

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF QUESSE CORP LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **QUESSE CORP LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive income of its associates and joint venture company for the quarter and half year ended 30 September 2022 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's management and personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the financials results of the entities as given in Annexure 1 to this report.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. **Emphasis of Matters Paragraph**
 - We draw attention to Note 3 of the Statement, regarding the demands received by the Company in respect of Provident Fund and the contingency related to the pending litigation on the said matter.

- We draw attention to Note 7 of the Statement regarding completion of special audit under section 142(2A) of Income-tax Act, 1961 ('Act') for the financial year 2017-18 and 2018-19, receipt of draft assessment order under section 144C of the Act for the financial year 2017-18 resulting in certain disallowances and Company's submission of its objections to the Dispute Resolution Panel and the prima facie evaluation relating to these disallowances.

Our conclusion on the Statement is not modified in respect of these matters.

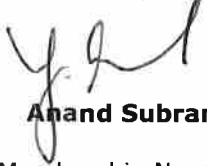
7. We did not review the interim financial information/financial results of 17 subsidiaries included in the consolidated unaudited financial results, whose interim financial information/financial results reflect total assets of Rs.26,359.10 million as at 30 September 2022, total revenues of Rs. 10,317.74 million and Rs.19,810.04 million for the quarter and half year ended 30 September 2022 respectively, total net profit after tax of Rs.317.83 million and Rs.605.34 million for the quarter and half year ended 30 September 2022, and total comprehensive income of Rs.361.59 million and Rs.688.40 million for the quarter and half year ended 30 September 2022, and net cash outflows of Rs.288.12 million for the half year ended 30 September 2022, as considered in the Statement. These interim financial information/financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

8. The consolidated unaudited financial results include the interim financial information/financial results of 19 subsidiaries which have not been reviewed by their auditors, whose interim financial information/financial results reflect total assets of Rs.2,110.14 million as at 30 September 2022, total revenues of Rs.984.64 million and Rs.1,930.32 million for the quarter and half year ended 30 September 2022 respectively, total net loss after tax of Rs.84.04 million and Rs.229.79 million for the quarter and half year ended 30 September 2022, and total comprehensive loss of Rs. 91.96 million and Rs.260.82 million for the quarter and half year ended 30 September 2022, and net cash outflows of Rs.116.24 million for the half year ended 30 September 2022, as considered in the Statement. The consolidated unaudited financial results also include the Group's share of net loss after tax of Rs.1.85 million and Rs.0.97 million for the quarter and half year ended 30 September 2022, and total comprehensive income of Rs.1.85 million and Rs.0.97 million for the quarter and half year ended 30 September 2022, as considered in the Statement, in respect of two associates and one joint venture company, based on their interim financial information/financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial information/financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of our reliance on the interim financial information/financial results certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Anand Subramanian
Partner
(Membership No. 110815)
(UDIN: 22110815BCQEKH2487)

Deloitte Haskins & Sells LLP

ANNEXURE 1:

Nature	S. No.	Entity name
Subsidiary/Step-subsiary:	1.	Brainhunter Systems Ltd.
	2.	Mindwire Systems Limited
	3.	MFx Infotech Private Limited
	4.	Quess (Philippines) Corp.
	5.	Quess Corp (USA) Inc.
	6.	Quess Corp Holdings Pte Ltd
	7.	Quessglobal (Malaysia) Sdn. Bhd.
	8.	MFxchange Holdings Inc.
	9.	MFxchange US, Inc.
	10.	Quess Corp Lanka (Private) Limited
	11.	Quesscorp Singapore Pte Limited (formerly known as Comtel Solutions Pte. Limited)
	12.	Quess East Bengal FC Private Limited
	13.	Excelus Learning Solutions Private Limited
	14.	Connqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)
	15.	Vedang Cellular Services Private Limited
	16.	Quess International Services Private Limited (formerly known as Golden Star Facilities and Services Private Limited)
	17.	Quess Selection & Services Pte Limited (formerly known as Comtelpro Pte. Ltd.)
	18.	Comtelink Sdn. Bhd.
	19.	Monster.com.SG PTE Limited
	20.	Monster.com.HK Limited
	21.	Agensi Pekerjaan Monster Malaysia Sdn. Bhd (formerly known as Monster Malaysia Sdn Bhd)
	22.	Monster.com (India) Private Limited
	23.	Quess Corp Vietnam LLC
	24.	Simpliance Technologies Private Limited
	25.	Qdigi Services Limited (formerly known as HCL Computing Products Limited)
	26.	Greenpiece Landscapes India Private Limited
	27.	Quesscorp Management Consultancies (formerly known as StyraCorp Management Services)
	28.	Quesscorp Manpower Supply Services LLC [formerly known as S M S Manpower Supply Services (LLC)]
	29.	Allsec Technologies Limited
	30.	Allsectech Inc., USA
	31.	Allsectech Manila Inc., Philippines
	32.	Quess Services Limited
	33.	Trimax Smart Infraprojects Private Limited
	34.	Terrier Security Services (India) Private Limited
	35.	Heptagon Technologies Private Limited
	36.	Billion Careers Private Limited
	37.	Quess Corp NA LLC (w.e.f 17 May 2022)
	38.	Stellarslog Technovation Private Limited
Associate:	1.	Quess Recruit, Inc.
	2.	Agency Pekerjaan Quess Recruit Sdn. Bhd
Joint Venture:	1.	Himmer Industrial Services (M) Sdn. Bhd

Y.H

Part I: Statement of consolidated unaudited financial results for the quarter and half year ended 30 September 2022

(INR in million except per share data)

Sl. No.	Particulars	Consolidated					
		Quarter ended		Half year ended			Year ended
		30 September 2022 (Unaudited)	30 June 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	31 March 2022 (Audited)
1	Income						
	a) Revenue from operations	42,733.08	39,793.18	32,278.35	82,526.26	62,147.49	1,36,917.78
	b) Other income	88.05	72.14	74.47	160.19	122.94	198.01
	Total income (a + b)	42,821.13	39,865.32	32,352.82	82,686.45	62,270.43	1,37,115.79
2	Expenses						
	a) Cost of material and stores and spare parts consumed	1,293.11	975.68	702.40	2,268.79	1,176.71	2,787.25
	b) Employee benefits expense	36,577.84	33,952.74	27,579.84	70,530.58	53,568.66	1,16,869.92
	c) Finance costs	263.43	204.02	195.19	467.45	413.08	792.15
	d) Depreciation and amortisation expense	675.96	609.91	486.34	1,285.87	983.81	2,120.47
	e) Other expenses	3,513.18	3,331.39	2,872.77	6,844.57	4,810.09	11,025.76
	Total expenses (a + b + c + d + e)	42,323.52	39,073.74	31,836.54	81,397.26	60,952.35	1,33,595.55
3	Profit before share of profit of equity accounted investees, exceptional items and tax (1 - 2)	497.61	791.58	516.28	1,289.19	1,318.08	3,520.24
4	Share of profit/(loss) of equity accounted investees (net of tax)	(1.85)	0.88	(4.45)	(0.97)	(4.26)	(16.87)
5	Profit before exceptional items and tax (3 + 4)	495.76	792.46	511.83	1,288.22	1,313.82	3,503.37
6	Exceptional items	-	-	(86.19)	-	(86.19)	(72.24)
7	Profit before tax (5 - 6)	495.76	792.46	598.02	1,288.22	1,400.01	3,575.61
8	Tax expense/(credit)						
	Current tax	145.68	118.15	124.38	263.83	404.02	644.14
	Income tax relating to previous year	-	0.08	-	0.08	13.62	35.28
	Deferred tax	(46.12)	(2.78)	61.34	(48.90)	123.77	386.42
	Total tax expense	99.56	115.45	185.72	215.01	541.41	1,065.84
9	Profit for the period (7 - 8)	396.20	677.01	412.30	1,073.21	858.60	2,509.77
10	Other comprehensive income						
	<i>(i) Items that will not be reclassified subsequently to profit or loss</i>						
	Remeasurement of defined benefit plans	130.69	17.01	(53.08)	147.70	(127.52)	(98.62)
	Income tax (expense)/credit relating to items that will not be reclassified to profit or loss	(19.67)	(4.25)	13.37	(23.92)	32.13	32.91
	<i>(ii) Items that will be reclassified subsequently to profit or loss</i>						
	Exchange differences in translating financial statements of foreign operations	7.73	78.89	(61.08)	86.62	18.96	81.97
	Other comprehensive income/(loss) for the period, net of tax	118.75	91.65	(100.79)	210.40	(76.43)	16.26
11	Total comprehensive income for the period (9 + 10)	514.95	768.66	311.51	1,283.61	782.17	2,526.03
12	Profit/(loss) attributable to:						
	Owners of the Company	420.66	668.50	375.64	1,089.16	837.52	2,412.25
	Non-controlling interests	(24.46)	8.51	36.66	(15.95)	21.08	97.52
13	Other comprehensive income/(loss) attributable to:						
	Owners of the Company	117.61	84.88	(93.60)	202.49	(75.29)	16.15
	Non-controlling interests	1.14	6.77	(7.19)	7.91	(1.14)	0.11
14	Total comprehensive income/(loss) attributable to:						
	Owners of the Company	538.27	753.38	282.04	1,291.65	762.79	2,428.40
	Non-controlling interests	(23.32)	15.28	29.47	(8.04)	19.38	97.63
15	Paid-up equity share capital (Face value of INR 10.00 per share)	1,481.57	1,480.80	1,477.85	1,481.57	1,477.85	1,479.91
16	Reserves i.e. Other equity						22,897.64
17	Earning per equity share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	2.84	4.52	2.54	7.36	5.67	16.32
	(b) Diluted (in INR)	2.82	4.48	2.51	7.30	5.59	16.18

See accompanying notes to the financial results



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

Consolidated Balance Sheet as at 30 September 2022

(INR in million)

Particulars		As at	As at
		30 September 2022	31 March 2022
		(Unaudited)	(Audited)
A	ASSETS		
1	Non-current assets		
	Property, plant and equipment	2,019.99	2,066.73
	Capital work-in-progress	27.51	-
	Right-of-use assets	3,746.19	2,916.13
	Goodwill	10,328.00	10,095.91
	Other intangible assets	1,263.26	1,490.26
	Intangible assets under development	171.35	153.14
	Investments in equity accounted investees	9.02	87.58
	Financial assets		
	Investments	16.55	16.55
	Other financial assets	1,461.28	1,498.01
	Deferred tax assets (net)	865.65	915.84
	Income tax assets (net)	3,807.91	3,067.28
	Other non-current assets	209.73	200.39
	Total non-current assets	23,926.44	22,507.82
2	Current assets		
	Inventories	299.96	274.80
	Financial assets		
	Investments	747.24	917.32
	Trade receivables		
	-Billed	14,594.69	12,703.15
	-Unbilled	12,474.39	10,619.80
	Cash and cash equivalents	3,828.09	4,104.66
	Bank balances other than cash and cash equivalents above	1,404.67	1,014.62
	Loans	71.39	33.75
	Other financial assets	335.61	253.29
	Other current assets	1,565.17	1,280.36
	Total current assets	35,321.21	31,201.75
	Asset classified as held for sale (refer note 10)	128.15	-
	Total Assets	59,375.80	53,709.57
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	1,481.57	1,479.91
	Other equity	23,790.01	22,897.64
	Total equity attributable to equity holders of the Company	25,271.58	24,377.55
	Non-controlling interests	1,753.67	1,309.80
	Total equity	27,025.25	25,687.35
2	Liabilities		
	Non-current liabilities		
	Financial liabilities		
	Borrowings	131.09	236.76
	Lease liabilities	2,758.36	2,180.30
	Other financial liabilities	10.63	19.72
	Non-current provisions	2,654.37	2,394.23
	Total non-current liabilities	5,554.45	4,831.01
3	Current liabilities		
	Financial liabilities		
	Borrowings	5,274.03	5,640.65
	Trade payables	1,086.00	1,153.67
	Lease liabilities	1,382.91	1,088.34
	Other financial liabilities	13,802.41	9,926.45
	Income tax liabilities (net)	36.32	85.69
	Current provisions	210.94	338.78
	Other current liabilities	4,987.59	4,957.63
	Total current liabilities	26,780.20	23,191.21
	Liabilities directly associated with asset classified as held for sale (refer note 10)	15.90	-
	Total Liabilities	32,350.55	28,022.22
	Total Equity and Liabilities	59,375.80	53,709.57

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

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.

Consequent to internal reorganisation, the Group during the previous quarter ended 30 June 2022, changed the composition of its reportable segments. The revised reportable segments of the Group comprise of:

- a) Workforce management
- b) Operating asset management
- c) Global technology solutions
- d) Product led business

Product led business comprises of business relating to Monster.com (India) Private Limited, Monster.com.SG PTE Limited, Monster.com.HK Limited, Agensi Pekerjaan Monster Malaysia Sdn. Bhd, Qdigi Services Limited and Billion Careers Private Limited which were hitherto included under Global Technology Solutions. Additionally, Brainhunter Systems Ltd. is now included under Workforce management from Global technology solutions.

The information relating to reportable segments for the prior quarters, half year ended 30 September 2021 and year ended 31 March 2022 are restated to reflect the change in reportable segments.

Statement of consolidated unaudited segment wise revenue, results, assets and liabilities for the quarter and half year ended 30 September 2022

(INR in million)

Sl. No.	Particulars	Consolidated					
		Quarter ended			Half year ended		Year ended
		30 September 2022	30 June 2022	30 September 2021	30 September 2022	30 September 2021	31 March 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	Segment revenue						
	a) Workforce management	29,428.64	27,578.83	22,140.82	57,007.47	42,872.54	94,759.76
	b) Operating asset management	6,514.92	5,966.62	4,898.58	12,481.54	9,544.05	21,095.03
	c) Global technology solutions	5,287.04	5,073.64	4,282.58	10,360.68	8,175.63	17,535.57
	d) Product led business	1,502.48	1,174.09	956.37	2,676.57	1,555.27	3,527.42
	Total	42,733.08	39,793.18	32,278.35	82,526.26	62,147.49	1,36,917.78
2	Segment results						
	a) Workforce management	791.49	942.01	433.88	1,733.50	1,163.47	2,914.29
	b) Operating asset management	278.31	304.01	168.33	582.32	575.14	1,198.80
	c) Global technology solutions	845.11	825.91	738.38	1,671.02	1,358.00	3,168.42
	d) Product led business	(239.44)	(239.73)	68.22	(479.17)	9.05	(117.45)
	Total	1,675.47	1,832.20	1,408.81	3,507.67	3,105.66	7,164.06
	Less: (i) Unallocated corporate expenses	326.52	298.83	285.47	625.35	513.63	929.21
	Less: (ii) Depreciation and amortisation expense	675.96	609.91	486.34	1,285.87	983.81	2,120.47
	Less: (iii) Finance costs	263.43	204.02	195.19	467.45	413.08	792.15
	Add: (iv) Other income	88.05	72.14	74.47	160.19	122.94	198.01
	Add: (v) Share of profit/(loss) of equity accounted investees (net of tax)	(1.85)	0.88	(4.45)	(0.97)	(4.26)	(16.87)
	Profit before tax	495.76	792.46	511.83	1,288.22	1,313.82	3,503.37
3	Segment assets						
	a) Workforce management	17,557.69	17,356.99	15,032.78	17,557.69	15,032.78	18,559.42
	b) Operating asset management	13,548.46	12,726.27	11,376.91	13,548.46	11,376.91	12,066.50
	c) Global technology solutions	14,351.97	13,629.43	10,884.47	14,351.97	10,884.47	12,230.46
	d) Product led business	2,330.26	2,024.03	1,470.62	2,330.26	1,470.62	1,859.97
	e) Unallocated	11,587.42	10,532.31	11,267.38	11,587.42	11,267.38	8,993.22
	Total	59,375.80	56,269.03	50,032.16	59,375.80	50,032.16	53,709.57
4	Segment liabilities						
	a) Workforce management	12,454.41	10,741.15	7,485.71	12,454.41	7,485.71	10,906.07
	b) Operating asset management	4,594.92	4,079.31	3,539.96	4,594.92	3,539.96	3,843.26
	c) Global technology solutions	6,783.79	6,264.48	5,023.08	6,783.79	5,023.08	6,088.51
	d) Product led business	2,369.10	2,046.48	1,431.34	2,369.10	1,431.34	1,817.22
	e) Unallocated	6,148.33	7,058.95	8,403.82	6,148.33	8,403.82	5,367.16
	Total	32,350.55	30,190.37	25,883.91	32,350.55	25,883.91	28,022.22

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

Statement of Consolidated Cash flows for the half year ended 30 September 2022

(Amount in INR million)

Particulars	For the half year ended	
	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit after tax	1,073.21	858.60
Adjustments to reconcile net profit to net cash provided by operating activities:		
Tax expenses	215.01	541.41
Exceptional items	-	(86.19)
Interest income on term deposits	(45.95)	(35.02)
Interest income on present valuation of financial instruments	(5.08)	(7.92)
Interest on income tax refunds	(11.62)	(22.64)
(Profit)/ loss on sale of property, plant and equipment, net	6.16	(1.13)
Interest on loans given to related parties	(0.36)	(0.09)
Net gain on sale of investments in mutual funds	(9.77)	(15.68)
Net gain on financial assets designated at fair value through profit or loss	(8.04)	(3.96)
Expense on employee stock option scheme	193.75	87.57
Finance costs	467.45	413.08
Depreciation and amortisation expense	1,285.87	983.81
Loss allowance on financial assets, net	181.05	94.71
Bad debts written off	41.41	79.65
Foreign exchange gain, net	(64.97)	(27.27)
Share of loss of equity accounted investees	0.97	4.26
Operating cash flows before working capital changes	3,319.09	2,863.16
Changes in operating assets and liabilities		
Changes in inventories	(25.16)	(12.91)
Changes in trade receivables and unbilled revenue	(3,968.29)	(2,893.01)
Changes in loans, other financial assets and other assets	(394.23)	88.10
Changes in trade payables	(69.45)	(242.99)
Changes in other financial liabilities, other liabilities and provisions	4,205.24	3,289.86
Cash generated from operations	3,067.20	3,092.21
Income taxes (paid), net	(964.55)	(561.49)
Net cash flows from operating activities (A)	2,102.65	2,530.72
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(480.12)	(434.55)
Acquisition of shares in subsidiaries (INR 38.36 million cash paid net of acquisition date cash and cash equivalents of subsidiaries of INR 44.69 million)	6.33	(2,080.02)
Purchase of mutual fund	237.62	(504.51)
Proceeds from sale of mutual funds	(49.73)	19.65
Placement of bank deposits	(453.28)	(285.87)
Redemption of bank deposits	86.44	94.88
Loans given to related parties	-	20.58
Interest received on term deposits	37.02	28.44
Net cash from/(used in) in investing activities (B)	(615.72)	(3,141.39)
Cash flows from financing activities		
Proceeds from term loans	1.09	17.80
Repayment of term loans	(106.75)	(464.82)
Proceeds from short term borrowings	19,127.13	23,127.52
Repayment of short term borrowings	(19,241.57)	(20,927.43)
Proceeds from/(repayment of) short-term borrowings	(256.04)	-
Repayment of lease obligations	(772.45)	(538.53)
Proceeds from issue of equity shares	1.66	1.06
Changes in ownership interest in subsidiary not resulting in loss of control:		
- Dilution of existing stake	349.97	-
Dividend paid to NCI	-	(60.83)
Dividends paid	(591.96)	(1,033.75)
Interest paid	(283.74)	(305.03)
Net cash (used in)/from in financing activities (C)	(1,772.66)	(184.00)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(285.73)	(794.66)
Cash and cash equivalents at the beginning of the period	4,104.66	4,857.19
Effect of exchange rate fluctuations on cash and cash equivalents	13.21	1.47
Cash and cash equivalents at the end of the period	3,832.14	4,064.00
Components of cash and cash equivalents		
Cash in hand	10.63	9.73
Balances with banks		
In current accounts	3,809.74	4,004.61
In EEFC accounts	11.53	47.74
In deposit accounts (with original maturity of less than 3 months)	0.24	1.92
Cash and cash equivalents in consolidated balance sheet*	3,832.14	4,064.00

* Includes INR 4.05 million (30 September 2021:Nil) which is presented as asset held for sale.

The disclosure for the half year ended 30 September 2022 and 30 September 2021 are prepared in compliance with Indian Accounting Standard (Ind AS 34) Interim Financial Reporting.



Qess Corp Limited

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

Consolidated unaudited financial results for the quarter and half year ended 30 September 2022

Notes for the quarter and half year ended 30 September 2022:

- 1 The consolidated financial information of Qess Corp Limited ("the Company") including its subsidiaries (collectively known as the "Group"), its associates and its joint venture (as mentioned in Appendix 1 to these notes) for the quarter and half year ended 30 September 2022 have been taken on record by the Board of Directors at its meeting held on 9 November 2022. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter and half year ended 30 September 2022. These consolidated financial results have been extracted from the interim consolidated financial information.
- 2 The consolidated unaudited financial results and the review report of the Statutory Auditors is being filed with Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE") and will be made available on the Company's website www.qesscorp.com.
- 3 During fiscal year 2020, the Regional PF Commissioner ("RPFC") passed an order under Section 7-A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("Act") demanding INR 716.56 million on the grounds that it failed to remit Provident Fund ("PF") on wages for its employees for the period from April 2018 to March 2019 for certain components of salary. The Group filed an appeal before the Central Government Industrial Tribunal ("CGIT") under section 7-I of the Act challenging the Employees' Provident Fund Organisation's ("EPFO") order along with the application under Section 7-O of the Act seeking a waiver from pre-deposit of the alleged Provident Fund Contributions till the final disposal of the Appeal. The CGIT after hearing the submissions made by the parties passed an Order allowing complete waiver from any pre-deposit and also staying the operation of the EPFO order. The matter has been adjourned to 28 December 2022. The Group has taken external independent legal advice as per which the EPFO's order is prima facie erroneous and unsustainable in law and the liability has been incorrectly determined by the RPFC and therefore, the Company considers the claim to be remote.
- 4 The Board of Directors of the Company at its meeting held on 03 June 2021 considered and approved the Scheme of Amalgamation ("Scheme AAA") among Qess Corp Limited ("Transferee Company") with two of its wholly owned subsidiaries viz. MFX Infotech Private Limited ("MFXI") and Greenpiece Landscape India Private Limited ("GLPL") together known as ("Transferor Companies") and their respective shareholders and creditors under the provisions of Section 230-232 of the Companies Act, 2013 subject to the approval of the shareholders and the National Company Law Tribunal ("NCLT"), Bengaluru branch. On 7 July 2021, the Board of Directors approved revision in Scheme AAA by adding another wholly owned Subsidiary Conneqt Business Solutions Limited ("CBSL") as an additional Transferor Company. The new Scheme AAA will be effected in the consolidated financial results once it is approved by National Company Law Tribunal ("NCLT"), Bengaluru Bench. The Company has filed the application before Hon'ble NCLT, Bengaluru bench on 21 January 2022.
- 5 The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 6 The Board of Directors at their meeting held on 31 May 2022 declared interim dividend of INR 4.00 per equity share (face value of INR 10.00 each) for the previous financial year aggregating to INR 591.96 million which was paid on 21 June 2022.

For the quarter and six months ended 30 September 2022 the Board of Directors at their meeting held on 9 November 2022 declared interim dividend of INR 8.00 per equity share (face value of INR 10.00 each) for the financial year 2022-23.

- 7 As disclosed in quarter ended 30 June 2021, the Income Tax Department ("Department") conducted survey operations at the Company's registered office from 08 July 2021 to 10 July 2021. The queries during the survey for financial year (FY) 2016-17 to FY 2019-20 were primarily related to the manner of availing deduction under section 80JJAA of the Income Tax Act ("Act") and the claim of tax depreciation on goodwill arising from acquisition/ mergers. Further, as disclosed in quarter ended 30 September 2021, a special audit under section 142(2A) of the Act was initiated by the Department for FY 2017-18. During the quarter ended 31 March 2022, special audit was completed; and report was submitted to the Department.

As per due process, and following the issue of the special audit report, the Department has issued a draft assessment order under section 144C of the Act on 24 May 2022. The draft assessment order indicates that, among others, the entire deduction under 80JJAA claimed by the Company is disallowed, along with the depreciation of goodwill arising on mergers and acquisitions. Further receipts in the nature of reimbursement of expenses from customers reduced from revenues as per applicable Accounting Standards have also been added to taxable income. During the half year ended 30 September 2022, the Company filed its objection before the Dispute Resolution Panel.

During the current quarter, special audit initiated during the quarter ended 30 June 2022 under section 142 (2A) was completed for FY 2018-19 and a report was submitted to the Department which includes matters, among others, the manner of claiming deduction under section 80JJAA of the Act and reimbursement of expenses from customers reduced from revenues. The Company has submitted its responses to the special audit report.

The Company intends to vigorously contest its position and interpretative stance of these sections on merits, including judicial precedents, and believes it can strongly defend its position through the legal process as defined under the Act. Based on its initial internal evaluation, the Company has disclosed a contingent liability of INR 166.60 million for FY 2017-18, excluding interest and penalties if any. The contingent liability will be updated as developments unfold in future, including receipt of the draft assessment order for FY 2018-19.

The Company continues to maintain its stand on the manner of claiming the 80JJAA deduction and accordingly 80JJAA deduction of INR 497.67 million and INR 1,231.67 million is claimed for the quarter and half year ended 30 September 2022, respectively. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.

- 8 During the half year ended 30 September 2022, the Company acquired additional 5% stake in Stellarslog Technovation Private Limited (STPL) for purchase consideration of INR 38.36 million. Consequent to additional 5% acquisition, the total shareholding in STPL has increased from 49% to 54% and STPL has become subsidiary of the Company.



The image shows a handwritten signature in blue ink over a circular stamp. The stamp contains the text 'QESS CORP LIMITED' around the perimeter and a star in the center. The signature is a stylized, cursive script.

- 9 The Board of Directors of the Company and Allsec Technologies Limited (“Allsec”) in their respective meetings held on 22 June 2022 have approved the Scheme of Amalgamation which inter alia provides for the merger of Allsec into the Company (“Scheme”). The merger is subject to the approval of the respective shareholders and creditors of the Company and Allsec, Stock Exchanges, Securities and Exchange Board of India, the National Company Law Tribunal and other regulatory authorities as may be required. Shareholders of Allsec (other than the Company) to be issued equity shares of the Company in the ratio of 0.74:1. Till the Scheme becomes effective, the Company and Allsec will continue to function independently.
- 10 The Company sold its 53% stake in Simpliance Technologies Private Limited (Simpliance) with a carrying value of net assets INR 59 million to Aparajitha Corporate Services Limited (Aparajitha) and Dasa Consulting Private Limited, acting as a Trustee company of Poornatha Wellness Private Trust through the Share Purchase Agreement (SPA) dated 6 October 2022. The enterprise value of 100% in Simpliance is valued at INR 1,200 million on a cash and debt free basis. The transaction was completed and the sale consideration of INR 636 million (53% of INR 1,200 Million) was received on 21 October 2022 by the Company.

Assets and liabilities in Simpliance were presented as ‘assets held for sale’ and ‘liabilities directly associated with assets held for sale’, respectively as at September 30, 2022.

The gain on sale of INR 524 million will be recorded during the quarter ending 31 December 2022.

for and on behalf of Board of Directors of

Quess Corp Limited



Guruprasad Srinivasan

Executive Director and Group Chief Executive Officer

Place: Bengaluru

Date: 9 November 2022



Appendix - 1

Nature	S. No. Entity name
Subsidiary/Step-subsiary:	1 Brainhunter Systems Ltd. 2 Mindwire Systems Limited 3 MFX Infotech Private Limited 4 Quess (Philippines) Corp. 5 Quess Corp (USA) Inc. 6 Quess Corp Holdings Pte. Ltd. 7 Quessglobal (Malaysia) Sdn. Bhd. 8 MFXchange Holdings, Inc. 9 MFXchange US, Inc. 10 Quess Corp Lanka (Private) Limited 11 Quesscorp Singapore Pte Ltd (formerly known as Comtel Solutions Pte. Limited) 12 Quess East Bengal FC Private Limited 13 Excelus Learning Solutions Private Limited 14 Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) 15 Vedang Cellular Services Private Limited 16 Quess International Services Private Limited (formerly known as Golden Star Facilities and Services Private Limited) 17 Quess Selection & Services Pte Ltd (formerly known as Comtelpro Pte. Ltd.) 18 Comtelink Sdn. Bhd. 19 Monster.com.SG PTE Limited 20 Monster.com.HK Limited 21 Agensi Pekerjaan Monster Malaysia Sdn. Bhd (formerly known as Monster Malaysia Sdn Bhd) 22 Monster.com (India) Private Limited 23 Quess Corp Vietnam LLC 24 Simpliance Technologies Private Limited 25 Qdigi Services Limited (formerly known as: HCL Computing Products Limited) 26 Greenpiece Landscapes India Private Limited 27 Quesscorp Management Consultancies (formerly known as Styracorp Management Services) 28 Quesscorp Manpower Supply Services LLC [formerly known as S M S Manpower Supply Services (LLC)] 29 Allsec Technologies Limited 30 Allsectech Inc., USA 31 Allsectech Manila Inc., Philippines 32 Quess Services Limited 33 Trimax Smart Infraprojects Private Limited 34 Terrier Security Services (India) Private Limited 35 Heptagon Technologies Private Limited 36 Billion Careers Private Limited 37 Quess Corp NA LLC (w.e.f 17 May 2022) 38 Stellarislog Technovation Private Limited
Associate:	1 Quess Recruit, Inc. 2 Agency Pekerjaan Quess Recruit Sdn. Bhd.
Joint venture:	1 Himmer Industrial Services (M) Sdn. Bhd.

