

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 2023 ("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.

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Deloitte Haskins & Sells LLP

5. Emphasis of Matters Paragraph

- i. We draw attention to Note 6 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 7 of the Statement relating to disallowance 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 and 2019 and consequent contingency 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: 23110815BGXVLY6661)

Place: Mumbai
Date: August 2, 2023

Qess Corp Limited

Registered Office: Qess 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 2023

(INR in million except per share data)

Sl. No.	Particulars	Standalone			
		Quarter ended		Year ended	
		30 June 2023 (Unaudited)	31 March 2023 Refer Note 2	30 June 2022 (Unaudited)	31 March 2023 (Audited)
1	Income				
	a) Revenue from operations	33,326.82	31,645.96	28,323.00	1,21,963.45
	b) Other income	144.02	409.25	26.70	707.62
	Total income (a + b)	33,470.84	32,055.21	28,349.70	1,22,671.07
2	Expenses				
	a) Cost of material and stores and spare parts consumed	406.80	432.82	413.64	1,773.52
	b) Employee benefits expense	30,232.67	28,508.01	25,091.36	1,09,156.31
	c) Finance costs	159.35	174.53	105.75	574.89
	d) Depreciation and amortisation expense	164.55	211.93	132.81	651.10
	e) Other expenses	2,214.70	2,331.02	2,142.65	9,094.63
	Total expenses (a + b + c + d + e)	33,178.07	31,658.31	27,886.21	1,21,250.45
3	Profit before exceptional items and tax (1 - 2)	292.77	396.90	463.49	1,420.62
4	Exceptional items (gain)/loss (refer note 8)	(30.33)	278.22	-	83.04
5	Profit before tax (3 + 4)	323.10	118.68	463.49	1,337.58
6	Tax expense/ (credit)				
	Current tax	-	134.88	-	134.88
	Income tax relating to previous year	-	(55.23)	-	(55.23)
	Deferred tax	(12.07)	3.82	(8.91)	(43.73)
	Total tax expense/ (credit)	(12.07)	83.47	(8.91)	35.92
7	Profit for the period (5 - 6)	335.17	35.21	472.40	1,301.66
8	Other comprehensive income				
	<i>Items that will not be reclassified subsequently to profit or loss</i>				
	Remeasurement of defined benefit plans	(83.20)	(70.11)	19.89	67.53
	Income tax relating to items that will not be reclassified to profit or loss	20.94	17.64	(5.00)	(16.99)
	Other comprehensive income/(loss) for the period, net of tax	(62.26)	(52.47)	14.89	50.54
9	Total comprehensive income/(loss) for the period (7 + 8)	272.91	(17.26)	487.29	1,352.20
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,483.87	1,482.29	1,480.80	1,482.29
11	Reserves i.e. Other equity				20,234.52
12	Earnings per equity share	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	2.26	0.24	3.19	8.79
	(b) Diluted (in INR)	2.25	0.24	3.17	8.72

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 2023


Notes for the quarter ended 30 June 2023:

- 1 The standalone financial results of Quess Corp Limited ("the Company") for the quarter ended 30 June 2023 has been taken on record by the Board of Directors at its meeting held on 02 August 2023. The statutory auditors have expressed an unqualified conclusion on the financial results for the quarter ended 30 June 2023. 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 2023 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.quesscorp.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 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 has admitted the petition and the next date of hearing is 11 August 2023.
- 6 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 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. 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 11 August 2023. 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.
- 7 **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 80JAA 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 year ended 31 March 2023, the Company also received a draft assessment order for fiscal 2018-2019 under section 144C(1) of the Income Tax Act in which primarily deduction under section 80JAA of the Income Tax Act and depreciation on goodwill has been disallowed. The Company has filed objections before the DRP against the draft assessment order and submitted additional information in respect of arguments made by the Company.

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 740 million for fiscal 2017-2018 and fiscal 2018-2019, excluding interest and penalties if any. The contingent liability will be updated as developments unfold in future.

The Company continues to maintain its stand on the manner of claiming the 80JAA deduction and accordingly 80JAA deduction of INR 395.28 million is claimed for the quarter ended 30 June 2023. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.
- 8 During the current quarter, the Company has written back impairment allowance recorded in prior year relating to loan given to one of its subsidiary due to collections.
- 9 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 (Whole-time director) and Group Chief Executive Officer
DIN: 07596207
Place: Bengaluru
Date: 02 August 2023

