

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 nine months ended 31 December 2024 ("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 ("the Listing Regulations").
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 and in compliance with the Listing Regulations. 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. Basis for Qualified Conclusion

As stated in note 6 to the Statement, certain tax deductions claimed by the Company and recognised in computation of income tax expense in the current and preceding periods have been disallowed by the Income Tax Authority. The disallowance has been challenged by the Company in a judicial forum. The Company, supported by external opinions from legal counsel and other tax experts, has assessed the basis of the disallowances and concluded that it is probable that these deductions will be accepted upon ultimate resolution.

In January 2024, as described in note 6 to the Statement, another regulatory authority has made certain observations (referred to as "new information") on the applicability of certain conditions in the Income Tax Act and related reports submitted to the Income Tax Authority in respect of these deductions. The Company has taken into consideration this new information and continues to believe that it is probable that these deductions upon ultimate resolution will be accepted by the Income Tax Authority.

As a result of the uncertainty in respect of the outcome in the aforesaid matter, pending ultimate resolution and acceptance by the Income Tax Authority, we are unable to comment whether any adjustments are necessary to the standalone financial results.



Deloitte Haskins & Sells LLP

This matter was also qualified in our report on the financial results for the quarter ended 30 June 2024, 30 September 2024, quarter and nine months ended 31 December 2023 and for the year ended 31 March 2024.

5. Qualified Conclusion

Based on our review conducted as stated in paragraph 3 above, except for the possible effects of the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been 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, and has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Emphasis of Matter

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.

Our conclusion on the Statement is not modified in respect of this matter.

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



Gurvinder Singh
Partner
(Membership No. 110128)
(UDIN: 25110128BMHZRY3313)

Place: Bengaluru
Date: 29 January 2025

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 and nine months ended 31 December 2024

(INR in millions except per share data)

Sl. No	Particulars	Standalone					
		Quarter ended			Nine Months ended		Year ended
		31 December 2024	30 September 2024	31 December 2023	31 December 2024	31 December 2023	31 March 2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	a) Revenue from operations	47,076.41	43,819.06	39,592.83	1,33,014.81	1,15,296.08	1,55,711.84
	b) Other income	502.50	870.01	741.96	1,735.94	1,332.88	1,611.69
	Total income (a + b)	47,578.91	44,689.07	40,334.79	1,34,750.75	1,16,628.96	1,57,323.53
2	Expenses						
	a) Cost of material and stores and spare parts consumed	509.44	502.61	470.96	1,462.67	1,410.53	1,877.91
	b) Employee benefits expense (refer note 11)	42,614.21	39,437.43	35,419.38	1,20,078.90	1,02,704.31	1,38,846.69
	c) Finance costs (refer note 11)	203.71	223.27	271.77	663.42	823.35	1,078.53
	d) Depreciation and amortisation expense	462.12	479.68	469.61	1,420.06	1,394.21	1,852.32
	e) Other expenses	2,629.80	2,575.48	2,446.50	7,612.97	7,527.41	9,999.99
	Total expenses (a + b + c + d + e)	46,419.28	43,218.47	39,078.22	1,31,238.02	1,13,859.81	1,53,655.44
3	Profit before exceptional items and tax (1 - 2)	1,159.63	1,470.60	1,256.57	3,512.73	2,769.15	3,668.09
4	Exceptional items loss, net (refer note 7)	222.60	3.49	427.69	321.32	538.90	506.24
5	Profit before tax (3 - 4)	937.03	1,467.11	828.88	3,191.41	2,230.25	3,161.85
6	Tax (credit)/expense						
	Current tax	-	-	(152.89)	-	-	53.41
	Income tax relating to previous year	-	-	-	(7.19)	-	-
	Deferred tax	(59.76)	(48.83)	(32.56)	(169.62)	(156.19)	(320.77)
	Total tax credit	(59.76)	(48.83)	(185.45)	(176.81)	(156.19)	(267.36)
7	Profit for the period (5 - 6)	996.79	1,515.94	1,014.33	3,368.22	2,386.44	3,429.21
8	Other comprehensive income						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Remeasurement of defined benefit plans	(25.14)	(98.55)	(5.84)	(94.94)	(195.87)	(284.90)
	Income tax expense relating to items that will not be reclassified to profit or loss	6.33	24.80	1.47	23.89	49.29	72.21
	Other comprehensive loss for the period, net of taxes	(18.81)	(73.75)	(4.37)	(71.05)	(146.58)	(212.69)
9	Total comprehensive income for the period (7 + 8)	977.98	1,442.19	1,009.96	3,297.17	2,239.86	3,216.52
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,486.87	1,486.26	1,484.78	1,486.87	1,484.78	1,485.10
11	Reserves i.e. Other equity						25,404.59
12	Earnings per equity share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	6.71	10.09	6.83	22.67	16.09	23.11
	(b) Diluted (in INR)	6.66	10.02	6.79	22.52	15.99	22.97

See accompanying notes to the financial results



Standalone unaudited financial results for the quarter and nine months ended 31 December 2024

Notes for the current quarter and nine months ended 31 December 2024:

- 1 The standalone financial results of Quess Corp Limited ("the Company") for the quarter and nine months ended 31 December 2024 have been approved by the Board of Directors at its meeting held on 29 January 2025. The statutory auditors have expressed a qualified conclusion on the financial results for the quarter and nine months ended 31 December 2024. 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.
- 3 The standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 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 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 14 February 2025. The Company has taken external independent legal advice as per which the EPFO's order is prima facie erroneous and unsustainable in law and therefore will not be sustained on ultimate resolution.

6 Income Tax matters:

The Company had received assessment orders in the current and preceding periods for fiscal 2018 to 2021 in which primarily deduction under section 80JJAA of the Income Tax Act ('IT Act') and depreciation on goodwill has been disallowed.

The Income Tax department disallowed the claim under section 80JJAA of the IT Act on the grounds of non-existence of employer – employee relationship in respect of associate employees of the Company. Additionally, the Income Tax Department also disputed the interpretations adopted by the Company for computing the deduction under section 80JJAA by disallowing claims for:

- additional employees whose emoluments exceed Rs.25,000 in a month but the average emoluments for these additional employees does not exceed Rs.25,000 in a month during the service period;
- additional employees who have served more than 240 days in a year but are not an employee on March 31 of the respective financial year for which the claim is availed; and
- employees for whom which the employer's contribution of provident fund for any part of the year is paid by the Government under Employee Pension Scheme (EPS) but the entire employers contribution is not reimbursed by the Government during the year.

The Company filed an appeal with the Income Tax Appellate Tribunal against the assessment orders for fiscal 2018 to 2021 and believes that the tax treatment availed by the Company for deductions under 80JJAA and depreciation on goodwill are valid and will be sustained on ultimate resolution supported by external opinions from legal counsel and other tax experts.

In January 2024, National Financial Reporting Authority ('NFRA'), in an Order relating to certification for fiscal 2019 to 2021 by an external Chartered Accountant pertaining to claims under 80JJAA made by the Company, has made certain observations on the applicability of certain conditions in the Income Tax Act and related reports submitted to the Income Tax Authority in respect of these deductions. This order was subsequently stayed by the Hon'ble Delhi High Court. As specified above, the Company continues to believe that its claim under 80JJAA is valid and intends to vigorously contest its position and interpretative stance of these sections on merits and based on external third-party assessments of the claim made, believes that the deduction under 80JJAA will be sustained upon ultimate resolution by the Income Tax Authority.

Pending resolution of these Income Tax disputes, the Company has assessed INR 1,575.93 million as contingent liabilities towards demands including interest in the order for these fiscal years.

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 1,107.30 million is claimed for the quarter and INR 3,074.64 for nine months ended 31 December 2024. For fiscal 2017 and 2022 to 2024, the Company had also claimed deduction under 80JJAA amounting to INR 14,948.14 million for which assessment is yet to be completed. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.

7 Exceptional items:

- i) During the quarter and nine month ended 31 December 2024, the Company assessed the recoverable value of loan (including interest receivable) for its subsidiaries and recognised an impairment loss of INR 1.5 million and INR 7.16 million respectively which is disclosed under exceptional item.
- ii) During the quarter and nine month ended 31 December 2024, the Company incurred charges for professional services and certain employee benefits expense aggregating to INR 221.10 million and INR 223.71 million respectively towards scheme of demerger as explained in note 10 below which is disclosed under exceptional items.
- iii) During the quarter ended 30 June 2024, pursuant to internal restructuring, business contracts of a subsidiary of the Company, are being transferred to one of the divisions of the Company. Therefore, the Company recorded an impairment relating to investment of INR 90 million during the nine month ended 31 December 2024.



- 8 The Board of Directors at their meeting held on 29 January 2025 declared interim dividend of INR 4.00 per equity share (face value of INR 10.00 each) for the financial year 2024-25 aggregating to INR 594.75 million.
- 9 During the current quarter, the Board of Directors of the Company considered and approved the Business Transfer Agreement ('BTA') for purchase of food catering and facility management services business of Archer Integrated Services Private Limited and Astrin Traders and Supplies Private Limited as a going concern on a slump sale basis for a lump sum cash consideration of INR 110 million. As the agreed conditions stated in the BTA is under progress, no accounting impact of same is taken in the financial results of the current quarter.
- 10 During the year ended 31 March 2024, the Board of Directors of the Company ("Quess"), approved the Composite Scheme of Arrangement amongst the Company, Digitide Solutions Limited ("Resulting Company 1 or Digitide") and Bluspring Enterprises Limited ("Resulting Company 2 or Bluspring") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder ("Scheme").

The Scheme provides for the following:

(a) the demerger of the Company's undertakings (Divisions and investments) engaged in Business Process Management (BPM) solutions, Insurtech and Human Resource Outsourcing (HRO) business into Digitide and in consideration, Digitide will issue new equity shares to all the equity shareholders of the Company in accordance with the Share Entitlement Ratio of one new equity share of Digitide to one equity share of the Company.

(b) the demerger of the Company's undertakings (Divisions and investments) engaged in Facility Management, Industrial Services and Product led businesses into Bluspring and in consideration, Bluspring will issue new equity shares to all the equity shareholders of the Company in accordance with the Share Entitlement Ratio of one new equity share of Bluspring to one equity share of the Company.

During the current quarter, the Company has obtained approval of the requisite majority of the shareholders and creditors of the Company. The Scheme is subject to receipt of requisite approvals from National Company Law Tribunal, Bengaluru Bench ("Tribunal") and other statutory and regulatory authorities under applicable law.

- 11 During the previous quarter, the Company has changed its accounting policy for presentation of net interest cost on defined benefit obligation from employee benefits expense to finance cost as this results in providing reliable and more relevant information about the financial performance of the Company. Pursuant to change in the accounting policy, the Company has reclassified the prior period figures. The impact on employee benefits expense and finance cost for the periods presented is as under:

Particulars	Quarter ended			Nine months ended		(INR in millions) Year ended
	31 December 2024	30 September 2024	31 December 2023	31 December 2024	31 December 2023	31 March 2024
Decrease in Employee benefits expense	51.85	54.38	42.74	152.59	124.48	167.49
Increase in Finance cost	(51.85)	(54.38)	(42.74)	(152.59)	(124.48)	(167.49)
Net impact on standalone financial results	-	-	-	-	-	-

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

Guruprasad Srinivasan
Executive Director (Full-time director) and Group Chief Executive Officer
DIN: 07596207
Place: Bengaluru
Date: 29 January 2025

