

## **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 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.



**5. Emphasis of Matters Paragraph**

- i. We draw attention to Note 5 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 6 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, 2019 and 2020 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)

  
Arund Subramanian  
Partner  
(Membership No. 110815)  
(UDIN:23110815BGXVMT8096)

Place: Bengaluru  
Date: 6 November 2023

**Qness Corp Limited**

Registered Office: Qness 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 and half year ended 30 September 2023

(INR in million except per share data)

Sl. No.	Particulars	Standalone					
		Quarter ended			Half year ended		Year ended
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Income</b>						
	a) Revenue from operations	34,527.82	33,326.82	30,309.19	67,854.64	58,632.19	1,21,963.45
	b) Other income	435.04	144.02	31.82	579.06	58.52	707.62
	<b>Total income (a + b)</b>	<b>34,962.86</b>	<b>33,470.84</b>	<b>30,341.01</b>	<b>68,433.70</b>	<b>58,690.71</b>	<b>1,22,671.07</b>
2	<b>Expenses</b>						
	a) Cost of material and stores and spare parts consumed	518.47	406.80	447.50	925.26	861.14	1,773.52
	b) Employee benefits expense	31,068.72	30,232.67	27,244.34	61,301.39	52,335.70	1,09,156.31
	c) Finance costs	167.02	159.35	133.71	326.37	239.46	574.89
	d) Depreciation and amortisation expense	165.84	164.55	136.00	330.39	268.81	651.10
	e) Other expenses	2,534.16	2,214.70	2,212.74	4,748.86	4,355.39	9,094.63
	<b>Total expenses (a + b + c + d + e)</b>	<b>34,454.21</b>	<b>33,178.07</b>	<b>30,174.29</b>	<b>67,632.27</b>	<b>58,060.50</b>	<b>1,21,250.45</b>
3	<b>Profit before exceptional items and tax (1 - 2)</b>	<b>508.65</b>	<b>292.77</b>	<b>166.72</b>	<b>801.43</b>	<b>630.21</b>	<b>1,420.62</b>
4	Exceptional items loss/(gain) (refer note 7)	143.04	(30.33)	-	112.71	-	83.04
5	<b>Profit before tax (3 - 4)</b>	<b>365.61</b>	<b>323.10</b>	<b>166.72</b>	<b>688.72</b>	<b>630.21</b>	<b>1,337.58</b>
6	<b>Tax expense/ (credit)</b>						
	Current tax	-	-	-	-	-	134.88
	Income tax relating to previous year	-	-	-	-	-	(55.23)
	Deferred tax	(129.25)	(12.07)	(38.64)	(141.32)	(47.55)	(43.73)
	<b>Total tax (credit)/expense</b>	<b>(129.25)</b>	<b>(12.07)</b>	<b>(38.64)</b>	<b>(141.32)</b>	<b>(47.55)</b>	<b>35.92</b>
7	<b>Profit for the period (5 - 6)</b>	<b>494.86</b>	<b>335.17</b>	<b>205.36</b>	<b>830.04</b>	<b>677.76</b>	<b>1,301.66</b>
8	<b>Other comprehensive income</b>						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Remeasurement of defined benefit plans	(125.34)	(83.20)	67.04	(208.56)	86.93	67.53
	Income tax expense/(credit) relating to items that will not be reclassified to profit or loss	31.55	20.94	(16.87)	52.49	(21.87)	(16.99)
	<b>Other comprehensive (loss)/ income for the period, net of tax</b>	<b>(93.79)</b>	<b>(62.26)</b>	<b>50.17</b>	<b>(156.07)</b>	<b>65.06</b>	<b>50.54</b>
9	<b>Total comprehensive income for the period (7 + 8)</b>	<b>401.07</b>	<b>272.91</b>	<b>255.53</b>	<b>673.97</b>	<b>742.82</b>	<b>1,352.20</b>
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,484.20	1,483.87	1,481.49	1,484.20	1,481.49	1,482.29
11	Reserves i.e. Other equity						20,234.52
12	Earnings per equity share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	3.33	2.26	1.39	5.60	4.58	8.79
	(b) Diluted (in INR)	3.31	2.25	1.38	5.56	4.54	8.72

See accompanying notes to the financial results



**Quess Corp Limited**

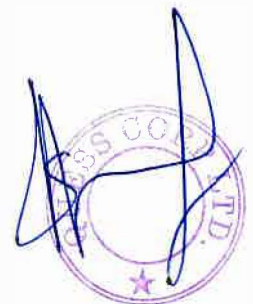
Registered Office: Quess House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103;  
CIN No. L74140KA2007PLC043909

Standalone Balance Sheet as at 30 September 2023

(INR in million)

Particulars		As at 30 September 2023	As at 31 March 2023
		(Unaudited)	(Audited)
<b>A</b>	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	Property, plant and equipment	323.21	384.77
	Right-of-use assets	999.32	775.49
	Goodwill	2,777.73	2,777.73
	Other intangible assets	629.38	730.07
	Intangible assets under development	9.33	12.47
	<b>Financial assets</b>		
	Investments	12,471.95	12,346.53
	Loans	705.67	670.07
	Other financial assets	681.48	628.28
	Deferred tax assets (net)	646.58	452.77
	Income tax assets (net)	3,935.10	3,976.27
	Other non-current assets	327.18	225.37
	<b>Total non-current assets</b>	<b>23,506.93</b>	<b>22,979.82</b>
2	<b>Current assets</b>		
	Inventories	66.24	71.11
	<b>Financial assets</b>		
	Trade receivables		
	- Billed	9,149.03	8,653.67
	- Unbilled	9,287.79	8,073.81
	Cash and cash equivalents	989.55	403.85
	Bank balances other than cash and cash equivalents above	252.88	441.57
	Loans	428.11	371.22
	Other financial assets	299.28	457.54
	Other current assets	779.71	637.34
	<b>Total current assets</b>	<b>21,252.59</b>	<b>19,110.11</b>
	<b>Total Assets</b>	<b>44,759.52</b>	<b>42,089.93</b>
<b>B</b>			
1	<b>Equity</b>		
	Equity share capital	1,484.20	1,482.29
	Other equity	21,154.40	20,234.52
	<b>Total Equity</b>	<b>22,638.60</b>	<b>21,716.81</b>
2	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	<b>Financial liabilities</b>		
	Lease liabilities	818.75	603.82
	Provisions	2,635.46	2,160.82
	<b>Total non-current liabilities</b>	<b>3,454.21</b>	<b>2,764.64</b>
3	<b>Current liabilities</b>		
	<b>Financial liabilities</b>		
	Borrowings	4,151.20	4,670.33
	Lease liabilities	242.35	232.37
	Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	31.64	36.05
	Total outstanding dues of creditors other than micro enterprises and small enterprises	544.42	442.14
	Other financial liabilities	9,921.60	7,947.30
	Income tax liabilities	381.89	381.89
	Other current liabilities	3,375.00	3,733.31
	Provisions	18.61	165.09
	<b>Total current liabilities</b>	<b>18,666.71</b>	<b>17,608.48</b>
	<b>Total Liabilities</b>	<b>22,120.92</b>	<b>20,373.12</b>
	<b>Total Equity and Liabilities</b>	<b>44,759.52</b>	<b>42,089.93</b>

See accompanying notes to the financial results



<b>Quesst Corp Limited</b> Registered Office: Quesst House, 3/3/2, Bellandur Gate, Sarjapur Road, Bengaluru 560 103; CIN No. L74140KA2007PLC043909		
Statement of standalone cash flows for the half year ended 30 September 2023		
(INR in million)		
Particulars	For the half year ended	
	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Profit after tax	830.04	677.76
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities:		
Tax expense	(141.32)	(47.55)
Interest on tax refunds received	(75.17)	-
Interest income on term deposits	(18.76)	(17.78)
Amortised cost adjustments for financial instruments	(5.15)	(4.17)
Loss on sale of property, plant and equipment, net	7.74	7.04
Dividend income on investments in subsidiaries	(406.32)	-
Interest on loans given to related parties	(32.37)	(27.83)
Expense on employee stock option scheme	33.37	50.24
Finance costs	326.37	239.46
Depreciation and amortisation expense	330.39	268.81
Loss allowance on financial assets, net	369.13	82.69
Impairment of investment in subsidiaries	-	43.27
Exceptional items	112.71	-
Foreign exchange gain	(0.21)	-
Bad debts written off	6.02	6.90
<b>Operating profit before working capital changes</b>	<b>1,336.47</b>	<b>1,278.84</b>
Changes in inventories	4.87	(6.16)
Changes in trade receivables and unbilled revenue	(2,073.30)	(2,069.50)
Changes in loans, other financial assets and other assets	(216.30)	(264.09)
Changes in trade payables	97.87	(42.80)
Changes in other financial liabilities, other liabilities and provisions	2,061.97	3,615.74
<b>Cash generated from operations</b>	<b>1,211.58</b>	<b>2,512.04</b>
Income tax refunds/(paid), net	116.34	(691.38)
<b>Net cash flows from operating activities (A)</b>	<b>1,327.92</b>	<b>1,820.66</b>
<b>Cash flows from investing activities</b>		
Expenditure on property, plant and equipment and intangibles	(134.26)	(62.72)
Proceeds from sale of property, plant and equipment and intangibles	34.26	(0.52)
Investment in associate	-	(38.36)
Investment in debentures in subsidiaries, net of provision	(274.96)	-
Placement of bank deposits	(23.98)	(64.38)
Redemption of bank deposits	231.57	86.44
Loans and advances given to related parties	(757.65)	(950.57)
Repayment of loans and advances by related parties	851.36	514.91
Dividend received	406.32	-
Interest received on term deposits	17.30	14.04
<b>Net cash from/(used in) in investing activities (B)</b>	<b>349.96</b>	<b>(501.16)</b>
<b>Cash flows from financing activities</b>		
Proceeds from working capital	3,321.63	18,992.14
Repayments of working capital	(3,541.26)	(19,241.57)
Proceeds/(repayments) from short term borrowings	(299.51)	(58.24)
Payment of stamp duty in relation to merger and issue of shares in earlier year	(124.64)	-
Shares issued on exercise of employee stock options	1.90	1.58
Payment of lease liability	(171.60)	(105.02)
Interest paid	(278.71)	(224.74)
Dividends paid	-	(591.96)
<b>Net cash (used in)/from in financing activities (C)</b>	<b>(1,092.19)</b>	<b>(1,227.81)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>585.70</b>	<b>91.69</b>
Cash and cash equivalents at the beginning of the year	403.85	934.32
<b>Cash and cash equivalents at the end of the year</b>	<b>989.55</b>	<b>1,066.01</b>
<b>Components of cash and cash equivalents</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	4.20	4.08
Balances with banks		
In current accounts	972.92	1,061.93
In deposit accounts (with original maturity of less than 3 months)	12.43	-
<b>Cash and cash equivalents in standalone balance sheet</b>	<b>989.55</b>	<b>1,066.01</b>

The disclosure for the half year ended 30 September 2023 and 30 September 2022 are prepared in compliance with Indian Accounting Standard (Ind AS 34) Interim Financial Reporting.



**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 and half year ended 30 September 2023

**Notes relating to current quarter and half year ended 30 September 2023:**

- 1 The standalone financial information of Quess Corp Limited ("the Company") for the quarter and half year ended 30 September 2023 have been taken on record by the Board of Directors at its meeting held on 6 November 2023. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter and half year ended 30 September 2023. 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.uesscorp.com](http://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 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 in the hearing held on 8 September 2023 has reserved the order.
- 5 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-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 10 November 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.

**6 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 80JJAA 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 quarter and half year ended 30 September 2023, the Company received a final assessment order for fiscal year 2018-2019 under section 143(3) read with section 144C(13) of the Income Tax Act in which primarily deduction under section 80JJAA of the Income Tax Act and depreciation on goodwill has been disallowed. The Company will file an appeal against the said adjustments before the Income Tax Appellate Tribunal against the final assessment order.

Further during the quarter, the Company has received draft assessment order under section 144C(1) for fiscal year 2019-2020, in which the primary deduction under section 80JJAA of the Income Tax Act and depreciation on goodwill has been disallowed. The Company has filed objections before the Dispute Resolution Panel against the draft assessment order.

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 1,747.60 million for fiscal 2017-2018, fiscal 2018-2019 and fiscal 2019-2020, towards tax demands including interest in the order. The contingent liability 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 80JJAA deduction (reduced from taxable income) of INR 686.52 million is claimed for the quarter and INR 1,081.80 million for the half year ended 30 September 2023. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.

- 7 a) During the quarter and half year ended 30 September 2023, the Company reassessed the recoverable value of investment made in Stellarslog Technologies Private Limited ("SLPL"), and recognised an investment impairment of INR 138.36 million, disclosed as exceptional item in the above results.  
b) During the quarter ended 30 September 2023, the Company has recognised a net additional impairment of INR 4.68 million towards advance given to Excelus Learning Solutions Private Limited net of collection, disclosed as exceptional item in the above results.
- 8 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: 6 November 2023

