

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

TO THE BOARD OF DIRECTORS OF QUESS CORP LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **QUESS CORP LIMITED** ("the Company"), for the quarter and half year ended September 30, 2020 ("the Statement"), being submitted by the Company 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 Company's Management and approved by the Company'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 the Company's 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.
4. Based on our review conducted as stated in paragraph 3 above, 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.

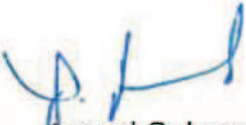


5. Emphasis of Matter Paragraphs

- i. We draw attention to Note 7 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 14 of the Statement, which describes the effects of the continuing uncertainty arising from the outbreak of the COVID-19 pandemic on the financial results for the quarter and half year ended September 30, 2020.

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

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



Anand Subramanian
Partner

(Membership No. 110815)
(UDIN: 20110815AAAADN8121)

Place: Bengaluru
Date: October 30, 2020

Quess Corp Limited

Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;

Part I: Statement of standalone unaudited financial results for the quarter and half year ended 30 September 2020

(INR in millions except per share data)

Sl. No.	Particulars	Standalone					
		Quarter ended			Half year ended		Year ended
		30 September 2020	30 June 2020	30 September 2019*	30 September 2020	30 September 2019*	31 March 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	Income						
	a) Revenue from operations	17,666.35	16,959.42	18,308.99	34,625.77	34,711.18	77,402.32
	b) Other income	159.53	41.51	153.01	201.04	316.70	475.46
	Total income (a + b)	17,825.88	17,000.93	18,462.00	34,826.81	35,027.88	77,877.78
2	Expenses						
	a) Cost of material and stores and spare parts consumed	166.27	151.51	322.67	317.78	636.62	1,309.54
	b) Employee benefit expenses	16,203.20	15,459.75	15,956.17	31,662.95	30,136.98	67,914.63
	c) Finance costs	182.52	234.96	266.88	417.48	510.71	967.99
	d) Depreciation and amortisation expense	136.82	147.48	171.57	284.30	335.51	656.18
	e) Other expenses	891.90	817.57	1,272.71	1,709.47	2,413.26	4,842.87
	Total expenses (a + b + c + d + e)	17,580.71	16,811.27	17,990.00	34,391.98	34,033.08	75,691.21
3	Profit before exceptional items and tax (1 - 2)	245.17	189.66	472.00	434.83	994.80	2,186.57
4	Exceptional items (refer note 8)	-	112.70	-	112.70	-	5,261.18
5	Profit/ (loss) before tax (3 - 4)	245.17	76.96	472.00	322.13	994.80	(3,074.61)
6	Tax expense/ (credit)						
	Current tax	-	-	62.32	-	165.44	-
	Deferred tax	211.28	75.98	(167.06)	287.26	(251.79)	294.46
	Total tax expense/ (credit)	211.28	75.98	(104.74)	287.26	(86.35)	294.46
7	Profit/ (loss) for the period (5 - 6)	33.89	0.98	576.74	34.87	1,081.15	(3,369.07)
8	Other comprehensive income						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Remeasurement of defined benefit plans	(20.57)	(66.31)	(32.65)	(86.88)	(37.01)	(68.42)
	Income tax relating to items that will not be reclassified to profit or loss	5.18	16.69	11.41	21.87	12.93	17.20
	Other comprehensive income/ (loss) for the period, net of taxes	(15.39)	(49.62)	(21.24)	(65.01)	(24.08)	(51.22)
9	Total comprehensive income/ (loss) for the period (7 + 8)	18.50	(48.64)	555.50	(30.14)	1,057.07	(3,420.29)
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,476.38	1,475.83	1,468.58	1,476.38	1,468.58	1,475.11
11	Reserves i.e. Other equity						21,709.68
12	Earning/ (loss) Per Share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (INR)	0.23	0.01	3.94	0.24	7.39	(22.94)
	(b) Diluted (INR)	0.23	0.01	3.92	0.24	7.35	(22.89)

See accompanying notes to the financial results

*Previously reviewed and retrospectively adjusted.

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Quess Corp Limited
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CIN No. L74140KA2007PLC043909

Standalone Balance Sheet as at 30 September 2020

(INR in millions)

Particulars		As at	As at
		30 September 2020	31 March 2020
		(Unaudited)	(Audited)
A	ASSETS		
1	Non-current assets		
	Property, plant and equipment	330.02	411.98
	Right-of-use assets	555.96	684.67
	Goodwill	2,777.73	2,777.73
	Other intangible assets	633.41	714.47
	Intangible assets under development	35.68	2.42
	Financial assets		
	Investments	11,592.71	12,036.12
	Loans	710.03	1,350.74
	Other financial assets	131.26	87.70
	Deferred tax assets (net)	1,119.39	1,384.78
	Income tax assets (net)	2,275.05	2,898.45
	Other non-current assets	33.09	65.05
	Total non-current assets	20,194.33	22,414.11
2	Current assets		
	Inventories	81.32	102.53
	Financial assets		
	Trade receivables	4,185.92	4,749.09
	Cash and cash equivalents	1,606.44	3,902.90
	Bank balances other than cash and cash equivalents above	304.80	363.39
	Loans	152.54	427.43
	Unbilled revenue	6,706.82	6,219.96
	Other financial assets	82.24	130.43
	Other current assets	702.26	479.24
	Total current assets	13,822.34	16,374.97
	Total Assets	34,016.67	38,789.08
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	1,476.38	1,475.11
	Other equity	21,729.57	21,709.68
	Total equity	23,205.95	23,184.79
2	Liabilities		
	Non-current liabilities		
	Financial liabilities		
	Lease liabilities	453.82	543.60
	Non-current provisions	1,312.48	1,125.48
	Total non-current liabilities	1,766.30	1,669.08
3	Current liabilities		
	Financial liabilities		
	Borrowings	3,026.00	7,767.88
	Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	438.97	551.44
	Lease liabilities	163.44	188.34
	Other financial liabilities	3,693.70	3,308.22
	Current provisions	23.71	22.14
	Other current liabilities	1,698.60	2,097.19
	Total current liabilities	9,044.42	13,935.21
	Total liabilities	10,810.72	15,604.29
	Total Equity and Liabilities	34,016.67	38,789.08

See accompanying notes to the financial results

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Standalone Statement of Cash flows for the half year ended 30 September 2020

(INR in millions)

Particulars	For the half year ended	
	30 September 2020	30 September 2019*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit after tax	34.87	1,081.15
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation expense	284.30	335.90
Profit/(loss) on sale of property, plant and equipment, net	(0.15)	25.56
Bad debts written off	62.34	80.28
Liabilities no longer required written back	(0.37)	-
Provision for bad and doubtful debts, net	6.71	(67.63)
Interest on loans given to related parties	(21.10)	(201.66)
Interest income on term deposits	(12.38)	(56.81)
Interest income on present valuation of financial instruments	(7.67)	(31.45)
Tax expense	287.26	(86.48)
Expense on employee stock option scheme	50.06	10.67
Rent concession	(31.77)	-
Finance costs	417.48	510.71
Exceptional item (Diminution in value of investments) [refer note 8]	112.70	-
Interest income from investments in debentures	-	(41.25)
Net fair value loss on mutual funds	-	44.58
Net gain on sale of investments in mutual funds	-	(48.46)
Foreign exchange gain	(2.18)	-
Operating profit before working capital changes	1,145.23	473.96
Changes in operating assets and liabilities		
Changes in inventories	21.21	4.61
Changes in trade receivables and unbilled revenue	7.24	(605.87)
Changes in loans, other financial assets and other assets	(150.28)	(67.95)
Changes in trade payables and other financial liabilities	260.22	14.03
Changes in other liabilities and provisions	(296.87)	530.37
Cash generated from operations	1,021.62	1,430.30
Income taxes paid, net of refund	623.40	(486.67)
Net cash flows from operating activities (A)	1,645.02	943.63
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles, net of sale proceeds	(41.98)	(44.49)
Investment in subsidiaries	-	(260.41)
Proceeds from sale of investments	333.18	388.55
Bank deposits (having original maturity of more than three months), net	(68.81)	706.30
Loans given to related parties	1,028.13	-
Repayment of loans by related parties	-	(2,841.39)
Interest received on Debentures	-	41.25
Interest received on term deposits	8.52	60.74
Net cash from/ (used in) investing activities (B)	1,259.04	(1,949.44)
Cash flows from financing activities		
Proceeds from term loans	0.50	1.36
(Repayment)/ Proceeds from borrowings	(4,741.88)	637.64
Proceeds from issue of equity shares, net of issue expenses	1.27	847.21
Loans from related parties	5.24	0.13
Repayment of lease liabilities	(99.44)	(115.28)
Interest paid	(366.21)	(412.26)
Net cash (used in)/ from financing activities (C)	(5,200.52)	958.80
Net decrease in cash and cash equivalents (A+B+C)	(2,296.46)	(47.01)
Cash and cash equivalents at the beginning of the period	3,902.90	3,396.15
Cash and cash equivalents at the end of the period	1,606.44	3,349.14
Components of cash and cash equivalents		
Cash in hand	2.63	3.02
Balances with banks		
In current accounts	1,603.73	3,297.59
In deposit accounts (with original maturity of less than 3 months)	0.08	48.53
Cash and cash equivalents as per standalone balance sheet	1,606.44	3,349.14

*Previously reviewed and retrospectively adjusted.

The disclosure for the half year ended 30 September 2020 and 30 September 2019 are prepared in compliance with Indian Accounting Standard (Ind AS 34) Interim Financial Reporting.



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CIN No. L74140KA2007PLC043909

Standalone unaudited financial results for the quarter and half year ended 30 September 2020

Notes :

- 1 The statement of standalone unaudited financial results ("the Statement") of Quess Corp Limited ("the Company") for the quarter and half year ended 30 September 2020 have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules there under and in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 2 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 30 October 2020. The statutory auditors have issued an unmodified review report.
- 3 Pursuant to the provisions of the Listing Agreement, the Management has decided to publish consolidated unaudited financial results in the newspapers. The standalone 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 website www.queesscorp.com.
- 4 In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated unaudited financial results of the Company and therefore no separate disclosure on segment information is given in these standalone unaudited financial results.
- 5 **Acquisitions:**

During the quarter ended 30 June 2020, the Company acquired additional 25.00% stake in Terrier Security Services (India) Private Limited ("TSSIPL") for a purchase consideration of INR 645.00 million. Consequent to the additional 25.00% acquisition, the total shareholding in TSSIPL has increased from 49.00% to 74.00% and TSSIPL has become a subsidiary of the Company. The additional purchase consideration of INR 645.00 million was settled by adjusting loans which was outstanding to be received from Heptagon Technologies Private Limited ("HTPL").
- 6 During the quarter ended 30 September 2020, the Company sold Dependo Logistics Services Private Limited for a consideration of INR 100.00 million.
- 7 During the previous year, the Company had received a notice from the Regional PF Commissioner ("RPFC") under Section 7-A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the Act") stating that Company has failed to remit Provident Fund ("PF") on wages for its employees for the period from April 2018 to March 2019 on the grounds that PF deductions were not made on certain components of the salary amounting to INR 716.56 million. On 26 August 2019, the Company filed an appeal before the Central Government Industrial Tribunal ("CGIT") under section 7-1 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. Consequent to the appeal, on 23 October 2019, 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 for a period of 3 months. Due to COVID-19 pandemic the matter has been adjourned to 25 November 2020. The Company has obtained external independent legal advice as per which the EPFO's order is prima facie erroneous and unsustainable in law and the liability has been wrongly determined by the RPFC. Further the Company has contractual rights with its customers wherein any such statutory liabilities could be passed on to them and the Company has obtained confirmation from the customers in this regard. Based on the legal advice, pending the hearing of the appeal and contractual arrangement with customers, no provision or contingent liability has been recognised or disclosed.
- 8 During the quarter ended 30 June 2020, the Company reassessed the recoverable value of investment made in Heptagon Technologies Private Limited ("HTPL"), an associate company and recognised an impairment of INR 112.70 million, disclosed as exceptional item in the above results.
- 9 On 31 March 2020 pursuant to approval by the shareholders by way of a special resolution through postal ballot, the Nomination and Remuneration Committee/ Board has been authorized to introduce, offer, issue and provide Restricted Stock Units ("RSU") to eligible employees of the Company and its subsidiaries under the Quess Stock Ownership Plan – 2020 ("QSOP 2020"). The maximum number of shares under QSOP 2020 shall not exceed 3,650,000 equity shares. The RSUs granted under QSOP 2020 shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and Remuneration Committee). These instruments will be equity settled and will generally vest between a minimum of 1 to maximum of 6 years from the grant date. The total expense recorded for the same during the quarter ended 30 September 2020 amounted to INR 31.26 million and half year ended 30 September 2020 amounted to INR 47.90 million.

The Company has received in-principle approval for listing from BSE and NSE on 29 April 2020 and 30 April 2020 respectively. On 11 May 2020, the Nomination and Remuneration Committee approved the grant of 2,629,795 RSU's under QSOP 2020 subject to necessary approvals. Further on 24 July 2020, the Nomination and Remuneration Committee has approved additional grant of 74,141 RSU's under QSOP 2020.
- 10 The Board of Directors of the Company at its meeting held on 18 February 2020 had considered and approved the Scheme of Amalgamation ("Scheme AAA") among Quess Corp Limited ("Transferee Company") with four of its wholly owned subsidiaries viz. Golden Star Facilities and Services Private Limited ("GSFS"), MFX Infotech Private Limited ("MFXI"), Trimax Smart Infraprojects Private Limited ("TSIP"), and Green Piece Landscape India Private Limited ("GLPL") together known as ("Transferor Companies") and their respective shareholders and creditors, subject to the approval of shareholders and other regulatory authorities as may be applicable under the Companies Act, 2013. The Board had delegated its power to the Administration and Investment Committee of the Board for finalisation of the Scheme AAA. Upon the Scheme AAA becoming effective the Transferor Companies shall dissolve and all the assets and liabilities of the transferor companies will be recorded at the carrying values in the consolidated financial statements effective 1 April 2020. The carrying amount of the Transferee Company's investment in the shares of the Transferor Companies, which shall stand cancelled in the terms of this Scheme, and the aggregate face value of such shares shall, subject to other provisions contained in Scheme AAA, be adjusted and reflected in the consolidated financial statements as it relates to Transferor Companies. On 29 June 2020, the Committee approved the final Scheme AAA and the same was submitted with the Stock Exchanges. On 29 September 2020, the Company has received the approval of the shareholders in the Annual General Meeting and filed the forms with Ministry of Corporate Affairs for approval of the Scheme.
- 11 On 16 July 2020 the Company entered into a Termination agreement ("Agreement") with Quess East Bengal FC Private Limited ("QEBFC") and the East Bengal Club ("Club") for terminating the shareholders agreement ("SHA") dated 5 July 2018 among the Company, QEBFC and the Club on mutual consent. As per the agreement, the sporting rights has been surrendered to the Club with effect from 16 July 2020 and the Company had acquired balance 30.00% equity stake in QEBFC for a nominal value of INR 1,000.00. The impact of the transaction on the results of the quarter and half year ended 30 September 2020 is insignificant.

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- 12 The Company has applied practical expedient in Indian Accounting Standard (Ind AS 116) notified vide Companies (Indian Accounting Standards) Amendment Rules, 2020 by Ministry of Corporate Affairs on 24 July 2020 to all rent concessions received as a direct consequence of COVID-19 pandemic. Accordingly, the Company recognised an amount of INR 13.04 million and INR 31.77 million in the standalone unaudited financial results for the quarter ended and half year ended 30 September 2020 respectively, as reduction of rent expenses grouped under other expenses on account of rent concessions received.
- 13 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 Company 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.
- 14 The spread of the COVID-19 pandemic in India and globally has created significant pervasive volatility, uncertainty and economic disruption, including disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, reduction in production output levels, lower demand and lower discretionary consumer spending. Since the outbreak of the COVID-19 emerged in early 2020, it has quickly spread across India and the world. The Company's business operations for the quarter and half year ended 30 September 2020 continues to be affected by applicable regulatory restrictions including stay-at-home/ work from home requirements of the Central and State governments in India and the disruptive factors mentioned above. The duration of the pandemic and its consequential economic and financial impact continue to remain highly uncertain.
- As a result of these developments, the Company considered the possible effects that may result from the pandemic relating to COVID-19 in preparation of the financial results including evaluating the recoverability of financial assets and non-financial assets particularly, trade receivables, unbilled revenues, goodwill, intangible assets, investments and loans granted to subsidiaries and associates. The COVID-19 pandemic began to impact the Company's operations in the quarter ended 31 March 2020 and the Company has since applied judgements and related assumptions in relation to carrying value of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as on date of approval of these standalone unaudited financial results has used internal and external sources of information to the extent available and based on current estimates expects the carrying amount of these assets to be recovered. Specifically for the purpose of assessing the recoverable value of investments in and loans granted to subsidiary companies aggregating INR 11,757.65 million and investments in and loans granted to associate companies amounting to INR 277.68 million, significant revised judgment was applied during the quarter in certain cases while finalising assumptions on growth in revenues, EBITDA and discount rates. These assumptions are subject to change in future as events unfold within the uncertain environment.
- The impact of COVID-19 on the Company's financial results may differ from that currently estimated as at the date of approval of these standalone unaudited financial results. Such changes, if any, will be prospectively recognised.

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



Ajit Isaac
Chairman & Managing Director
Place: Bengaluru
Date: 30 October 2020



Disclosures in compliance with regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended 30 September 2020.

(a) Details of Outstanding Non-Convertible Debentures:

Sl.No	Name of Series	No of debentures	Amount of Issue in INR
1	8.50% NCD's (issued on 21 January 2017)	750.00	750,000,000

(b) Credit Rating :

The Credit rating in respect of the above mentioned NCD series is "AA" by ICRA. During the year ended 31 March 2020 the credit rating was upgraded from "AA-" to "AA".

(c) Asset coverage : 6.41 times*

(d) Debt-Equity ratio: 0.17 times**

(e) Previous due date for payment of Interest: 20-Jan-2020

Next due date for payment of principal and interest

Particulars	Principal due date	Amount in INR	Interest due date	Amount in INR
8.50% NCD's (issued on 21 January 2017)	20-Jan-22	750,000,000	20-Jan-22	61,875,000

(f) Debt service coverage ratio: 0.49 times***

(g) Interest service coverage ratio: 1.56 times****

(h) Debenture redemption reserve: INR 103.13 millions as at 30 September 2020

(i) Net worth: INR 23,205.95 millions as at 30 September 2020

(j) Net profit after tax: INR 34.87 millions as at 30 September 2020

(k) Earnings per share: Included in the results

* Asset coverage ratio = [(Total assets-Intangible assets)-(Current liabilities-short term debt)] divided by total debt.

** Debt-equity ratio = Total debt divided by Equity.

*** DSCR = [Net operating income divided by total debt service]

**** ISCR = [Profit before interest and exceptional items divided by interest expense]

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