

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

TO THE BOARD OF DIRECTORS OF QUESS CORP LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **QUESS CORP LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net loss after tax and total comprehensive loss of its associates and joint venture company for the quarter and half year ended 30 September 2023 ("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 interim financial information of the entities listed 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

- i. 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.
- ii. We draw attention to Note 5 of the Statement relating to disallowances by the Income Tax authorities primarily relating to depreciation on goodwill and deduction under section 80JJAA of the Income Tax Act, 1961 for financial year ended 31 March 2018, 2019 and 2020 in respect of the Parent and the consequent contingency 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 21 subsidiaries included in the consolidated unaudited financial results, whose interim financial information/financial results reflect total assets of Rs. 16,355.77 million as at 30 September 2023, total revenues of Rs. 7,153.64 million and Rs. 14,078.52 million for the quarter and half year ended 30 September 2023 respectively, total net profit after tax of Rs. 342.24 million and 419.11 million for the quarter and half year ended 30 September 2023 respectively, and total comprehensive income of Rs. 360.42 million and Rs. 403.83 million for the quarter and half year ended 30 September 2023 respectively, and net cash outflows of Rs. 91.82 for the half year ended 30 September 2023, 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.

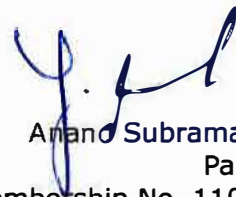
Our conclusion on the Statement is not modified in respect of this matter.

8. The consolidated unaudited financial results include the interim financial information/financial results of 14 subsidiaries which have not been reviewed by their auditors, whose interim financial information/financial results reflect total assets of Rs. 1,500.28 million as at 30 September 2023, total revenues of Rs. 701.22 million and Rs. 1,448.80 million for the quarter and half year ended 30 September 2023 respectively, total loss after tax of Rs. 19.04 million and Rs. 30.35 million for the quarter and half year ended 30 September 2023 respectively, and total comprehensive loss of Rs. 26.08 million and Rs. 42.41 for the quarter and half year ended 30 September 2023 respectively, and net cash outflows of Rs. 53.52 million for the half year ended 30 September 2023, as considered in the Statement. The consolidated unaudited financial results also includes the Group's share of net loss after tax of Rs. 0.47 million and Rs. 0.36 million for the quarter and half year ended 30 September 2023 respectively, and total comprehensive loss of Rs. 0.47 million and Rs. 0.36 million for the quarter and half year ended 30 September 2023 respectively, as considered in the Statement, in respect of associates, based on their interim financial information/ results which have not been reviewed by their auditors. The consolidated unaudited financial results also include one joint venture company having no operations, whose financial information/ results have not been reviewed by their auditors.



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:23110815BGXVMU7704)

Place: Bengaluru
Date: 6 November 2023

ANNEXURE 1:

Nature	S. No.	Entity name
Subsidiaries/Step-down subsidiaries:	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.	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 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 (till 20 October 2022)
	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

Nature	S. No.	Entity name
	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 (w.e.f. 7 April 2022)
	39.	Agency Pekerjaan Quess Recruit Sdn. Bhd (w.e.f 1 July 2023)
Associates:	1.	Quess Recruit, Inc.
	2.	Agency Pekerjaan Quess Recruit Sdn. Bhd (till 1 July 2023)
Joint Venture Company:	1.	Himmer Industrial Services (M) Sdn. Bhd

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

Part I: Statement of consolidated unaudited financial results for the quarter and half year ended 30 September 2023

(INR in million except per share data)

Sl. No.	Particulars	Consolidated					
		Quarter ended		Half year ended		Year ended	
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	a) Revenue from operations	47,483.40	46,002.10	42,733.08	93,485.50	82,526.26	1,71,583.87
	b) Other income	151.34	40.72	88.05	192.06	160.19	263.35
	Total income (a + b)	47,634.74	46,042.82	42,821.13	93,677.56	82,686.45	1,71,847.22
2	Expenses						
	a) Cost of material and stores and spare parts consumed	1,391.87	1,119.01	1,293.11	2,510.88	2,268.79	4,794.39
	b) Employee benefits expense	40,775.33	39,953.41	36,577.84	80,728.74	70,530.58	1,46,595.61
	c) Finance costs	281.27	272.44	263.43	553.71	467.45	1,066.08
	d) Depreciation and amortisation expense	696.59	685.69	675.96	1,382.28	1,285.87	2,746.12
	e) Other expenses	3,680.59	3,390.88	3,513.18	7,071.47	6,844.57	14,337.25
	Total expenses (a + b + c + d + e)	46,825.65	45,421.43	42,323.52	92,247.08	81,397.26	1,69,539.45
3	Profit before share of profit of equity accounted investees, exceptional items and tax (1 - 2)	809.09	621.39	497.61	1,430.48	1,289.19	2,307.77
4	Share of profit/(loss) of equity accounted investees (net of tax)	(0.47)	0.11	(1.85)	(0.36)	(0.97)	0.84
5	Profit before exceptional items and tax (3 + 4)	808.62	621.50	495.76	1,430.12	1,288.22	2,308.61
6	Exceptional items (refer note 6)	15.87	-	-	15.87	-	(535.03)
7	Profit before tax (5 - 6)	792.75	621.50	495.76	1,414.25	1,288.22	2,843.64
8	Tax expense/(credit)						
	Current tax	203.44	165.65	145.68	369.09	263.83	843.35
	Income tax relating to previous year	-	-	-	-	0.08	(55.84)
	Deferred tax	(120.15)	(25.32)	(46.12)	(145.47)	(48.90)	(172.96)
	Total tax expense	83.29	140.33	99.56	223.62	215.01	614.55
9	Profit for the period (7 - 8)	709.46	481.17	396.20	1,190.63	1,073.21	2,229.09
10	Other comprehensive income						
	(i) Items that will not be reclassified subsequently to profit or loss						
	Remeasurement of defined benefit plans	(127.38)	(67.08)	130.69	(194.46)	147.70	106.61
	Income tax (expense)/credit relating to items that will not be reclassified to profit or loss	26.88	20.81	(19.67)	47.69	(23.92)	(24.63)
	(ii) Items that will be reclassified subsequently to profit or loss						
	Exchange differences in translating financial statements of foreign operations	29.40	(86.86)	7.73	(57.46)	86.62	472.56
	Other comprehensive income/(loss) for the period, net of tax	(71.10)	(133.13)	118.75	(204.23)	210.40	554.54
11	Total comprehensive income for the period (9 + 10)	638.36	348.04	514.95	986.40	1,283.61	2,783.63
12	Profit/(loss) attributable to:						
	Owners of the Company	719.26	478.11	420.66	1,197.37	1,089.16	2,244.17
	Non-controlling interests	(9.80)	3.06	(24.46)	(6.74)	(15.95)	(15.08)
13	Other comprehensive income/(loss) attributable to:						
	Owners of the Company	(59.79)	(138.45)	117.61	(198.24)	202.49	546.75
	Non-controlling interests	(11.31)	5.32	1.14	(5.99)	7.91	7.79
14	Total comprehensive income/(loss) attributable to:						
	Owners of the Company	659.47	339.66	538.27	999.13	1,291.65	2,790.93
	Non-controlling interests	(21.11)	8.38	(23.32)	(12.73)	(8.04)	(7.30)
15	Paid-up equity share capital (Face value of INR 10.00 per share)	1,484.20	1,483.87	1,481.49	1,484.20	1,481.49	1,482.29
16	Reserves i.e. Other equity						24,205.22
17	Earning per equity share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	4.85	3.23	2.84	8.07	7.36	15.16
	(b) Diluted (in INR)	4.82	3.22	2.82	8.03	7.30	15.04

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

Consolidated Balance Sheet as at 30 September 2023

(INR in million)

Particulars	As at 30 September 2023	As at 31 March 2023
	(Unaudited)	(Audited)
A ASSETS		
1 Non-current assets		
Property, plant and equipment	2,026.33	2,090.97
Capital work-in-progress	2.03	1.02
Right-of-use assets	4,446.15	4,365.47
Goodwill	10,407.36	10,427.46
Other intangible assets	928.76	1,073.74
Intangible assets under development	169.57	180.11
Investments in equity accounted investees	10.50	10.86
Financial assets		
Investments	16.55	16.55
Other financial assets	1,723.83	1,598.98
Deferred tax assets (net)	1,259.98	1,064.11
Income tax assets (net)	4,959.63	4,904.52
Other non-current assets	462.78	355.64
Total non-current assets	26,413.47	26,089.43
2 Current assets		
Inventories	311.19	281.57
Financial assets		
Investments	549.69	467.79
Trade receivables		
-Billed	15,500.98	14,853.27
-Unbilled	13,588.26	12,032.64
Cash and cash equivalents	4,767.54	4,375.74
Bank balances other than cash and cash equivalents above	788.08	1,285.34
Loans	36.95	36.79
Other financial assets	189.57	213.63
Other current assets	1,791.97	1,551.51
Total current assets	37,524.23	35,098.28
Total Assets	63,937.70	61,187.71
B EQUITY AND LIABILITIES		
1 Equity		
Equity share capital	1,484.20	1,482.29
Other equity	25,549.41	24,205.22
Total equity attributable to equity holders of the Company	27,033.61	25,687.51
Non-controlling interests	1,607.78	1,620.51
Total equity	28,641.39	27,308.02
2 Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	49.22	94.72
Lease liabilities	3,495.15	3,379.30
Other financial liabilities	-	-
Provisions	3,321.28	2,743.40
Total non-current liabilities	6,865.65	6,217.42
3 Current liabilities		
Financial liabilities		
Borrowings	4,676.75	5,216.09
Lease liabilities	1,391.11	1,423.23
Trade payables	1,323.57	1,249.38
Other financial liabilities	15,128.36	13,051.08
Income tax liabilities (net)	630.15	693.23
Other current liabilities	5,127.39	5,692.42
Provisions	153.33	336.84
Total current liabilities	28,430.66	27,662.27
Total Liabilities	35,296.31	33,879.69
Total Equity and Liabilities	63,937.70	61,187.71

See accompanying notes to the financial results



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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.

Statement of consolidated unaudited segment wise revenue, results, assets and liabilities for the quarter and half year ended 30 September 2023 (INR in million)

Sl. No.	Particulars	Consolidated					
		Quarter ended		Half year ended			Year ended
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	a) Workforce management	33,152.73	32,206.21	29,428.64	65,358.94	57,007.47	1,18,308.95
	b) Operating asset management	7,054.60	6,899.36	6,514.92	13,953.96	12,481.54	26,215.77
	c) Global technology solutions	5,842.65	5,632.60	5,287.04	11,475.25	10,360.68	21,722.63
	d) Product led business	1,433.42	1,263.93	1,502.48	2,697.35	2,676.57	5,336.52
	Total	47,483.40	46,002.10	42,733.08	93,485.50	82,526.26	1,71,583.87
2	Segment results						
	a) Workforce management	871.73	832.25	791.49	1,703.98	1,733.50	3,452.82
	b) Operating asset management	351.52	308.10	278.31	659.62	582.32	1,195.71
	c) Global technology solutions	1,041.17	1,001.75	845.11	2,042.92	1,671.02	3,540.78
	d) Product led business	(202.15)	(256.01)	(239.44)	(458.16)	(479.17)	(964.27)
	Total	2,062.27	1,886.09	1,675.47	3,948.36	3,507.67	7,225.04
	Less: (i) Unallocated corporate expenses	426.66	347.29	326.52	773.95	625.35	1,368.42
	Less: (ii) Depreciation and amortisation expense	696.59	685.69	675.96	1,382.28	1,285.87	2,746.12
	Less: (iii) Finance costs	281.27	272.44	263.43	553.71	467.45	1,066.08
	Add: (iv) Other income	151.34	40.72	88.05	192.06	160.19	263.35
	Add: (v) Share of profit/(loss) of equity accounted investees (net of tax)	(0.47)	0.11	(1.85)	(0.36)	(0.97)	0.84
	Profit before exceptional items and tax	808.62	621.50	495.76	1,430.12	1,288.22	2,308.61
	Exceptional item loss/(gain)	15.87	-	-	15.87	-	(535.03)
	Profit before tax	792.75	621.50	495.76	1,414.25	1,288.22	2,843.64
3	Segment assets						
	a) Workforce management	19,796.64	19,012.01	17,557.69	19,796.64	17,557.69	18,077.36
	b) Operating asset management	14,392.45	14,308.79	13,548.46	14,392.45	13,548.46	13,926.15
	c) Global technology solutions	15,240.84	14,861.48	14,351.97	15,240.84	14,351.97	14,461.28
	d) Product led business	2,555.57	2,369.74	2,330.26	2,555.57	2,330.26	2,409.32
	e) Unallocated	11,952.20	12,078.68	11,587.42	11,952.20	11,587.42	12,313.59
	Total	63,937.70	62,630.70	59,375.80	63,937.70	59,375.80	61,187.71
4	Segment liabilities						
	a) Workforce management	14,770.23	13,892.97	12,454.41	14,770.23	12,454.41	12,475.72
	b) Operating asset management	5,573.86	5,252.28	4,594.92	5,573.86	4,594.92	4,943.18
	c) Global technology solutions	7,402.74	7,205.24	6,783.79	7,402.74	6,783.79	7,534.30
	d) Product led business	2,311.83	2,301.87	2,369.10	2,311.83	2,369.10	2,390.37
	e) Unallocated	5,237.65	6,265.08	6,148.33	5,237.65	6,148.33	6,536.12
	Total	35,296.31	34,917.44	32,350.55	35,296.31	32,350.55	33,879.69

See accompanying notes to the financial results

Quess Corp Limited

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Statement of Consolidated Cash flows for the half year ended 30 September 2023
(Amount in INR million)

Particulars	For the half year ended	
	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit after tax	1,190.63	1,073.21
Adjustments to reconcile net profit to net cash provided by operating activities:		
Tax expenses	223.62	215.01
Exceptional items	15.87	-
Interest income on term deposits	(47.88)	(45.95)
Amortised cost adjustments for financial instruments	(6.76)	(5.08)
Interest on income tax refunds	(76.27)	(11.62)
Loss on sale of property, plant and equipment, net	6.34	6.16
Interest on loans given to related parties	-	(0.36)
Net gain on sale of investments in mutual funds	-	(9.77)
Net gain on financial assets designated at fair value through profit or loss	(20.52)	(8.04)
Expense on employee stock option scheme	124.79	193.75
Finance costs	553.71	467.45
Depreciation and amortisation expense	1,382.28	1,285.87
Loss allowance on financial assets, net	418.51	181.05
Bad debts written off	18.64	41.41
Foreign exchange gain, net	(26.74)	(64.97)
Share of loss of equity accounted investees	0.36	0.97
Operating cash flows before working capital changes	3,756.58	3,319.09
Changes in operating assets and liabilities		
Changes in inventories	(29.62)	(25.16)
Changes in trade receivables and unbilled revenue	(2,640.50)	(3,968.29)
Changes in loans, other financial assets and other assets	(431.85)	(394.23)
Changes in trade payables	74.19	(69.45)
Changes in other financial liabilities, other liabilities and provisions	2,001.69	4,205.24
Cash generated from operations	2,730.49	3,067.20
Income taxes (paid), net	(412.85)	(964.55)
Net cash flows from operating activities (A)	2,317.64	2,102.65
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(471.25)	(480.12)
Acquisition of shares in subsidiaries	-	6.33
Purchase of mutual fund	(61.38)	(49.73)
Proceeds from sale of mutual funds	-	237.62
Placement of bank deposits	(67.80)	(453.28)
Redemption of bank deposits	583.98	86.44
Interest received on term deposits	70.67	37.02
Net cash from/(used in) investing activities (B)	54.22	(615.72)
Cash flows from financing activities		
Proceeds from term loans	79.94	1.09
Repayment of term loans	(56.15)	(106.75)
Proceeds from short term borrowings	3,321.91	19,127.13
Repayment of short term borrowings	(3,630.99)	(19,241.57)
Proceeds from/(repayment of) short-term borrowings	(299.51)	(256.04)
Payment of lease liability	(941.28)	(772.45)
Proceeds from issue of equity shares, net of share issue expenses	2.45	1.66
Payment of stamp duty in relation to merger and issue of shares in earlier year	(124.64)	-
Changes in ownership interest in subsidiary not resulting in loss of control:		
- Dilution of existing stake	-	349.97
Dividends paid	-	(591.96)
Interest paid	(324.08)	(283.74)
Net cash (used in)/from in financing activities (C)	(1,972.35)	(1,772.66)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	399.51	(285.73)
Cash and cash equivalents at the beginning of the period	4,375.74	4,104.66
Effect of exchange rate fluctuations on cash and cash equivalents	(7.71)	13.21
Cash and cash equivalents at the end of the period	4,767.54	3,832.14
Components of cash and cash equivalents		
Cash in hand	9.39	10.63
Balances with banks		
In current accounts	4,701.98	3,809.74
In EEFC accounts	43.74	11.53
In deposit accounts (with original maturity of less than 3 months)	12.43	0.24
Cash and cash equivalents in consolidated balance sheet*	4,767.54	3,832.14

* Includes INR 4.05 million is presented as asset held for sale as at 30 September 2022.

The disclosure for the half year ended 30 September 2023 and 30 September 2022 are prepared in compliance with Indian Accounting Standard (Ind AS 34) Interim Financial Reporting.

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Consolidated unaudited financial results for the quarter and half year ended 30 September 2023

Notes for the quarter and half year ended 30 September 2023:

- 1 The consolidated financial information of Quess 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 2023 have been taken on record by the Board of Directors at its meeting held on 6 November 2023. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter and half year ended 30 September 2023. 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.quescorp.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 10 November 2023. 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 7 July 2021 considered and approved the revised Scheme of Amalgamation ("Scheme AAA") among Quess Corp Limited ("Transferee Company") with three of its wholly owned subsidiaries viz. MFX Infotech Private Limited ("MFXI") and Greenpiece Landscape India Private Limited ("GLPL") and Conneqt Business Solutions Limited ("CBSL") 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 necessary approvals by the national Company Law Tribunal (NCLT), Bengaluru bench. The Scheme AAA will be effected in the standalone financial results once it is approved by National Company Law Tribunal ("NCLT"), Bengaluru Bench. The applicant companies had filed the application before Hon'ble NCLT, Bengaluru bench on 21 January 2022 and received order dated 30 November 2022 for dispensation of the meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of Applicant Companies and direction to issue notices to the creditors and the statutory authorities specified in the order. Further, the applicant companies after the due compliance filed the Company petition on 9 January 2023 for sanctioning of the Scheme. The Hon'ble NCLT in the hearing held on 8 September 2023 has reserved the order.
- 5 **Income Tax Matters:**
During the year ended 31 March 2023, the Company received assessment order ('Order') under section 143(3) read with section 144C(13) of the Income Tax Act after completion of Dispute Resolution Panel ("DRP") proceedings for fiscal 2017-2018 resulting in disallowances primarily relating to deduction under section 80JJAA of the Income Tax Act and depreciation on goodwill. The Company has filed appeal with the Income Tax Appellate Tribunal relating to these disallowances. Further, during the quarter and half year ended 30 September 2023, the Company received a final assessment order for fiscal year 2018-2019 under section 143(3) read with section 144C(13) of the Income Tax Act in which primarily deduction under section 80JJAA of the Income Tax Act and depreciation on goodwill has been disallowed. The Company will file an appeal against the said adjustments before the Income Tax Appellate Tribunal against the final assessment order.

Further during the quarter, the Company has received draft assessment order under section 144C(1) for fiscal year 2019-2020, in which the primary deduction under section 80JJAA of the Income Tax Act and depreciation on goodwill has been disallowed. The Company has filed objections before the Dispute Resolution Panel against the draft assessment order.

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 Income Tax Act. Based on its internal evaluation, the Company has disclosed a contingent liability of INR 1,821.48 million for fiscal 2017-2018, fiscal 2018-2019 and fiscal 2019-2020, towards tax demands including interest in the order. The contingent liability will be updated as developments unfold in future.

The Group continues to maintain its stand on the manner of claiming the 80JJAA deduction and accordingly 80JJAA deduction (reduced from taxable income) of INR 764.05 million is claimed for the quarter and INR 1,159.33 million for the half year ended 30 September 2023. The Group believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.
- 6 During the quarter and half year ended 30 September 2023, the Company reassessed the recoverable value with carrying value of Stellarslog Technologies Private Limited ("SLPL"), and recognised goodwill impairment of INR 15.87 million, disclosed as exceptional item in the above results.
- 7 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.

for and on behalf of Board of Directors of

Quess Corp Limited



Guruprasad Srinivasan

Executive Director (Whole-time director) and Group Chief Executive Officer

DIN: 07596207

Place: Bengaluru

Date: 6 November 2023



Appendix - 1

Nature	S. No.	Entity name
Subsidiary/Step-subsubsidiary:	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 (till 20 October 2022)
	25	Qdigi Services Limited (formerly known as: HCL Computing Products Limited)
	26	Greenpiece Landscapes India Private Limited
	27	Quesscorp Management Consultancies (formerly known as Styrcorp 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
	39	Agency Pekerjaan Quess Recruit Sdn. Bhd. (w.e.f. 1 July 2023)
Associate:	1	Quess Recruit, Inc.
	2	Agency Pekerjaan Quess Recruit Sdn. Bhd. (till 1 July 2023)
Joint venture:	1	Himmer Industrial Services (M) Sdn. Bhd.

