


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 ended 30 June 2022 ("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 and procedures performed 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 Matters Paragraph**
 - i. We draw attention to Note 7 of the Statement, regarding the demands received by the company in respect of provident fund and contingency related to the pending litigation on the said matter.
 - ii. We draw attention to Note 8 of the Statement regarding completion of special audit under section 142(2A) of Income-tax Act, 1961 ('Act') and receipt of draft assessment order under section 144C of the Act resulting in certain disallowances for financial year 2017-18, Company's submission of its objections to the Dispute Resolution Panel and the prima facie evaluation relating to these disallowances.

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

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


Anand Subramanian
Partner
(Membership No. 110815)
(UDIN: 22110815AOUOIY6523)

Place: Bengaluru
Date: 11 August 2022

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 unaudited financial results for the quarter ended 30 June 2022 (INR in million except per share data)

Sl. No.	Particulars	Standalone			
		Quarter ended			Year ended
		30 June 2022	31 March 2022	30 June 2021	31 March 2022
		(Unaudited)	(Refer note 2)	(Unaudited)	(Audited)
1	Income				
	a) Revenue from operations	28,323.00	27,225.71	21,250.06	97,584.98
	b) Other income	26.70	386.55	186.51	1,315.70
	Total income (a + b)	28,349.70	27,612.26	21,436.57	98,900.68
2	Expenses				
	a) Cost of material and stores and spare parts consumed	413.64	305.22	240.05	1,110.39
	b) Employee benefits expense	25,091.36	24,169.11	19,194.98	87,045.27
	c) Finance costs	105.75	109.61	127.80	476.99
	d) Depreciation and amortisation expense	132.81	137.12	106.62	481.04
	e) Other expenses	2,142.65	2,003.20	1,282.92	7,558.23
	Total expenses (a + b + c + d + e)	27,886.21	26,724.26	20,952.37	96,671.92
3	Profit before exceptional items and tax (1 - 2)	463.49	888.00	484.20	2,228.76
4	Exceptional items	-	220.32	-	422.52
5	Profit before tax (3 - 4)	463.49	667.68	484.20	1,806.24
6	Tax expense / (credit)				
	Current tax	-	-	-	-
	Deferred tax	(8.91)	138.79	66.73	357.96
	Total tax expense / (credit)	(8.91)	138.79	66.73	357.96
7	Profit for the period (5 - 6)	472.40	528.89	417.47	1,448.28
8	Other comprehensive income				
	<i>Items that will not be reclassified subsequently to profit or loss</i>				
	Remeasurement of defined benefit plans	19.89	24.32	(80.39)	(104.79)
	Income tax relating to items that will not be reclassified to profit or loss	(5.00)	(6.12)	20.23	26.37
	Other comprehensive income/ (loss) for the period, net of taxes	14.89	18.20	(60.16)	(78.42)
9	Total comprehensive income for the period (7 + 8)	487.29	547.09	357.31	1,369.86
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,480.80	1,479.91	1,476.79	1,479.91
11	Reserves i.e. Other equity				20,608.77
12	Earnings per equity share	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	3.19	3.58	2.83	9.80
	(b) Diluted (in INR)	3.17	3.55	2.78	9.71

See accompanying notes to the financial results

The image shows a handwritten signature in black ink over a circular purple stamp. The stamp contains the text "QUESS CORP LTD." around the perimeter and a small star at the bottom.

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 2022

Notes relating to current quarter:

- 1 The standalone financial information of Quess Corp Limited ("the Company") for the quarter ended 30 June 2022 have been taken on record by the Board of Directors at its meeting held on 11 August 2022. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter ended 30 June 2022. These standalone financial results have been extracted from the interim standalone financial information.
- 2 The Statement includes the results for the quarter ended 31 March 2022 being the balancing figure of audited figure in respect of the full financial year and published unaudited year to date figure 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.uesscorp.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 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 ("MFPI") and Greenpiece Landscape India Private Limited ("GLPL") together known as ("Transferor Companies") and their respective shareholders and creditors under the provisions of Section 230-232 of the Companies Act, 2013 subject to the approval of the shareholders and the National Company Law Tribunal ("NCLT"), Bengaluru branch. On 7 July 2021, the Board of Directors approved revision in Scheme AAA by adding another wholly owned Subsidiary Conneqt Business Solutions Limited ("CBSL") as an additional Transferor Company. The new Scheme AAA will be effected in the standalone financial results once it is approved by National Company Law Tribunal ("NCLT"), Bengaluru Bench. The Company has filed the application before Hon'ble NCLT, Bengaluru bench on 21 January 2022.
- 6 The Board of Directors at their meeting held on 31 May 2022 declared interim dividend of INR 4.00 per equity share (face value of INR 10.00 each) for the current financial year aggregating to INR 591.96 million which was paid on 21 June 2022.
- 7 During fiscal 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 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. 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 19 October 2022. The Company 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.
- 8 As disclosed in quarter ended 30 June 2021, the Income Tax Department ("Department") conducted survey operations at the Company's registered office from 08 July 2021 to 10 July 2021. The queries during the survey for financial year (FY) 2016-17 to FY 2019-20 were primarily related to the manner of availing deduction under section 80JJAA of the Income Tax Act ("Act") and the claim of tax depreciation on goodwill arising from acquisition/ mergers. Further, as disclosed in quarter ended 30 September 2021, a special audit under section 142(2A) of the Act was initiated by the Income Tax Department for FY 2017-18. During the quarter ended 31 March 2022, special audit was completed; and report was submitted to the Income Tax Department.

As per due process, and following the issue of the special audit report, the Department has issued a draft assessment order under section 144C of the Act on 24 May 2022. The draft assessment order indicates that, among others, the entire deduction under 80JJAA claimed by the Company is disallowed, along with the depreciation of goodwill arising on mergers and acquisitions. Further receipts in the nature of reimbursement of expenses from customers reduced from revenues as per applicable Accounting Standards have also been added to taxable income. During the quarter ended 30 June 2022, the Company filed its objection before the Dispute Resolution Panel. Further, a special audit under section 142(2A) of the Act was initiated by the Department for FY 2018-19 during the quarter ended 30 June 2022 which is under progress.

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

The Company continues to maintain its stand on the manner of claiming the 80JJAA deduction and accordingly an 80JJAA deduction of INR 727.26 million is claimed for the quarter ended 30 June 2022. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.

- 9 During the quarter ended 30 June 2022, the Company acquired additional 5% stake in Stellarslog Technovation Private Limited (STPL) for purchase consideration of INR 38.36 million. Consequent to additional 5% acquisition, the total shareholding in STPL has increased from 49% to 54% and STPL has become subsidiary of the Company.
- 10 The Board of Directors of the Company and Allsec Technologies Limited ("Allsec") in their respective meetings held on 22 June 2022 have approved the Scheme of Amalgamation which inter alia provides for the merger of Allsec into the Company ("Scheme"). The merger is subject to the approval of the respective shareholders and creditors of the Company and Allsec, Stock Exchanges, Securities and Exchange Board of India, the National Company Law Tribunal and other regulatory authorities as may be required. Shareholders of Allsec (other than the Company) to be issued equity shares of the Company in the ratio of 0.74:1. Till the Scheme becomes effective, the Company and Allsec will continue to function independently.
- 11 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.

for and on behalf of Board of Directors of

Quess Corp Limited



Guruprasad Srinivasan

Executive Director and Group Chief Executive Officer

Place: Bengaluru

Date: 11 August 2022

