

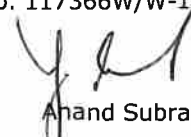
INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

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 30 September 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 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 regarding completion of special audit under section 142(2A) of Income-tax Act, 1961 ('Act') for the financial year 2017-18 and 2018-19, receipt of draft assessment order under section 144C of the Act for the financial year 2017-18 resulting in certain disallowances and 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: 22110815BCQDKT6987)

Place: Bengaluru
Date: 9 November 2022

Quess Corp Limited

Registered Office: Quess 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 2022

(INR in million except per share data)

Sl. No.	Particulars	Standalone					
		Quarter ended			Half year ended		Year ended
		30 September 2022	30 June 2022	30 September 2021	30 September 2022	30 September 2021	31 March 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	Income						
	a) Revenue from operations	30,309.19	28,323.00	22,738.61	58,632.19	43,988.67	97,584.98
	b) Other income	31.82	26.70	17.38	58.52	203.89	1,315.70
	Total income (a + b)	30,341.01	28,349.70	22,755.99	58,690.71	44,192.56	98,900.68
2	Expenses						
	a) Cost of material and stores and spare parts consumed	447.50	413.64	236.71	861.14	476.76	1,110.39
	b) Employee benefits expense	27,244.34	25,091.36	20,474.79	52,335.70	39,669.77	87,045.27
	c) Finance costs	133.71	105.75	120.75	239.46	248.55	476.99
	d) Depreciation and amortisation expense	136.00	132.81	100.68	268.81	207.30	481.04
	e) Other expenses	2,212.74	2,142.65	2,010.07	4,355.39	3,292.99	7,558.23
	Total expenses (a + b + c + d + e)	30,174.29	27,886.21	22,943.00	58,060.50	43,895.37	96,671.92
3	Profit/ (loss) before exceptional items and tax (1 - 2)	166.72	463.49	(187.01)	630.21	297.19	2,228.76
4	Exceptional items	-	-	202.20	-	202.20	422.52
5	Profit/ (loss) before tax (3 - 4)	166.72	463.49	(389.21)	630.21	94.99	1,806.24
6	Tax expense/ (credit)						
	Current tax	-	-	-	-	-	-
	Deferred tax	(38.64)	(8.91)	(25.68)	(47.55)	41.05	357.96
	Total tax expense/ (credit)	(38.64)	(8.91)	(25.68)	(47.55)	41.05	357.96
7	Profit/ (loss) for the period (5 - 6)	205.36	472.40	(363.53)	677.76	53.94	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	67.04	19.89	(28.47)	86.93	(108.86)	(104.79)
	Income tax (expense)/credit relating to items that will not be reclassified to profit or loss	(16.87)	(5.00)	7.17	(21.87)	27.40	26.37
	Other comprehensive income/(loss) for the period, net of tax	50.17	14.89	(21.30)	65.06	(81.46)	(78.42)
9	Total comprehensive income/ (loss) for the period (7 + 8)	255.53	487.29	(384.83)	742.82	(27.52)	1,369.86
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,481.49	1,480.80	1,477.85	1,481.49	1,476.79	1,479.91
11	Reserves i.e. Other equity						20,608.77
12	Earnings/ (loss) per equity share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	1.39	3.19	(2.46)	4.58	0.37	9.80
	(b) Diluted (in INR)	1.38	3.17	(2.43)	4.54	0.36	9.71

See accompanying notes to the financial results

Quess Corp Limited

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Standalone Balance Sheet as at 30 September 2022

(INR in million)

Particulars		As at	As at
		30 September 2022	31 March 2022
		(Unaudited)	(Audited)
A	ASSETS		
1	Non-current assets		
	Property, plant and equipment	249.79	275.27
	Right-of-use assets	415.45	401.83
	Goodwill	2,777.73	2,777.73
	Other intangible assets	839.58	944.78
	Intangible assets under development	10.89	13.91
	Financial assets		
	Investments	12,840.00	12,889.92
	Loans	743.34	608.31
	Other financial assets	609.42	577.55
	Deferred tax assets (net)	451.71	426.04
	Income tax assets (net)	2,965.46	2,274.08
	Other non-current assets	91.93	75.92
	Total non-current assets	21,995.30	21,265.34
2	Current assets		
	Inventories	74.41	68.24
	Financial assets		
	Trade receivables		
	- Billed	8,541.04	7,464.28
	- Unbilled	8,368.36	7,468.08
	Cash and cash equivalents	1,066.01	934.32
	Bank balances other than cash and cash equivalents above	476.68	484.09
	Loans	384.97	107.22
	Other financial assets	383.06	327.74
	Other current assets	680.60	524.07
	Total current assets	19,975.13	17,378.04
	Asset held for sale (refer note 10)	45.00	-
	Total Assets	42,015.43	38,643.38
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	1,481.49	1,479.91
	Other equity	20,810.02	20,608.77
	Total Equity	22,291.51	22,088.68
2	Liabilities		
	Non-current liabilities		
	Financial liabilities		
	Lease liabilities	323.54	307.90
	Non-current provisions	2,116.11	1,841.86
	Total non-current liabilities	2,439.65	2,149.76
3	Current liabilities		
	Financial liabilities		
	Borrowings	4,490.56	4,798.24
	Lease liabilities	156.80	160.45
	Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	31.64	34.93
	Total outstanding dues of creditors other than micro enterprises and small enterprises	525.65	564.79
	Other financial liabilities	8,752.71	5,390.73
	Current provisions	30.62	165.28
	Other current liabilities	3,296.29	3,290.52
	Total current liabilities	17,284.27	14,404.94
	Total Liabilities	19,723.92	16,554.70
	Total Equity and Liabilities	42,015.43	38,643.38

See accompanying notes to the financial results



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Statement of standalone cash flows for the half year ended 30 September 2022

(INR in million)

Particulars	For the half year ended	
	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit after tax	677.76	53.94
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities:		
Tax expense	(47.55)	41.05
Interest income on term deposits	(17.78)	(16.95)
Amortised cost adjustments for financial instruments	(4.17)	(10.03)
(Profit) / loss on sale of property, plant and equipment, net	7.04	-
Dividend income on investments in subsidiaries	-	(168.89)
Interest on loans given to related parties	(27.83)	(6.16)
Expense on employee stock option scheme	50.24	87.57
Finance costs	239.46	248.55
Depreciation and amortisation expense	268.81	207.30
Loss allowance on financial assets, net	82.69	511.52
Impairment/(reversal) of impairment of investment in subsidiaries	43.27	(188.07)
Impairment of loan given to related parties including interest accrued	40.00	88.85
Exceptional items	-	202.20
Foreign exchange gain	-	0.18
Deposits written off	-	43.31
Bad debts written off	6.90	25.66
Operating profit before working capital changes	1,318.84	1,120.03
Changes in inventories	(6.16)	15.27
Changes in trade receivables and unbilled revenue	(2,069.50)	(2,166.36)
Changes in loans, other financial assets and other assets	(264.09)	49.29
Changes in trade payables	(42.80)	1,807.65
Changes in other financial liabilities, other liabilities and provisions	3,615.74	700.38
Cash generated from operations	2,552.04	1,526.26
Income taxes (paid), net	(691.38)	(327.52)
Net cash flows from operating activities (A)	1,860.66	1,198.74
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(62.72)	(64.29)
Proceeds from sale of property, plant and equipment and intangibles	(0.52)	(2,112.04)
Investment in associate	(38.36)	-
Proceeds from redemption of debentures in subsidiaries	-	583.20
Dividend received (net of tax)	-	168.89
Placement of bank deposits	(64.38)	(87.82)
Redemption of bank deposits	86.44	94.88
Loans and advances given to related parties	(950.57)	(660.69)
Repayment of loans and advances by related parties	514.91	457.31
Interest received on term deposits	14.04	14.57
Net cash from/(used in) in investing activities (B)	(501.16)	(1,605.99)
Cash flows from financing activities		
Proceeds from working capital	18,992.14	22,554.23
Repayments of working capital	(19,241.57)	(20,395.22)
Proceeds/(repayments) from short term borrowings	(58.24)	74.03
Shares issued on exercise of employee stock options	1.58	1.06
Repayment of lease liabilities	(105.02)	(110.45)
Interest paid	(224.74)	(230.27)
Dividends paid	(591.96)	(1,033.75)
Net cash (used in)/from in financing activities (C)	(1,227.81)	859.63
Net (decrease)/increase in cash and cash equivalents (A+B+C)	131.69	452.38
Cash and cash equivalents at the beginning of the year	934.32	1,021.44
Cash and cash equivalents at the end of the year	1,066.01	1,473.82
Components of cash and cash equivalents		
<i>Cash and cash equivalents</i>		
Cash on hand	4.08	3.03
Balances with banks		
In current accounts	1,061.93	1,470.79
In deposit accounts (with original maturity of less than 3 months)		
Cash and cash equivalents in standalone balance sheet	1,066.01	1,473.82

The disclosure for the half year ended 30 September 2022 and 30 September 2021 are prepared in compliance with Indian Accounting Standard (Ind AS 34) Interim Financial Reporting.



Quess Corp Limited

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CIN No. L74140KA2007PLC043909

Standalone unaudited financial results for the quarter and half year ended 30 September 2022

Notes relating to current quarter and half year ended 30 September 2022:

- 1 The standalone financial information of Quess Corp Limited ("the Company") for the quarter and half year ended 30 September 2022 have been taken on record by the Board of Directors at its meeting held on 9 November 2022. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter and half year ended 30 September 2022. These standalone financial results have been extracted from the interim 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.quescorp.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 7 July 2021, the Board of Directors approved revision in Scheme AAA by adding another wholly owned Subsidiary Connect 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.
- 5 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 previous financial year aggregating to INR 591.96 million which was paid on 21 June 2022.

For the quarter and six months ended 30 September 2022 the Board of Directors at their meeting held on 9 November 2022 declared interim dividend of INR 8.00 per equity share (face value of INR 10.00 each) for the financial year 2022-23.

- 6 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 28 December 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.
- 7 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 Department for FY 2017-18. During the quarter ended 31 March 2022, special audit was completed; and report was submitted to the 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 half year ended 30 September 2022, the Company filed its objection before the Dispute Resolution Panel.

During the current quarter, special audit initiated during the quarter ended 30 June 2022 under section 142 (2A) was completed for FY 2018-19 and a report was submitted to the Department which includes matters, among others, the manner of claiming deduction under section 80JJAA of the Act and reimbursement of expenses from customers reduced from revenues. The Company has submitted its responses to the special audit report.

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 for FY 2017-18, excluding interest and penalties if any. The contingent liability will be updated as developments unfold in future, including receipt of the draft assessment order for FY 2018-19.

The Company continues to maintain its stand on the manner of claiming the 80JJAA deduction and accordingly 80JJAA deduction of INR 482.49 million and INR 1,209.75 million is claimed for the quarter and half year ended 30 September 2022, respectively. 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 half year ended 30 September 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.
- 9 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.



- 10 The Company sold its 53% stake in Simpliance Technologies Private Limited (Simpliance) with a carrying value of INR 45 Million to Aparajitha Corporate Services Limited (Aparajitha) and Dasa Consulting Private Limited, acting as a Trustee company of Poornatha Wellness Private Trust through the Share Purchase Agreement (SPA) dated 6 October 2022. The enterprise value of 100% in Simpliance is valued at INR 1,200 Million on a cash and debt free basis. The transaction was completed and the sale consideration of INR 636 Million (53% of INR 1,200 Million) was received on 21 October 2022 by the Company.

Investment in Simpliance was presented as an asset held for sale as at 30 September 2022.

The gain on sale of INR 591 Million will be recorded during the quarter ending 31 December 2022.

- 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: 9 November 2022

