Exchange of India Limited
Draft Scheme	Draft Scheme of Amalgamation of ATL into QCL under Section 230 to 232 of the Companies Act, 2013
Valuation Date	June 20, 2022
WAP	Weighted Average Price
the Companies	Transferee Company and Transferor Companies are collectively referred to as the Companies
Transferor Company	Allsec Technologies Limited
Proposed Merger	Merger of Allsec Technologies into Quess Corp Limited
Transferee Company	Quess Corp Limited

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2. Introduction and Brief History

2.1 There is a proposal before the Board of Directors of the Companies to amalgamate ATL into QCL pursuant under a scheme of amalgamation under section 230 to 232 of the Companies Act, 2013. Equity shares of QCL shall be issued to shareholders of ATL (other than shares held by CBSL, a wholly owned subsidiary of QCL) on the proposed merger. This transaction is referred to as "the Proposed Merger".

2.2 In this regard, I have been called upon by the management of QCL and ATL vide Engagement Letter dated April 15, 2022 to recommend the fair equity exchange ratio for the Proposed Merger.

2.3 Accordingly, this report ("the Report" or "my Report ") sets out the findings of my exercise. For the purpose of my Report, I have considered the Valuation Date as June 20, 2022.

2.1. Brief Profile of the Companies

2.1.1. Quess Corp Limited

Quess Corp Limited is a public limited company incorporated and domiciled in India. The registered office of QCL is located in Bengaluru, Karnataka, India. It is engaged in the business of providing services in Workforce management, Operating asset management and Global Technology solution segment. The Company is one of India's leading business services provider, leveraging its extensive domain knowledge and future-ready digital platforms to drive client productivity through outsourced solutions. The Company provides a host of technology enabled staffing and managed outsourcing services across processes such as sales & marketing, customer care, after sales service, back-office operations, manufacturing operations, facilities and security management, HR & F&A operations, IT & mobility services, etc.

It may herein be noted that by virtue of scheme of amalgamation filed with National Company Law Tribunal there is a proposal to merge Greenpiece Landscapes India Pvt. Ltd., MFX Infotech Private Limited and Conneqt Business Solutions Limited with Quess Corp Limited. It is understood that this transaction shall be complete before the Proposed Merger.

The Authorised, issued and subscribed equity share capital of QCL as at June 20, 2022 is as follows:

Share Capital	Amount (INR in Crores)
Authorised Share Capital	
200,000,000 equity shares of INR 10.00 each	200.00
Issued, Subscribed and Fully Paid Up	
14,80,79,734 equity shares of INR 10.00 each	148.08

Source: Management

In addition to the foregoing issued share capital, QCL has issued 16,45,186 Employee Stock Options to its employees. The total number of diluted shares are 14,97,24,920 equity shares.

The foregoing issued share capital is held as follows:

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Shareholder	Number of Shares held	Percentage of shareholding
Promoter	7,67,59,774	51.84%
Public	7,13,19,960	48.16%
Total	**14,80,79,734**	**100.00%**

Source: BSE

Equity shares of QCL are listed on BSE and NSE.

2.1.2. Allsec Technologies Limited

Allsec is a global company with vast expertise in providing business process solutions across various industry verticals. The Company was incorporated in 1998 as a limited Company under the erstwhile Companies Act, 1956. ATL has two wholly owned subsidiaries, Allsectech Inc., USA and Allsectech Manila Inc., Philippines as at 31st March 2021. The Company operates two segments globally viz Human Resources Operation (HRO) covering HRMS, payroll services, time and attendance management, Labor law and Payroll Compliances: Digital Business Services (DBS) which encompasses lead generation, customer retention and relationship management comprising both voice and non-voice processes. The HRO services and DBS services are delivered from India and the subsidiary in Philippines. In India the DBS business supports both international (DBS International business) and domestic (DBS domestic business) customers and the HRO business supports both International and domestic customers.

The authorised, issued and subscribed equity share capital of ATL as on March 31, 2022 is as follows:

Share Capital	Amount (INR in crores)
Authorised:	
2,00,00,000 Equity Shares of INR 10 each	20.00
13,50,000 Convertible preference shares of INR 100 each	13.50
Issued, Subscribed & Paid up Capital:	
1,52,38,326 equity shares of face value of Rs.10 each fully paid.	15.24

Source: Management

The foregoing share capital is held as follows:

Shareholder	No of Shares	Percentage of shareholding
Promoter	1,11,82,912	73.39%
Public Shareholders	40,55,414	26.61%
Total	**1,52,38,326**	**100%**

Source: BSE

The equity shares of ATL are listed on BSE and NSE.

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3. Data obtained

3.1 I have called for and obtained such data, information, etc. as were necessary for the purpose of this assignment, which have been, as far as possible, made available to me by the Management. **Appendix A** hereto broadly summarizes the data obtained.

3.2 For the purpose of this assignment, I have relied on such data summarized in the said Appendix and other related information and explanations provided to me in this regard.

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4. Approach to Valuation

4.1 It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or an approach that is suitable for the purpose.

4.2 It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. I have given due cognizance to the same in carrying out the valuation exercise.

4.3 For the purpose of arriving at the valuation, I have considered the valuation base as 'Fair Value'. My valuation, and this Report, is based on the premise of 'going concern'. Any change in the valuation base, or the premise could have a significant impact on the valuation exercise, and therefore, this Report.

4.4 IVS 301 on Business Valuations deals with valuation of a business and business ownership interest (i.e., it includes valuation of shares).

4.5 IVS 301 specifies that generally, the following three approaches for valuation of business/business ownership interest are used:

- Market Approach
- Income Approach
- Cost Approach

The broad steps to derive the value under the various valuation methodologies, in context of the given valuation are discussed hereunder:

4.5.1 **Market Approach**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities. The common methodologies under the Market Approach are as under.

- Market Price Method:

  This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. This method is used to determine the value of listed companies which are frequently traded. I have considered it appropriate to consider a period of 3 months..

- Comparable Companies Multiple Method ("CCM") :
  This method involves valuing an asset based on market multiple of comparable companies as related to earnings, assets etc.
  I have used the EV/EBITDA Multiple and Price to earnings Multiple Method to determine its value.

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Broad Steps used to arrive at a value under these approaches are given hereunder:

- **Value based on EV/EBITDA Multiple Method**

  The broad steps followed to derive a value based on EBITDA under this method, are mentioned hereunder:

  - For the purpose of arriving at the value under this approach we have considered the consolidated financial statements of QCL and ATL for the year ended March 31, 2022.

  - Under this approach, I have considered the profit before tax of the QCL and ATL for the year ended March 31, 2022.

  - I have adjusted the above profit before tax for non-operating and non-recurring expenses/incomes in order to arrive at Adjusted Profit before tax.

  - Adjusted EBIDTA is calculated by adding Interest, Depreciation and Amortisation to the Adjusted Profit before Tax as arrived at above.

  - Similarly, I have calculated the Enterprise Value to EBIDTA Multiple for the Comparable Companies for QCL and ATL respectively. I have calculated the Enterprise Value (EV) of Comparable Companies by adding the amount of debt and preference capital as applicable to their respective Adjusted Market Capitalization.

  - I have then arrived at the average of the EV to EBIDTA Multiple (EV/EBIDTA Multiple) of Comparable Companies for QCL and ATL respectively.

  - The Adjusted EBIDTA of QCL and ATL respectively, as computed above, is then multiplied by such average EV/EBIDTA Multiple and the value thus obtained is the Enterprise Value of QCL and ATL respectively as at the Valuation Date.

  - The Enterprise Value so arrived at above is increased by the realizable amount of surplus assets (investments, income tax assets, related party loans, cash etc.) and reduced by debt and contingent liabilities likely to crystallise to arrive at the Equity Value.

  - I have divided such Equity Value as arrived at above by the number of fully paid, issued and subscribed equity shares of QCL and ATL respectively after considering dilution on account of ESOPs as at the Valuation Date in to arrive at the value per share under the EV/EBITDA Approach for each of the companies.

- **Value based on P/E Multiple Method**

  The broad steps followed to derive a value based on PAT under this method, are mentioned hereunder:

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- For the purpose of arriving at the value under this approach I have considered the consolidated financial statements of QCL and ATL for the period ended March 31, 2022.
- Under this approach, I have considered the profit before tax of the QCL and ATL for the year ended March 31, 2022.
- I have adjusted the above profit before tax for non-operating and non-recurring expenses/incomes in order to arrive at Adjusted Profit before tax.
- The amount of income tax to be paid is then reduced from Adjusted Profit before tax as derived above to arrive at Adjusted Profit after tax (PAT).
- Similarly, I have calculated the Market Capitalization to PAT Multiple (PE Multiple) for the Comparable Companies of QCL and ATL respectively.
- I have then arrived at the average P/E Multiple of Comparable Companies of QCL and ATL respectively ("P/E Multiple").
- The PAT of QCL and ATL then multiplied by such average P/E Multiple and the value thus obtained is the Equity Value of QCL and ATL respectively as at the Valuation Date.
- The Equity Value so arrived at above is increased by the realizable amount of surplus assets, if any, and reduced by contingent liabilities likely to crystallise as at the Valuation Date to arrive at the Equity Value.
- I have divided such Equity Value as arrived at above by the number of fully paid, issued and subscribed equity shares of QCL and ATL after considering dilution on account of ESOPs at the Valuation Date to arrive at the value per share under the PE Approach.

4.5.2 **Income Approach**

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted, or capitalised) amount.

Discounted Cash Flow Method (DCF Method) is the most common method used under the Income Approach. This method involves discounting the future expected cash flows of the entities to a single current amount. It may herein be noted that as QCL and ATL are listed entities, their projections are unpublished price sensitive information. In view of the same, the Managements have not provided us with the business plan for QCL as well as ATL.

Further, QCL has, in its Investor Presentation for the quarter ended March 31, 2022 published limited guidance on future outlook which is not sufficient for the purpose of DCF Method.

Further, it may be noted that while there is very limited coverage by analysts on QCL's future projections, in case of ATL, there is no analyst coverage. Since this exercise it to

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find out relative values of QCL and ATL, it would not be appropriate to only use this information for only one of companies.

4.5.3 <u>Cost Approach</u>

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

In a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, is of greater importance, with the values arrived at on the net-assets basis being of limited relevance.

Further, QTL and ATL are in service industry, value of its net assets in the books would not reflect the value of the underlying manpower and technology businesses. It would also not be in line with the basis of valuation viz. going concern. Therefore, I have not used the Cost Approach to determine the value of QTL and ATL.

4.5.4 **Fair Value**

To arrive at the fair value of the Companies, equal weights have been given to the Market Price Method and Comparable Companies Multiple Method.

To arrive at the fair value under the Comparable Companies Multiple Method, I have given equal weight to the value derived based on the EV/EBIDTA Multiple Method and P/E Multiple Method.

4 Conclusion

Based on the foregoing data, considerations and steps followed, I consider that the fair ratio of exchange would as follows:

"For every 100 (Hundred) Equity shares of face and paid-up value of Rs. 10/- (Ten) held in ATL, 74 (Seventy Four) Equity shares of face and paid-up value of Rs. 10/- (Ten) in QCL"

It may herein be noted that the SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/000000065 dated November 23, 2021 specifies the format in which the valuation report shall display the workings, relative fair value per share and fair share exchange ratio. The disclosure in the format suggested by the said Circular is as under:

- **The computation of fair equity share exchange ratio for Merger of ATL into QCL is tabulated below**

Particulars	ATL (A)		QCL (B)	
	Value per Share	Weight	Value per Share	Weight
Market Approach				
Market Price Method	500.4	50%	656.8	50%
Comparable Companies Multiple Method based on profits	562.6	50%	778.5	50%
Income Approach based on DCF Method*	NA	NA	NA	NA
Cost Approach #	NA	NA	NA	NA
Relative Value per share	531.5		717.7	
Exchange Ratio (rounded off) [(A):(B)]		1 : 0.74		

**QTL and ATL are in service industry, value of its net assets in the books would not reflect the value of the underlying man-power and technology businesses. It would also not be in line with the basis of valuation viz. going concern. Therefore, I have not used the Cost Approach to determine the value of QTL and ATL.*

#Please refer para 4.5.2 for the rationale for not using the Income Approach.

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5 Limitations and Disclaimers

This Report is subject to the scope of limitations detailed hereinafter.

5.1 The Report is to be read in totality and not in parts.

5.2 The valuation is based on the information furnished to me being complete and accurate in all material respect.

5.3 I have relied on the written representations from the Management that the information contained in this report is materially accurate and complete in the manner of its portrayal and therefore forms a reliable basis for the valuation.

5.4 The information presented in this report does not reflect the outcome of any financial due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and, therefore, the valuation materially.

5.5 My scope of work does not enable me to accept responsibility for the accuracy and completeness of the information provided to me. I have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, I do not express any opinion with regard to the same.

5.6 I have relied on the judgment made by the Management and, accordingly, the valuation does not consider the assumption of contingent liabilities materializing (other than those specified by the Management and the Auditors). If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, then this may have the effect on the valuation computations.

5.7 The Report is meant for the specific purpose mentioned herein and should not be used for any purpose other than the purpose mentioned herein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

5.8 No investigation of the Company's claim to the title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The report is not, nor should it be construed, as my opining or certifying the compliance with the provisions of any law including company and taxation laws or as regards any legal, accounting or taxation implications or issues.

5.9 The valuation is based on the market conditions and the regulatory environment that existed at the Valuation Date. However, changes to the same in the future could impact the companies and the industry they operate in, which may impact the valuation.

5.10 I have no obligation to update this Report because of events or transactions occurring subsequent to the date of this Report.

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5.11 I have not carried out any physical verification of the assets and liabilities of the Company and take no responsibility for the identification of such assets and liabilities.

5.12 I do not have any conflict of interest in carrying out this valuation.

5.13 I have been informed that the business activities of QCL and ATL have been carried out in the normal and ordinary course between March 31, 2022 and the Report date and that no material changes have occurred in their respective operations and financial position between March 31, 2022 and the Report date. I have been informed that till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years. I have been informed that, in the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions. During the discussions with the Management, I have also obtained explanations, information and representations, which I believed were reasonably necessary and relevant for the valuation exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended fair equity share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in the Report.

5.14 This Report does not look into the business/commercial reasons behind the proposed transaction nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. The valuation analysis and result are governed by concept of materiality. The fee for the engagement is not contingent upon the results reported. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. This Report is subject to the laws of India.

5.15 Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Amalgamation, without our prior written consent. In addition, this report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Proposed Amalgamation and I express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Amalgamation.

5.16 The basis of the amalgamation of ATL with QCL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the approaches / methods as, for the purposes of recommending the fair equity share exchange ratio of equity shares it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, I am not attempting to arrive at the absolute

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equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the fair equity share exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

5.17 The fair equity share exchange ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches / methods and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations. While I have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio. The final responsibility for the determination of the exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the respective Companies who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

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6 Gratitude

I am grateful to the Management for making information and particulars available to me, often at a short notice, to enable me to conclude my opinion in a time-bound manner.

DRDesai

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DRUSHTI R. DESAI.
Registered Valuer
Registration Number: IBBI/RV/06/2019/10666

Date: June 21, 2022
UDIN: 22102062ALMHUC2047

Appendix A: Broad Summary of Data Obtained

From the Management:

1. Audited Standalone and Consolidated Financial Statements of QCL and ATL as on March 31, 2022 and March 31, 2021.
2. Details regarding ESOP Schemes in force and number of vested and unvested options and respective exercise prices
3. Answers to specific questions and issues raised to the Management after examining the foregoing data.

From publicly available sources :

1. Websites of Bombay Stock Exchange and National Stock Exchange

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June 29, 2022

To,
Department of Corporate Affairs
BSE Limited
P.J.Towers, Dalal Street,
Mumbai-400001
Scrip Code: 539978

Dear Sir,

Sub: Confirmation by the Company Secretary of the Company

I, Kundan K Lal, being the Company Secretary and Compliance Officer of the Company hereby confirms that:

a) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.

b) There have been no past defaults of listed debt obligations of the entities forming part of the scheme.

Further, the valuation report and this undertaking are provided in compliance with the requirements under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR**") read with the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021, on (i) Scheme of Arrangement by Listed Entities; and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time ("**SEBI Scheme Circular**").

Yours sincerely,

For Quess Corp Limited

Kundan K Lal
Company Secretary and Compliance Officer

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