

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL STANDALONE FINANCIAL RESULTS AND REVIEW OF QUARTERLY FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
QUESS CORP LIMITED**

Opinion and Conclusion

We have (a) audited the Standalone Financial Results for the year ended 31 March 2022 and (b) reviewed the Standalone Financial Results for the quarter ended 31 March 2022 (refer 'Other Matter' Section below), which were subject to Limited Review by us, both included in the accompanying "Statement of Standalone Financial Results for the Quarter and Year Ended 31 March 2022" of **Quess Corp LIMITED** ("the Company"), ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

(a) Opinion on Annual Standalone Financial Results

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Financial Results for the year ended 31 March 2022:

- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, of the net profit and total comprehensive income and other financial information of the Company for the year then ended.

(b) Conclusion on Unaudited Standalone Financial Results for the quarter ended 31 March 2022

With respect to the Standalone Financial Results for the quarter ended 31 March 2022, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Standalone Financial Results for the quarter ended 31 March 2022, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 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.

Basis for Opinion on the Audited Standalone Financial Results for the year ended 31 March 2022

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in paragraph (a) of Auditor's Responsibilities Section below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results for the year ended 31 March 2022 under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

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Emphasis of Matters

- We draw attention to Note 8 of the Statement regarding the demands received by the Company in respect of Provident Fund and the contingency related to the pending litigation on the said matter.
- We draw attention to Note 18(a) of the Statement, which describes the effects of the continuing uncertainty arising from the outbreak of the COVID-19 pandemic on the financial results for the quarter and year ended 31 March 2022.
- We draw attention to Note 9 of the Statement regarding completion of special audit under section 142(2A) of Income-tax Act, 1961 and receipt of draft assessment order under section 144C of Income-tax Act, 1961 for the financial year 2017-18 resulting in certain disallowances to taxable income and the Company's evaluation relating to these disallowances.

Our opinion and conclusion is not modified in respect of these matters.

Management's Responsibilities for the Statement

This Statement which includes the Standalone Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Standalone Financial Results for the year ended 31 March 2022 has been compiled from the related audited standalone financial statements. This responsibility includes the preparation and presentation of the Standalone Financial Results for the quarter and year ended 31 March 2022 that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities

(a) Audit of the Standalone Financial Results for the year ended 31 March 2022

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the year ended 31 March 2022 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Standalone Financial Results.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Standalone Financial Results, including the disclosures, and whether the Annual Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Standalone Financial Results of the Company to express an opinion on the Annual Standalone Financial Results.

Materiality is the magnitude of misstatements in the Annual Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Standalone Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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(b) Review of the Standalone Financial Results for the quarter ended 31 March 2022

We conducted our review of the Standalone Financial Results for the quarter ended 31 March 2022 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 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 SAs specified under Section 143(10) of the Act 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.

Other Matter

The Statement includes the results for the Quarter ended 31 March 2022 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report 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)



Arind Subramanian

Partner

(Membership No. 110815)

(UDIN: 22110815AJRURH9320)

Place: Bengaluru
Date: 26 May 2022

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 audited financial results for the quarter and year ended 31 March 2022 (INR in millions except per share data)

Sl. No.	Particulars	Standalone				
		Quarter ended			Year ended	
		31 March 2022	31 December 2021	31 March 2021	31 March 2022	31 March 2021
		(Refer note 2)	(Unaudited)	(Refer note 2)	(Audited)	(Audited)
1	Income					
	a) Revenue from operations	27,225.71	26,370.60	21,137.23	97,584.98	74,834.05
	b) Other income	386.55	725.26	21.57	1,315.70	303.79
	Total income (a + b)	27,612.26	27,095.86	21,158.80	98,900.68	75,137.84
2	Expenses					
	a) Cost of material and stores and spare parts consumed	305.22	328.41	221.33	1,110.39	712.91
	b) Employee benefits expense	24,169.11	23,206.39	19,094.53	87,045.27	68,187.62
	c) Finance costs	109.61	118.83	101.81	476.99	634.63
	d) Depreciation and amortisation expense	137.12	136.62	114.71	481.04	525.09
	e) Other expenses	2,003.20	2,262.04	2,479.58	7,558.23	5,261.92
	Total expenses (a + b + c + d + e)	26,724.26	26,052.29	22,011.96	96,671.92	75,322.17
3	Profit/ (loss) before exceptional items and tax (1 - 2)	888.00	1,043.57	(853.16)	2,228.76	(184.33)
4	Exceptional items [refer note 12 and 18(c)]	220.32	-	-	422.52	112.70
5	Profit/ (loss) before tax (3 - 4)	667.68	1,043.57	(853.16)	1,806.24	(297.03)
6	Tax expense					
	Current tax	-	-	-	-	-
	Income tax relating to previous year	-	-	-	-	53.82
	Deferred tax	138.79	178.12	198.09	357.96	647.67
	Total tax expense	138.79	178.12	198.09	357.96	701.49
7	Profit/ (loss) for the period (5 - 6)	528.89	865.45	(1,051.25)	1,448.28	(998.52)
8	Other comprehensive income					
	<i>Items that will not be reclassified subsequently to profit or loss</i>					
	Remeasurement of defined benefit plans	24.32	(20.25)	6.53	(104.79)	(81.62)
	Income tax relating to items that will not be reclassified to profit or loss	(6.12)	5.09	(1.65)	26.37	20.54
	Other comprehensive income/ (loss) for the period, net of taxes	18.20	(15.16)	4.88	(78.42)	(61.08)
9	Total comprehensive income/ (loss) for the period (7 + 8)	547.09	850.29	(1,046.37)	1,369.86	(1,059.60)
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,479.91	1,478.84	1,476.79	1,479.91	1,476.79
11	Reserves i.e. Other equity				20,608.77	20,768.10
12	Earnings/ (loss) per equity share	(not annualised)	(not annualised)	(not annualised)	(annualised)	(annualised)
	(a) Basic (in INR)	3.58	5.86	(7.12)	9.80	(6.76)
	(b) Diluted (in INR)	3.55	5.78	(7.02)	9.71	(6.67)

See accompanying notes to the financial results



Quess Corp Limited

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Standalone Balance Sheet as at 31 March 2022

(INR in millions)

Particulars	As at	As at
	31 March 2022	31 March 2021
	(Audited)	(Audited)
A ASSETS		
1 Non-current assets		
Property, plant and equipment	275.27	275.15
Right-of-use assets	401.83	511.73
Goodwill	2,777.73	2,777.73
Other intangible assets	944.78	558.89
Intangible assets under development	13.91	70.17
Financial assets		
Investments	12,889.92	11,144.60
Loans	608.31	318.10
Other financial assets	577.55	508.22
Deferred tax assets (net)	426.04	757.63
Income tax assets (net)	2,274.08	1,911.92
Other non-current assets	75.92	74.83
Total non-current assets	21,265.34	18,908.97
2 Current assets		
Inventories	68.24	75.68
Financial assets		
Trade receivables		
Billed	7,464.28	4,970.85
Unbilled	7,468.08	6,384.13
Cash and cash equivalents	934.32	1,021.44
Bank balances other than cash and cash equivalents above	484.09	597.75
Loans	107.22	25.53
Other financial assets	327.74	179.82
Other current assets	524.07	466.96
Total current assets	17,378.04	13,722.16
Total Assets	38,643.38	32,631.13
B EQUITY AND LIABILITIES		
1 Equity		
Equity share capital	1,479.91	1,476.79
Other equity	20,608.77	20,768.10
Total equity	22,088.68	22,244.89
2 Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	307.90	415.77
Non-current provisions	1,841.86	1,405.82
Total non-current liabilities	2,149.76	1,821.59
3 Current liabilities		
Financial liabilities		
Borrowings	4,798.24	3,173.30
Lease liabilities	160.45	164.69
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	34.93	10.60
Total outstanding dues of creditors other than micro enterprises and small enterprises	564.79	511.00
Other financial liabilities	5,390.73	2,487.23
Current provisions	165.28	164.94
Other current liabilities	3,290.52	2,052.89
Total current liabilities	14,404.94	8,564.65
Total liabilities	16,554.70	10,386.24
Total Equity and Liabilities	38,643.38	32,631.13

See accompanying notes to the financial results



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Standalone statement of cash flows for the year ended 31 March 2022

(INR in millions)

Particulars	For the year ended	
	31 March 2022	31 March 2021
	(Audited)	(Audited)
Cash flows from operating activities		
Profit / (loss) after tax	1,448.28	(998.51)
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities:		
Tax expense	357.96	701.49
Interest on tax refunds received	(34.69)	-
Interest income on term deposits	(35.55)	(26.56)
Amortised cost adjustments for financial instruments	(24.97)	(21.92)
(Profit) / loss on sale of property, plant and equipment, net	(12.01)	0.67
Dividend income on investments in subsidiaries	(1,175.69)	-
Interest on loans given to related parties	(21.66)	(26.02)
Liabilities no longer required written back	-	(0.37)
Expense on employee stock option scheme	95.70	118.02
Finance costs	476.99	634.63
Depreciation and amortisation expense	481.04	525.09
Loss allowance on financial assets, net	464.38	1,947.06
Exceptional items [refer note 12 and 18(c)]	422.52	112.70
Foreign exchange gain	(3.73)	(1.71)
Rent concession received	-	(31.77)
Deposits written off	56.47	0.20
Bad debts written off	54.28	86.22
Operating profit before working capital changes	2,549.32	3,019.22
Changes in operating assets and liabilities		
Changes in inventories	7.44	26.85
Changes in trade receivables	(4,316.38)	(1,674.42)
Changes in loans, other financial assets and other assets	(52.48)	20.42
Changes in trade payables	78.12	(29.47)
Changes in other financial liabilities, other liabilities and provisions	3,973.77	256.51
Cash generated from operations	2,239.79	1,619.11
Income taxes (paid) / refund received, net	(240.35)	932.72
Net cash flows from operating activities (A)	1,999.44	2,551.83
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(189.47)	(118.03)
Proceeds from sale of property, plant and equipment and intangibles	58.80	15.34
Investment in subsidiaries and associates	(2,894.32)	(381.78)
Proceeds from redemption of debentures in subsidiaries	1,070.00	1,096.22
Proceeds from sale of investment in subsidiaries (net)	-	0.10
Dividend received (net of tax)	1,088.57	-
Bank deposits (having original maturity of more than three months) and earmarked balances, net	(20.97)	(337.39)
Loans and advances given to related parties	(1,880.48)	(676.73)
Repayment of loans and advances by related parties	1,279.70	1,078.13
Interest received on loans to related parties	12.47	21.49
Interest received on term deposits	31.23	18.69
Net cash (used in) / from investing activities (B)	(1,444.47)	716.05
Cash flows from financing activities		
Proceeds from / (repayments of) current borrowings, net	1,624.94	(4,594.58)
Redemption of non-convertible debentures	-	(750.00)
Shares issued on exercise of employee stock options	3.12	1.68
Repayment of lease liabilities	(222.61)	(211.45)
Interest paid	(425.88)	(594.99)
Dividend paid	(1,621.66)	-
Net cash used in financing activities (C)	(642.09)	(6,149.34)
Net decrease in cash and cash equivalents (A+B+C)	(87.12)	(2,881.46)
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	934.32	1,021.44
Components of cash and cash equivalents		
Cash on hand	2.92	3.18
Balances with banks		
In current accounts	931.40	1,013.92
In deposit accounts (with original maturity of less than 3 months)	-	4.34
Cash and cash equivalents as per standalone balance sheet	934.32	1,021.44

See accompanying notes to the financial results



Quess Corp Limited

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CIN No. L74140KA2007PLC043909

Standalone audited financial results for the quarter and year ended 31 March 2022

Notes :

- 1 The standalone financial information of Quess Corp Limited ("the Company") for the quarter and year ended 31 March 2022 have been taken on record by the Board of Directors at its meeting held on 26 May 2022. The statutory auditors have expressed an unqualified review conclusion on the financial results for the quarter ended 31 March 2022 and have expressed an unqualified audit opinion on the financial results for the year ended 31 March 2022.
- 2 The Statement includes the results for the quarters ended 31 March 2022 and 31 March 2021 being the balancing figure of audited figures in respect of the full financial years and published unaudited year to date figures upto the end of the third quarter of the respective financial years.
- 3 Pursuant to the provisions of the Listing Agreement, the Management has decided to publish consolidated audited financial results in the newspapers. The standalone audited financial results and the audit / review reports 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's website www. quesscorp.com.
- 4 In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated audited financial results of the Company and therefore no separate disclosure on segment information is given in these standalone audited financial results.
- 5 The Board of Directors of the Company at its meeting held on 18 February 2020 had considered and approved the Scheme of Amalgamation ("Scheme AAA") among Quess Corp Limited ("Transferee Company") with four of its wholly owned subsidiaries viz. Golden Star Facilities and Services Private Limited ("GSFS"), MFX Infotech Private Limited ("MFXI"), Trimax Smart Infraprojects Private Limited ("TSIP"), and Green Piece Landscape India Private Limited ("GLPL") together known as ("Transferor Companies") and their respective shareholders and creditors, subject to the approval of shareholders and other regulatory authorities as may be applicable under the Companies Act, 2013. On 19 March 2021, Regional Director, South-East region, Hyderabad had rejected the Scheme AAA vide Order no. 3/Kar/CP.No.25/RD(SER)/CAA-11/233/2020 based on non-fulfilment of provisions under Section 233(1)(b) of the Companies Act, 2013 ("Act"). The Board has considered and approved new Scheme of Amalgamation on 03 June 2021 among Quess Corp Limited with two of its wholly owned subsidiaries, GLPL and MFXI, under the provisions of Section 230-232 of the Act. The new scheme will be effected in the standalone financial statements once approved by the National Company Law Tribunal ("NCLT").
- 6 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.
- 7 The Board of Directors at their meeting held on 13 November 2021 declared an interim dividend of INR 4.00 per equity share (face value of INR 10.00 each) for the current financial year aggregating to INR 591.14 million which was paid on 03 December 2021.
- 8 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 7-1 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 06 June 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.
- 9 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 Income Tax Department for FY 2017-18. During the quarter ended 31 March 2022, special audit was completed; and report was submitted to the Income Tax 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. As per the process laid out under section 144C of the Act, the Company has 30 days to file objections to the Dispute Resolution Panel. Therefore, the demands relating to disallowance is yet to be computed by the Income Tax Department.

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, excluding interest and penalties if any. This estimate 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 an 80JJAA deduction of INR 1,988.69 million is claimed for the year ended 31 March 2022. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.
- 10 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 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.
- 11 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 year ended 31 March 2021 as reduction of rent expenses grouped under other expenses on account of rent concessions received.



- 12 a) During the year ended 31 March 2021, 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 current year. 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 quarter ended 30 September 2021, 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 and therefore presented as exceptional item.
- 13 During the year ended 31 March 2021, the Company had acquired additional 25.00% to their equity stake in Terrier Security Services (India) Private Limited ("TSSIPL") at a 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 had become subsidiary of the Company. The additional purchase consideration of INR 645.00 million was settled by adjusting loans which was outstanding to be received from Heptagon Technologies Private Limited ("HTPL").

During the year ended 31 March 2022, Terrier Security Services (India) Private Limited ("TSSIPL") has allotted 150,000 optionally convertible redeemable preference shares ("OCRPS") having face value of INR 10.00 each by way of bonus issue to its shareholders in the ratio of 1:0.30, out of which 39,000 OCRPS has been converted by the non-controlling shareholders of TSSIPL into equity shares in the ratio of 1:10. As a result, the total shareholding of the Company in TSSIPL has been decreased from 74.00% to 41.57%.

OCRPS can be converted into equity shares by the Company at any point in time without any contractual restrictions and therefore considered as potential voting rights. Further, there has been no change in the composition in the Board of TSSIPL consequent to the change in shareholding. Therefore, TSSIPL continues to be a subsidiary of the Company.

- 14 a) During the year ended 31 March 2022, the Company has made an additional investment in Stellarslog Technovation Private Limited for INR 80 million. Investment of INR 32 million was made in the quarter ended 30 September 2021 followed by a further investment of INR 48 Million during the quarter ended 31 December 2021 which resulted in a holding of 49% at 31 March 2022. Further, the Company has signed the First Addendum Agreement on 30 March 2022 with Stellarslog Technovation Private Limited under which the Company has agreed to make an additional investment of INR 38.40 millions.
- b) During the quarter ended 31 March 2022, the Company converted Compulsorily Convertible Debentures ("CCDs") of Monster.com (India) Private Limited into 3,104 equity shares amounting to INR 107.24 million. The Company also invested a further amount of INR 574.22 million in 7,216 equity shares through right issue at INR 79,576/- per share.
- c) During the quarter ended 31 December 2021, the Company has entered into Share Subscription agreement for investment in Monster.com (India) Private Limited (Monster India) (a wholly owned subsidiary of the Company) by Meridian Investments and Volrado Venture Partners Fund II (collectively, Investors) along with the Company.

The funds raised will be utilised towards enhanced investments on Product Development and Marketing in India, South East Asia and Middle East markets. Investment amount is INR 1,125 million, with an option to extend the investment up to INR 1,375 million, at a floor pre-money valuation of INR 6,000 million as follows:

- INR 625 million by the Investors as compulsory convertible preference shares (CCPS), which was received by Monster India on 24 January 2022. Post investment of INR 625 million by the Investors, the Investors are expected to hold 9.43% shareholding in Monster India on a fully diluted basis. Remaining shares of Monster India will be held by the Company and employees under employee stock options plan.

- INR 500 million split as, INR 125 million by the Investors and INR 375 million by the Company, as compulsory convertible debentures (CCD). The funding of INR 500 million may be drawn by the management of Monster India as per the business plan approved by the Board. CCD shall be converted to CCPS at a valuation of 25% discount to the valuation of next round of funding subject to the floor valuation of INR 6,000 million and cap valuation of INR 7,500 million.

- The Investors has an option to subscribe to additional CCPS up to INR 375 million, within 4 months from the closing of investment in CCPS by the Investors. If the Investors subscribes to additional CCPS of INR 375 million then the obligation of the Investors to subscribe to the above CCD of INR 125 million falls away.

Further, reorganisation within the Monster group subsequent to 31 December 2021 has resulted in Monster India becoming the parent company of Monster.com.SG Pte Ltd, Monster.com.HK Ltd and Agensi Pekerjaan Monster Malaysia Sdn Bhd.

- d) During the year ended 31 March 2022, the Company adjusted loans which was outstanding to be received from Heptagon Technologies Private Limited ("HTPL") into 1,902 equity shares amounting to INR 30.00 million. The Company has also invested a further amount of INR 100.00 million in 6,342 equity shares at INR 15,768/- per share, which resulted in a holding of 60.67% at 31 March 2022. Consequently, HTPL has become subsidiary of the Company.
- e) During the year ended 31 March 2022, the Company has transferred its digital business undertaking comprising of "Qjobs" (Marketplace platform for blue collar and frontline workers), "Worq" (Blue Collar Workforce Management Tool) and "Dash" (Employee Benefits and Engagement Platform) as a going concern on a slump sale basis to Billion Careers Private Limited ("BCPL"), a wholly-owned subsidiary of the Company, for a lumpsum cash consideration of INR 50.39 million.
- 15 The Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 01 April 2020. Consequently, the Company recorded a deferred tax expense of INR 519.61 million being the difference between the book base and tax base of goodwill on 31 March 2021. The deferred tax mainly relates to goodwill arising out of the acquisition of Manipal business in 2016.
- 16 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.



- 17 During the year ended 31 March 2022, the Company has received an interim dividend from Conneqt Business Solutions Limited (a wholly owned subsidiary of the Company) amounting to INR 871.37 million and from Quesscorp Holdings Pte. Ltd (a wholly owned subsidiary of the Company) amounting to INR 304.32 which has been included in "Other income".
- 18 a) The Company's business operations as a whole, for the year ended 31 March 2022 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 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 (billed and unbilled), goodwill, other 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 are expected to be recovered on 31 March 2022. 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 (billed and unbilled) arising from certain businesses, financial assets and investment in 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 938.98 million in relation to these assets during the year ended 31 March 2022 comprising of INR 518.66 million relating to credit losses and impairment of financial assets which are considered as an operating expense and INR 420.32 million relating to impairment of financial assets and investment in convertible debentures 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.
- 19 Previous year's figures have been regrouped / rearranged wherever necessary.

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



Arit Isaac
Chairman
Place: Bengaluru
Date: 26 May 2022

