

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL STANDALONE FINANCIAL RESULTS AND REVIEW OF QUARTERLY FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF

QUESS CORP LIMITED

Opinion and Conclusion

We have (a) audited the Standalone Financial Results for the year ended March 31, 2021 and (b) reviewed the Standalone Financial Results for the quarter ended March 31, 2021 (refer 'Other Matters' section below), which were subject to Limited Review by us, both included in the accompanying "Statement of Standalone Financial Results for the quarter and year ended March 31, 2021" of **QUESS CORP LIMITED** ("the Company"), ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

(a) Opinion on Annual Financial Results

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Financial Results for the year ended March 31, 2021:

- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the year then ended.

(b) Conclusion on Unaudited Standalone Financial Results for the quarter ended March 31, 2021

With respect to the Standalone Financial Results for the quarter ended March 31, 2021, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Standalone Financial Results for the quarter ended March 31, 2021, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 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.



Deloitte Haskins & Sells LLP

Basis for Opinion on the Audited Standalone Financial Results for the year ended March 31, 2021

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in paragraph (a) of Auditor's Responsibilities section below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results for the year ended March 31, 2021 under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

- We draw attention to Note 13 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 20 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 year ended March 31, 2021.

Our report is not modified in respect of these matters

Management's Responsibilities for the Statement

This Statement, which includes the Standalone Financial Results is the responsibility of the Company's Board of Directors, and has been approved by them for the issuance. The standalone financial results for the year ended March 31, 2021 has been compiled from the related audited standalone financial statement. This responsibility includes the preparation and presentation of the Standalone Financial Results for the quarter and year ended March 31, 2021 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.



Auditor's Responsibilities

(a) Audit of the Standalone Financial Results for the year ended March 31, 2021

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the year ended March 31, 2021 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Standalone Financial Results, including the disclosures, and whether the Annual Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Standalone Financial Results of the Company to express an opinion on the Annual Standalone Financial Results.

Materiality is the magnitude of misstatements in the Annual Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Standalone Financial Results.



Deloitte Haskins & Sells LLP

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

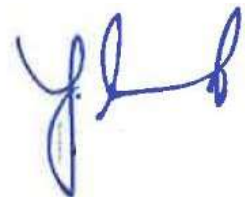
(b) Review of the Standalone Financial Results for the quarter ended March 31, 2021

We conducted our review of the Standalone Financial Results for the quarter ended March 31, 2021 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 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 SAs specified under Section 143(10) of the Act 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.

Other Matters

The Statement includes the results for the Quarter ended March 31, 2021 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report on the Statement is not modified in respect of this matter.

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



(Membership No. 110815)
(UDIN: 21110815AAAACA6043)

Place: Bengaluru
Date : June 03, 2021

Quess Corp Limited						
Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103						
CIN No. L74140KA2007PLC043909						
Part 1: Statement of standalone audited financial results for the quarter and year ended 31 March 2021						
(INR in millions except per share data)						
Sl. No.	Particulars	Standalone				
		Quarter ended			Year ended	
		31 March 2021	31 December 2020	31 March 2020	31 March 2021	31 March 2020
		(Refer note 2)	(Unaudited)	(Refer note 2)	(Audited)	(Audited)
1	Income					
	a) Revenue from operations	21,137.23	19,071.06	21,794.43	74,834.06	77,402.32
	b) Other income	21.57	81.18	67.62	303.79	475.46
	Total income (a + b)	21,158.80	19,152.24	21,862.05	75,137.85	77,877.78
2	Expenses					
	a) Cost of material and stores and spare parts consumed	221.33	173.80	331.35	712.91	1,309.54
	b) Employee benefit expenses	19,094.53	17,430.14	19,272.44	68,187.62	67,914.63
	c) Finance costs	101.81	115.34	233.48	634.63	967.99
	d) Depreciation and amortisation expense	114.71	126.08	149.16	525.09	656.18
	e) Other expenses	2,479.58	1,072.87	1,238.24	5,261.92	4,842.87
	Total expenses (a + b + c + d + e)	22,011.96	18,918.23	21,224.67	75,322.17	75,691.21
3	Profit/ (loss) before exceptional items and tax (1 - 2)	(853.16)	234.01	637.38	(184.32)	2,186.57
4	Exceptional items (refer note 9)	-	-	5,261.18	112.70	5,261.18
5	Profit/ (loss) before tax (3 - 4)	(853.16)	234.01	(4,623.80)	(297.02)	(3,074.61)
6	Tax expense/ (credit)					
	Current tax	-	-	(264.02)	-	-
	Income tax relating to previous year	-	53.82	-	53.82	-
	Deferred tax	198.09	162.32	719.39	647.67	294.46
	Total tax expense/ (credit)	198.09	216.14	455.37	701.49	294.46
7	Profit/ (loss) for the period (5 - 6)	(1,051.25)	17.87	(5,079.17)	(998.51)	(3,369.07)
8	Other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss					
	Remeasurement of defined benefit plans	6.53	(1.27)	(14.77)	(81.62)	(68.42)
	Income tax relating to items that will not be reclassified to profit or loss	(1.65)	0.32	(1.52)	20.54	17.20
	Other comprehensive income/ (loss) for the period, net of taxes	4.88	(0.95)	(16.29)	(61.08)	(51.22)
9	Total comprehensive income/ (loss) for the period (7 + 8)	(1,046.37)	16.92	(5,095.46)	(1,059.59)	(3,420.29)
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,476.79	1,476.38	1,475.11	1,476.79	1,475.11
11	Reserves i.e. Other equity				20,768.11	21,709.68
12	Earning/ (loss) Per Share	(not annualised)	(not annualised)	(not annualised)	(annualised)	(annualised)
	(a) Basic (INR)	(7.12)	0.12	(34.43)	(6.76)	(22.94)
	(b) Diluted (INR)	(7.02)	0.12	(34.37)	(6.67)	(22.89)

See accompanying notes to the financial results



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

Standalone Balance Sheet as at 31 March 2021

(INR in millions)

Particulars		As at 31 March 2021	As at 31 March 2020
		(Audited)	(Audited)
A	ASSETS		
1	Non-current assets		
	Property, plant and equipment	275.16	411.98
	Right-of-use assets	511.72	684.67
	Goodwill	2,777.73	2,777.73
	Other intangible assets	558.89	714.47
	Intangible assets under development	70.17	2.42
	Financial assets		
	Investments	11,144.61	12,036.12
	Loans	711.14	1,350.74
	Other financial assets	115.18	87.70
	Deferred tax assets (net)	757.63	1,384.78
	Income tax assets (net)	1,911.92	2,898.45
	Other non-current assets	74.83	65.05
	Total non-current assets	18,908.98	22,414.11
2	Current assets		
	Inventories	75.68	102.53
	Financial assets		
	Trade receivables	4,970.85	4,749.09
	Cash and cash equivalents	1,021.44	3,902.90
	Bank balances other than cash and cash equivalents above	597.75	363.39
	Loans	89.81	427.43
	Unbilled revenue	6,384.13	6,219.96
	Other financial assets	115.54	130.43
	Other current assets	466.96	479.24
	Total current assets	13,722.16	16,374.97
	Total Assets	32,631.14	38,789.08
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	1,476.79	1,475.11
	Other equity	20,768.11	21,709.68
	Total equity	22,244.90	23,184.79
2	Liabilities		
	Non-current liabilities		
	Financial liabilities		
	Lease liabilities	415.77	543.60
	Non-current provisions	1,477.00	1,125.48
	Total non-current liabilities	1,892.77	1,669.08
3	Current liabilities		
	Financial liabilities		
	Borrowings	3,173.30	7,767.88
	Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	10.60	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	511.00	551.44
	Lease liabilities	164.69	188.34
	Other financial liabilities	2,551.98	3,308.22
	Current provisions	29.01	22.14
	Other current liabilities	2,052.89	2,097.19
	Total current liabilities	8,493.47	13,935.21
	Total liabilities	10,386.24	15,604.29
	Total Equity and Liabilities	32,631.14	38,789.08

See accompanying notes to the financial results



Standalone Statement of Cash flows for the year ended 31 March 2021

(INR in millions)

Particulars	For the year ended	
	31 March 2021	31 March 2020
	(Audited)	(Audited)
Cash flows from operating activities		
Loss after tax	(998.51)	(3,369.07)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Tax expense	701.49	294.46
Interest income on term deposits	(26.56)	(68.75)
Amortised cost adjustments for financial instruments	(21.92)	(31.46)
Loss on sale of property, plant and equipment, net	0.67	33.38
Interest income on debentures given to related parties	-	(65.75)
Net gain on sale of investments in mutual funds	-	(48.46)
Net fair value loss on mutual funds	-	44.58
Interest on loans given to related parties	(26.02)	(292.06)
Liabilities no longer required written back	(0.37)	(0.03)
Expense on employee stock option scheme	118.02	18.77
Finance costs	634.63	967.99
Depreciation and amortisation expense	525.09	656.18
Loss allowance on financial assets, net	1,947.06	55.98
Exceptional items (impairment of goodwill, intangible assets, investments and loans given to related party)	112.70	5,261.18
Foreign exchange gain	(1.71)	-
Rent concession received	(31.77)	-
Deposits written off	0.20	-
Bad debts written off	86.22	-
Operating profit before working capital changes	3,019.22	3,456.94
Changes in operating assets and liabilities		
Changes in inventories	26.85	6.15
Changes in trade receivables and unbilled revenue	(1,674.42)	(1,175.72)
Changes in loans, other financial assets and other assets	20.42	(231.28)
Changes in trade payables	(29.47)	(30.02)
Changes in other financial liabilities, other liabilities and provisions	256.51	266.15
Cash generated from operations	1,619.11	2,292.22
Income taxes refund received/ (paid), net	932.72	(892.20)
Net cash flows from operating activities (A)	2,551.83	1,400.02
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles, net of sale proceeds	(102.69)	(159.46)
Proceeds from sale/ (investment made in) subsidiaries and associates	714.54	(2,678.74)
Proceeds from sale of mutual fund units	-	388.55
Bank deposits (having original maturity of more than three months), net	(337.39)	449.47
Loan repaid by/ (given to) related parties including interest	422.89	(1,329.63)
Interest received on debentures	-	65.75
Interest received on term deposits	18.69	74.71
Net cash from/ (used in) investing activities (B)	716.04	(3,189.35)
Cash flows from financing activities		
(Repayment of)/ proceeds from current borrowings	(4,594.57)	3,704.07
Redemption of non-convertible debentures	(750.00)	(750.00)
Proceeds from issue of equity shares, net of issue expenses	-	477.98
Shares issued on exercise of employee stock options	1.68	5.39
Repayment of lease liabilities	(211.45)	(253.40)
Interest paid	(594.99)	(887.96)
Net cash (used in)/ from financing activities (C)	(6,149.33)	2,296.08
Net decrease in cash and cash equivalents (A+B+C)	(2,881.46)	506.75
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	1,021.44	3,902.90
Components of cash and cash equivalents		
Cash in hand	3.18	3.95
Balances with banks		
In current accounts	1,013.92	3,898.95
In deposit accounts (with original maturity of less than 3 months)	4.34	-
Cash and cash equivalents as per standalone balance sheet	1,021.44	3,902.90

A. Abbar



Standalone audited financial results for the quarter and year ended 31 March 2021

Notes :

- 1 The standalone financial information for the quarter and year ended 31 March 2021 have been taken on record by the Board of Directors at its meeting held on 03 June 2021. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter ended 31 March 2021 and have expressed an unqualified audit opinion on the financial results for the year ended 31 March 2021. These standalone financial results have been extracted from the standalone financial information.
- 2 The Statement includes the results for the quarters ended 31 March 2021 and 31 March 2020 being the balancing figure of audited figures in respect of the full financial years and published unaudited year to date figures upto the end of the third quarter of the respective financial years.
- 3 Pursuant to the provisions of the Listing Agreement, the Management has decided to publish consolidated audited financial results in the newspapers. The standalone audited financial results and the audit/ review reports 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.
- 4 In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated audited financial results of the Company and therefore no separate disclosure on segment information is given in these standalone audited financial results.
- 5 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 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 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 05 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 has acquired the balance 30.00% equity stake in QEBFC for a nominal value of INR 1,000. On 28 July 2020 the Board of Directors had approved the proposal for voluntary liquidation of QEBFC and subsequently, the shareholders of QEBFC had approved the Voluntary Liquidation pursuant to Section 59 of the Insolvency and Bankruptcy Code, 2016 and appointed a Liquidator on 02 September 2020 for carrying out the Voluntary Liquidation process. The effective date of commencement of liquidation is 02 September 2020. The impact of the transaction on the results for the quarter and year ended 31 March 2021 is insignificant.
- 7 During the quarter ended 31 March 2021, the Company entered into Shareholder's Agreement ("SHA") and Share Subscription Agreement ("SSA") with Stellarslog Technovation Private Limited ("STPL") and its shareholders to acquire 49% equity stake in STPL for a consideration of INR 100 million. On 29 January 2021, the Company acquired 16.21% equity stake in STPL for a consideration of INR 20.00 million.
- 8 On 02 February 2021, the Company acquired additional 3.76% equity stake in Vedang Cellular Services Private Limited ("VCSP") at a consideration of INR 6.97 million, pursuant to the clauses relating to NCI-Put option of the original share purchase agreement dated 25 October 2017 among Quess Corp Limited, Vedang Radio Technology Private Limited, VCSP and Ashish Kapoor. As on 31 March 2021, the Company holds 92.47% equity stake in VCSP.
- 9 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.
- 10 During the quarter ended 30 September 2020, the Company sold Dependo Logistics Services Private Limited for a consideration of INR 100.00 million.
- 11 The Company decided to exercise the call option for redemption of redeemable Non-convertible debentures ("NCDs"). Accordingly, the outstanding NCDs of INR 750.00 million along with interest was repaid on 22 January 2021.
- 12 The Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 01 April 2020. Consequently, the Company recorded a deferred tax expense of INR 519.61 million being the difference between the book base and tax base of goodwill on 31 March 2021. The deferred tax mainly relates to goodwill arising out of the acquisition of Manipal business in 2016.
- 13 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-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. 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. The matter has been further adjourned to 16 July 2021. 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.



- 14 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 Qess 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. On 19 March 2021, Regional Director, South-East region, Hyderabad had rejected the Scheme AAA vide Order no. 3/Kar/CP.No.25/RD(SER)/CAA-11/233/2020 based on non-fulfilment of provisions under Section 233(1)(b) of the Companies Act, 2013 ("Act"). The Board has considered and approved fresh Scheme of Amalgamation on 03 June 2021 among Qess Corp Limited with two of its wholly owned subsidiaries, GLPL and MFXI, under the provisions of Section 230-232 of the Act. The fresh scheme will be effected in the standalone financial results once approved by the National Company Law Tribunal ("NCLT").
- 15 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 ("RSUs") to eligible employees of the Company and its subsidiaries under the Qess 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 and year ended 31 March 2021 amounts to INR 36.45 million and INR 118.02 million respectively. 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 RSUs under QSOP 2020 subject to necessary approvals. On 24 July 2020, the Nomination and Remuneration Committee has approved additional grant of 74,141 RSUs under QSOP 2020. Further on 27 January 2021, the Nomination and Remuneration Committee has approved additional grant of 154,290 RSUs under QSOP 2020.
- 16 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 INR 31.77 million in the standalone audited financial results for the year ended 31 March 2021 as reduction of rent expenses grouped under other expenses on account of rent concessions received.
- 17 On 24 December 2020, Tata Sons Private Limited ("Tata Sons"), remaining shareholder of Conneqt Business Solutions Limited ("CBSL"), a subsidiary of the Company, had exercised the Put Option and has requested the Company to complete the purchase of 44,839,166 equity shares ("Shares") as per the Shareholders Agreement ("the Agreement") dated 20 November 2017. Subsequently on 16 April 2021, the Administration and Investment committee has approved the acquisition of the remaining 30.00% equity stake for a consideration of INR 2,080.00 million. The Company completed the acquisition on the same date, consequent to which CBSL has become a wholly owned subsidiary of the Company.
- 18 The Board of Directors in their meeting held on 05 May 2021 have declared an interim dividend of INR 7.00 per equity share (par value of INR 10.00 each) for the year ended 31 March 2021 aggregating to INR 1,033.75 million.
- 19 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.
- 20 The Company's business operations for the quarter and year ended 31 March 2021 continue to be affected by the COVID-19 pandemic. 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 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 Company has exercised judgements and applied assumptions in relation to these assets and in developing the assumptions relating to the possible future uncertainties in the economic conditions arising from this pandemic. The Company, as on date of approval of these standalone audited financial results has used internal and external sources of information to the extent available, and based on current estimates expects the net carrying amount of these assets to be recovered. Specifically for the purpose of assessing the recoverable value of goodwill of INR 2,777.73 million, investments in and loans granted to subsidiary companies of INR 11,194.42 million and investments in and loans granted to associate companies of INR 285.18 million, significant judgments were applied (adjusted for current business and market conditions) 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.
- Also, based on the application of the revised judgement, the Company has recorded a provision of INR 1,174.36 million in relation to the trade receivables and unbilled revenues arising from certain contracts with government customers. The collection of these trade receivables and unbilled revenue is delayed due to the protracted lockdowns arising from the pandemic situation which has also resulted in delays in completion of future milestones relating to such contracts. Further, there exists considerable uncertainty around the timelines for completion of such contracts and possibility of modification of terms, given the underlying delays. As a matter of abundant caution, the Company has made provisions, while simultaneously pursuing its efforts for the completion of such contracts and the ultimate collection of such receivables and unbilled revenue.

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

Ajit Isaac
Executive Chairman
Place: Bengaluru
Date: 03 June 2021

