

**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, 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 6 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 14 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 and half year ended September 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)

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Anand Subramanian
Partner
(Membership No. 110815)
(UDIN: 21110815AAAAEF6869)

Place: Bengaluru
Date: November 13, 2021

Ques Corp Limited

Registered Office: Ques 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 and half year ended 30 September 2021

(INR in millions except per share data)

Sl. No.	Particulars	Standalone					
		Quarter ended			Half year ended		Year ended
		30 September 2021 (Unaudited)	30 June 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	31 March 2021 (Audited)
1	Income						
	a) Revenue from operations	22,738.61	21,250.06	17,666.35	43,988.67	34,625.77	74,834.06
	b) Other income	17.38	186.51	159.53	203.89	201.04	303.79
	Total income (a + b)	22,755.99	21,436.57	17,825.88	44,192.56	34,826.81	75,137.85
2	Expenses						
	a) Cost of material and stores and spare parts consumed	236.71	240.05	166.27	476.76	317.78	712.91
	b) Employee benefits expense	20,474.79	19,194.98	16,203.20	39,669.77	31,662.95	68,187.62
	c) Finance costs	120.75	127.80	182.52	248.55	417.48	634.63
	d) Depreciation and amortisation expense	100.68	106.62	136.82	207.30	284.30	525.09
	e) Other expenses	2,010.07	1,282.92	891.90	3,292.99	1,709.47	5,261.92
	Total expenses (a + b + c + d + e)	22,943.00	20,952.37	17,580.71	43,895.37	34,391.98	75,322.17
3	Profit/ (loss) before exceptional items and tax (1 - 2)	(187.01)	484.20	245.17	297.19	434.83	(184.32)
4	Exceptional items [refer note 10 and 14 (c)]	202.20	-	-	202.20	112.70	112.70
5	Profit/ (loss) before tax (3 - 4)	(389.21)	484.20	245.17	94.99	322.13	(297.02)
6	Tax expense/ (credit)						
	Current tax	-	-	-	-	-	-
	Income tax relating to previous year	-	-	-	-	-	53.82
	Deferred tax	(25.68)	66.73	211.28	41.05	287.26	647.67
	Total tax expense/ (credit)	(25.68)	66.73	211.28	41.05	287.26	701.49
7	Profit/ (loss) for the period (5 - 6)	(363.53)	417.47	33.89	53.94	34.87	(998.51)
8	Other comprehensive income						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Remeasurement of defined benefit plans	(28.47)	(80.39)	(20.57)	(108.86)	(86.88)	(81.62)
	Income tax relating to items that will not be reclassified to profit or loss	7.17	20.23	5.18	27.40	21.87	20.54
	Other comprehensive (loss) for the period, net of taxes	(21.30)	(60.16)	(15.39)	(81.46)	(65.01)	(61.08)
9	Total comprehensive income/ (loss) for the period (7 + 8)	(384.83)	357.31	18.50	(27.52)	(30.14)	(1,059.59)
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,477.85	1,476.79	1,476.38	1,476.79	1,476.38	1,476.79
11	Reserves i.e. Other equity						20,768.11
12	Earnings/ (loss) per equity share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	(2.46)	2.83	0.23	0.37	0.24	(6.76)
	(b) Diluted (in INR)	(2.43)	2.78	0.23	0.36	0.24	(6.67)

See accompanying notes to the financial results



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Standalone Balance Sheet as at 30 September 2021

(INR in millions)

Particulars	As at	As at
	30 September 2021 (Unaudited)	31 March 2021 (Audited)
A ASSETS		
1 Non-current assets		
Property, plant and equipment	254.36	275.16
Right-of-use assets	466.42	511.73
Goodwill	2,777.73	2,777.73
Other intangible assets	1,043.65	558.88
Intangible assets under development	40.74	70.17
Financial assets		
Investments	12,800.04	11,144.61
Loans	355.17	318.10
Other financial assets	561.47	508.22
Deferred tax assets (net)	744.01	757.63
Income tax assets (net)	2,239.44	1,911.92
Other non-current assets	62.36	74.83
Total non-current assets	21,345.39	18,908.98
2 Current assets		
Inventories	60.41	75.68
Financial assets		
Trade receivables	6,489.37	4,970.85
Cash and cash equivalents	1,473.82	1,021.44
Bank balances other than cash and cash equivalents above	478.45	597.75
Loans	85.54	25.53
Unbilled revenue	6,356.28	6,384.13
Other financial assets	231.24	179.82
Other current assets	413.85	466.96
Total current assets	15,588.96	13,722.16
Total Assets	36,934.35	32,631.14
B EQUITY AND LIABILITIES		
1 Equity		
Equity share capital	1,477.85	1,476.79
Other equity	19,794.42	20,768.11
Total Equity	21,272.27	22,244.90
2 Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	379.08	415.77
Non-current provisions	1,746.54	1,477.00
Total non-current liabilities	2,125.62	1,892.77
3 Current liabilities		
Financial liabilities		
Borrowings	5,406.34	3,173.30
Lease liabilities	159.81	164.69
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	31.64	10.60
Total outstanding dues of creditors other than micro enterprises and small enterprises	422.26	511.00
Other financial liabilities	4,415.06	2,551.98
Current provisions	26.27	29.01
Other current liabilities	3,075.08	2,052.89
Total current liabilities	13,536.46	8,493.47
Total Liabilities	15,662.08	10,386.24
Total Equity and Liabilities	36,934.35	32,631.14

See accompanying notes to the financial results



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Statement of standalone cash flows for the half year ended 30 September 2021

(INR in millions)

Particulars	For the half year ended	
	30 September 2021	30 September 2020
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit after tax	53.94	34.87
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation expense	207.30	284.30
Profit on sale of property, plant and equipment, net	-	(0.15)
Bad debts written off	25.66	62.34
Liabilities no longer required written back	-	(0.37)
Provision for bad and doubtful debts and unbilled revenue, net	511.52	6.71
Interest on loans given to related parties	(6.16)	(21.10)
Interest income on term deposits	(16.95)	(12.38)
Interest income on present valuation of financial instruments	(10.03)	(7.67)
Tax expense	41.05	287.26
Expense on employee stock option scheme	87.57	50.06
Rent concession	-	(31.77)
Finance costs	248.55	417.48
Exceptional items [refer note 10 and 14 (c)]	202.20	112.70
Dividend income from other investments	(168.89)	-
Deposits written off	43.31	-
Impairment of loans given to related parties including interest accrued	-	88.85
Reversal of impairment on investments	(188.07)	-
Foreign exchange loss/ (gain)	0.18	(2.18)
Operating cash flows before working capital changes	1,120.03	1,180.10
Changes in operating assets and liabilities		
Changes in inventories	15.27	21.21
Changes in trade receivables and unbilled revenue	(2,166.36)	7.24
Changes in loans, other financial assets and other assets	49.29	(150.28)
Changes in trade payables and other financial liabilities	1,807.65	260.22
Changes in other liabilities and provisions	700.38	(296.87)
Cash generated from operations	1,526.26	1,021.62
Income taxes received/ (paid), net	(327.52)	623.40
Net cash flows from operating activities (A)	1,198.74	1,645.02
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles, net of sale proceeds	(64.29)	(41.98)
Investment in subsidiaries and associates	(2,112.04)	-
Proceeds from redemption of debentures	583.20	333.18
Dividend income	168.89	-
Bank deposits (having original maturity of more than three months), net	7.06	(68.81)
Loans given to related parties	(660.69)	-
Repayment of loans by related parties	457.31	1,028.13
Interest received on term deposits	14.57	8.52
Net cash (used in)/ from investing activities (B)	(1,605.99)	1,259.04
Cash flows from financing activities		
Proceeds from borrowings	22,628.26	15,772.00
Repayment of borrowings	(20,395.22)	(20,513.88)
Proceeds from term loans	-	0.50
Proceeds from issue of equity shares, net of issue expenses	1.06	1.27
Dividend paid	(1,033.75)	-
Loans from related parties	-	5.24
Repayment of lease liabilities	(110.45)	(99.44)
Interest paid	(230.27)	(366.21)
Net cash from/ (used in) financing activities (C)	859.63	(5,200.52)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	452.38	(2,296.46)
Cash and cash equivalents at the beginning of the period	1,021.44	3,902.90
Cash and cash equivalents at the end of the period	1,473.82	1,606.44
Components of cash and cash equivalents		
Cash in hand	3.03	2.63
Balances with banks		
In current accounts	1,470.79	1,603.73
In deposit accounts (with original maturity of less than 3 months)	-	0.08
Cash and cash equivalents as per standalone balance sheet	1,473.82	1,606.44

The disclosure for the half year ended 30 September 2021 and 30 September 2020 are prepared in compliance with Indian Accounting Standard (Ind AS 34) Interim Financial Reporting.



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Standalone unaudited financial results for the quarter and half year ended 30 September 2021

Notes :

- 1 The standalone financial information of Quess Corp Limited ("the Company") for the quarter and half year ended 30 September 2021 have been taken on record by the Board of Directors at its meeting held on 13 November 2021. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter and half year ended 30 September 2021. These standalone financial results have been extracted from the standalone financial information.
- 2 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.
- 3 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.
- 4 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 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 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 AAA will be effected in the standalone financial results once it is approved by National Company Law Tribunal ("NCLT"), Bengaluru Bench.
- 5 The Board of Directors at their meeting held on 05 May 2021 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.
- 6 During the year ended 31 March 2020, 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") alleging that Company had 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. 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 17 November 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 RPFC. Based on the legal advice, pending the hearing of the appeal, no provision or contingent liability has been recognised or disclosed.
- 7 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 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 claim from the Department till date, no meaningful evaluation or analysis can be carried out at this stage. Accordingly, no contingency or provision has been recognized as at 30 September 2021. For the purpose of computing the tax liability for the quarter and half year ended 30 September 2021, the Company has claimed a deduction of INR 854.55 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. In addition for FY 2017-18, as part of assessment proceeding a special audit under the provisions of section 142(2A) has been initiated. 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.
- 8 During the year ended 31 March 2021, Tata Sons Private Limited ("Tata Sons"), the non-controlling 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.
- 9 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 31.77 million in the standalone audited financial results for the half year ended 30 September 2021 and year ended 31 March 2021 as reduction of rent expenses grouped under other expenses on account of rent concessions received.
- 10 a) During the half year ended 30 September 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.
b) During the quarter ended 30 September 2021, the Company recognised an expense of INR 479.81 million related to Goods and Service Tax (GST), based on a comprehensive internal review across its businesses, geographic locations and assessment years, including reconciliations with suppliers and vendors. Due to the pandemic related disruptions, this review was finally concluded during the quarter ended 30 September 2021. Based on such review the Company has, on a prudent basis, identified certain ineligible credits arising from vendor reconciliations, clarifications and opinions related to input credits, delays by vendors in filing GST returns, etc. and fully reconciled the related expense which the Company believes is an exceptional item in the extraneous circumstances involved and in the context of paragraph 9.6 of the guidance note on Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India ("ICAI").



- c) As at 31 March 2020, the Company had impaired INR 677.68 million of customer relationship related intangible assets from its acquisitions of IFM business after considering the then assessed impact of COVID-19 and uncertainties in future economic condition caused by the pandemic. During the current quarter, the Company has recognised a reversal of impairment on these customer relationships aggregating to INR 477.61 million. This reversal stems from the management's demonstrable assessment of sustainable improved business performance of the IFM business at the operating profit level, which is in excess of the projections prepared for the purpose of previously recognising the impairment. The presentation and classification of the reversal is consistent with that of the previously recognised impairment.
- 11 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 had 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"), an associate of the Company.
- 12 On 24 March 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013, applicable for financial periods commencing from 1 April 2021. As relevant to the balance sheet as at 30 September 2021 published in the above results pursuant to Regulation 33 of the Listing Agreement, non-current security deposits of INR 393.04 million and current security deposits of INR 64.28 million as at 31 March 2021 have been reclassified from 'Loans' to 'Other financial assets'.
- 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 a) The Company's business operations as a whole, for the quarter and half year ended 30 September 2021 continue to be affected by the COVID-19 pandemic. The impact of the pandemic across the businesses and locations could vary depending on the nature of the businesses and specific severity of the pandemic within a location/ state. The ultimate duration of the pandemic and its consequential economic and financial impact as a whole on the Company 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, specifically for each line of business, 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.
- b) The Company has exercised specific and discrete judgements in relation to each of its businesses and applied appropriate assumptions, using internal and external sources of information. The net carrying amount of these assets as reflected in the financial results are expected to be recovered on 30 September 2021. These assumptions are subject to change in future as events unfold within the uncertain environment.
- c) During the year ended 31 March 2021, the Company had recorded a provision of INR 1,217.54 million, being an operating expense, in relation to trade receivables and unbilled revenues arising from certain businesses, financial assets and investment in compulsorily convertible debentures, based on the then prevalent circumstances. Based on further developments arising from the pandemic and on a cumulative consideration of the variables involved, specifically related to recovery timelines of these assets in certain businesses, the Company recorded an aggregate charge of INR 629.68 million in relation to these assets during the half year ended 30 September 2021 comprising of INR 429.68 million relating to credit losses and impairment of financial assets which are considered as an operating expense and INR 200.00 million relating to impairment of financial assets which is considered as exceptional, within the pandemic environment and in terms of paragraph 9.6 of the Guidance note on Schedule III to the Companies Act, 2013 issued by ICAI.

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



Ajit Isaac
Executive Chairman
Place: Bengaluru
Date: 13 November 2021

