

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

TO THE BOARD OF DIRECTORS OF QUESSE CORP LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **QUESSE CORP LIMITED** ("the Company"), for the quarter ended 30 June 2021 ("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 9 of the statement, regarding the demands received by the company in respect of provident fund and contingency related to pending litigation on the said matter.



Deloitte Haskins & Sells LLP

- ii. We draw attention to Note 15 of the statement, which describes the effects of the continuing uncertainty arising out of the COVID-19 pandemic on the financial results for the quarter ended June 30, 2021.

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)



A handwritten signature in blue ink, consisting of stylized, cursive letters.

Anand Subramanian
Partner
(Membership No. 110815)
(UDIN: 21110815AAAADH5112)

Place: Bengaluru
Date: August 05, 2021

Qess Corp Limited

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

Part I: Statement of standalone unaudited financial results for the quarter ended 30 June 2021 (INR in millions except per share data)

Sl. No.	Particulars	Standalone			
		Quarter ended			Year ended
		30 Jun 2021	31 Mar 2021	30 Jun 2020	31 Mar 2021
		(Unaudited)	(Refer note 2)	(Unaudited)	(Audited)
1	Income				
	a) Revenue from operations	21,250.06	21,137.23	16,959.42	74,834.06
	b) Other income	186.51	21.57	41.51	303.79
	Total income (a + b)	21,436.57	21,158.80	17,000.93	75,137.85
2	Expenses				
	a) Cost of material and stores and spare parts consumed	240.05	221.33	151.51	712.91
	b) Employee benefit expenses	19,194.98	19,094.53	15,459.75	68,187.62
	c) Finance costs	127.80	101.81	234.96	634.63
	d) Depreciation and amortisation expense	106.62	114.71	147.48	525.09
	e) Other expenses	1,282.92	2,479.58	817.57	5,261.92
	Total expenses (a + b + c + d + e)	20,952.37	22,011.96	16,811.27	75,322.17
3	Profit/ (loss) before exceptional items and tax (1 - 2)	484.20	(853.16)	189.66	(184.32)
4	Exceptional items (refer note 6)	-	-	112.70	112.70
5	Profit/ (loss) before tax (3 - 4)	484.20	(853.16)	76.96	(297.02)
6	Tax expense/ (credit)				
	Current tax	-	-	-	-
	Income tax relating to previous year	-	-	-	53.82
	Deferred tax	66.73	198.09	75.98	647.67
	Total tax expense	66.73	198.09	75.98	701.49
7	Profit/ (loss) for the period (5 - 6)	417.47	(1,051.25)	0.98	(998.51)
8	Other comprehensive income				
	<i>Items that will not be reclassified subsequently to profit or loss</i>				
	Remeasurement of defined benefit plans	(80.39)	6.53	(66.31)	(81.62)
	Income tax relating to items that will not be reclassified to profit or loss	20.23	(1.65)	16.69	20.54
	Other comprehensive income/ (loss) for the period, net of taxes	(60.16)	4.88	(49.62)	(61.08)
9	Total comprehensive income/ (loss) for the period (7 + 8)	357.31	(1,046.37)	(48.64)	(1,059.59)
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,476.79	1,476.79	1,475.83	1,476.79
11	Reserves i.e. Other equity				20,768.11
12	Earning/ (loss) Per Share	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (INR)	2.83	(7.12)	0.01	(6.76)
	(b) Diluted (INR)	2.78	(7.02)	0.01	(6.67)

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

Standalone unaudited financial results for the quarter ended 30 June 2021

Notes :

- 1 The standalone financial information for the quarter ended 30 June 2021 have been taken on record by the Board of Directors at its meeting held on 05 August 2021. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter ended 30 June 2021. These standalone financial results have been extracted from the standalone financial information.
- 2 The Statement includes the results for the quarter ended 31 March 2021 being the balancing figure of audited figures in respect of the full financial year and published unaudited year to date figures upto the end of the third quarter of the financial year.
- 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 During the year ended 31 March 2021, Tata Sons Private Limited ("Tata Sons"), remaining shareholder of Conneqt Business Solutions Limited ("CBSL"), a subsidiary of the Company, exercised the Put Option and 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. On 16 April 2021, the Administration and Investment committee of the Company has approved the acquisition of the remaining 30.00% equity stake for a consideration of INR 2,080.00 million. Consequently, the Company completed the acquisition of equity stake in CBSL on the same date, and CBSL became wholly owned subsidiary of the Company.
- 6 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.
- 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 equity stake in STPL. On 29 January 2021, the Company had acquired 16.12% equity stake in STPL for a consideration of INR 20.00 million. Subsequent to the quarter ended 30 June 2021, the Company acquired additional 17.21 % equity stake for a consideration of INR 32.00 million. The Company has a financial commitment to acquire an additional stake of 15.67% for INR 48.00 million.
- 8 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").
- 9 During the year ended 31 March 2020, the Company had received a notice from the Regional PF Commissioner ("RPF") 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. On 08 January 2021 the order staying the operation of the EPFO order was extended until further orders. The matter has been further adjourned to 16 September 2021. The Company has obtained external 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 RPF. 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.
- 10 The Board of Directors of the Company at its meeting held on 03 June 2021 considered and approved the Scheme of Amalgamation ("Scheme AAA") among Quess Corp Limited ("Transferee Company") with two of its wholly owned subsidiaries viz, MFX Infotech Private Limited ("MFXI") and Green Piece Landscape India Private Limited ("GLPL") together known as ("Transferor Companies") and their respective shareholders and creditors under the provisions of Section 230-232 of the Companies Act, 2013 subject to the approval of the shareholders and the National Company Law Tribunal ("NCLT"), Bengaluru branch. On 07 July 2021, the Board of Directors approved revision in Scheme AAA by adding another wholly owned subsidiary Conneqt Business Solutions Limited ("CBSL") as an additional Transferor Company. The new scheme will be effected in the standalone financial results once it is approved by National Company Law Tribunal ("NCLT"), Bengaluru Bench.
- 11 The Board of Directors at their meeting held on 05 May 2021 have declared interim dividend of INR 7.00 per equity share (face value of INR 10.00 each) for the financial year ended 31 March 2021 aggregating to INR 1,033.75 million which was paid on 20 May 2021.
- 12 During the year ended 31 March 2021, the Company 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 18.73 million in the standalone unaudited financial results for the quarter ended 30 June 2020 and 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.
- 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 Income Tax Department ("Department") conducted survey operations at the Company's registered office from 08 to 10 July 2021. The queries raised during the survey primarily related to the manner of availing deduction under section 80JJAA of the Income Tax Act and the claim of tax depreciation on goodwill arising from acquisition/ mergers. The queries raised pertained to four financial years, FY 2016-17 to FY 2019-20. The Company has not received any written communication from the Department on this matter till date.
The Company believes that the matter relates to and is limited to differing interpretations of the statute regarding the manner of claiming and quantum of the above mentioned deductions. Further, the Company believes that the deductions were validly claimed, in accordance with the statute and judicial precedents and believes it can strongly defend its position. In the absence of any written communication or claim from the Department till date, no meaningful evaluation or analysis can be carried out at this stage. Accordingly, no contingency or provision has accordingly been recognized as at 30 June 2021. For the purpose of computing the tax liability for the quarter ended 30 June 2021, the Company has claimed a deduction of INR 553.88 million under section 80JJAA in a manner consistent with its past practice, and which is the subject matter of the survey operations carried out by the Department.
The Company is committed to defending its position, although specific actions, including any potential financial result related disclosures and adjustments, will be based on the future actions by the Department.

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- 15 The Company's business operations for the quarter ended 30 June 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, using internal and external sources of information, in relation to these assets and in developing the assumptions relating to the possible future uncertainties in the economic conditions arising from this pandemic. As on date of approval of these standalone unaudited financial results and basis the current estimates, the Company expects the net carrying amount of these assets to be recovered. Specifically for the purpose of assessing the recoverable value as at 30 June 2021 of goodwill of INR 2,777.73 million, investments in and loans granted to subsidiary companies of INR 13,380.66 million and investments in and loans granted to associate companies of INR 285.18 million, the Company reviewed and retained the assumptions developed in the previous year relating to growth in revenues, EBITDA and discount rates. These assumptions are subject to change in future as events unfold within the uncertain environment.
- During the year ended 31 March 2021, the Company had conservatively recorded a provision of INR 1,174.36 million in relation to trade receivables and unbilled revenues arising from certain contracts with government customers, and investment in compulsarily convertible debentures. During the quarter ended 30 June 2021, the Company continued its recovery efforts for collection of these dues and based on receipts subsequent to 30 June 2021 and confirmation received from a specific customer, the above provision was reversed to the extent of INR 188.07 million, which has been credited to the statement of profit and loss.

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



Aji Isaac
Executive Chairman
Place: Bengaluru
Date: 5 August 2021

