

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 ended 30 June 2025 ("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.

This matter was also qualified in our report on the financial results for the quarter ended 30 June 2024, quarter and year ended 31 March 2025.

5. Qualified Conclusion

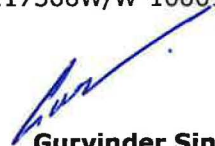
Based on our review conducted as stated in paragraph 3 above, except for the possible effects of the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the recognition and measurement 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 : 25110128BMHZVU3567

Place: Bengaluru
Date: 28 July 2025

Quess Corp Limited

Registered Office: Quess Tower, Sky Walk Avenue, 32/4, Hosur Rd, Roopena Agrahara, Bommanahalli, Bengaluru, Karnataka 560068 ;
CIN No. L74140KA2007PLC043909

Part 1: Statement of standalone unaudited financial results for the quarter ended 30 June 2025

(INR in millions except per share data)

| Sl. No. | Particulars | Standalone | | | |
|---------|--|------------------|------------------|------------------|--------------------|
| | | Quarter ended | | | Year ended |
| | | 30 June 2025 | 31 March 2025 | 30 June 2024* | 31 March 2025 |
| | | (Unaudited) | (Refer Note 2) | (Unaudited) | (Audited) |
| 1 | Income | | | | |
| | a) Revenue from operations | 33,661.84 | 33,646.42 | 32,864.40 | 1,37,872.11 |
| | b) Other income | 190.71 | 192.88 | 312.22 | 1,306.68 |
| | Total income (a + b) | 33,852.55 | 33,839.30 | 33,176.62 | 1,39,178.79 |
| 2 | Expenses | | | | |
| | a) Cost of material and stores and spare parts consumed | - | 0.69 | 0.12 | 0.81 |
| | b) Employee benefits expense | 31,767.87 | 31,786.18 | 30,987.50 | 1,29,960.24 |
| | c) Finance costs | 94.13 | 88.92 | 102.85 | 371.04 |
| | d) Depreciation and amortisation expense | 99.28 | 93.13 | 103.19 | 387.49 |
| | e) Other expenses | 1,346.68 | 1,344.16 | 1,433.39 | 5,857.23 |
| | Total expenses (a + b + c + d + e) | 33,307.96 | 33,313.08 | 32,627.05 | 1,36,576.81 |
| 3 | Profit before exceptional items and tax (1 - 2) | 544.59 | 526.22 | 549.57 | 2,601.98 |
| 4 | Exceptional items loss [refer note 7] | 19.51 | 1,384.23 | 95.23 | 1,545.36 |
| 5 | Profit/ (loss) before tax (3 - 4) | 525.08 | (858.01) | 454.34 | 1,056.62 |
| 6 | Tax expense/ (credit) | | | | |
| | Current tax | - | - | - | - |
| | Deferred tax | (2.04) | (45.41) | (52.26) | (144.63) |
| | Total tax expense/ (credit) | (2.04) | (45.41) | (52.26) | (144.63) |
| 7 | Profit/ (loss) for the period/year (5-6) | 527.12 | (812.60) | 506.60 | 1,201.25 |
| 8 | Other comprehensive (loss)/ income | | | | |
| | Items that will not be reclassified subsequently to profit or loss | | | | |
| | Re-measurement losses on defined benefit plans | (54.22) | (28.05) | 31.99 | (141.10) |
| | Income tax relating to items that will not be reclassified to profit or loss | 13.65 | 7.06 | (8.05) | 35.51 |
| | Total Other Comprehensive (loss)/ income | (40.57) | (20.99) | 23.94 | (105.59) |
| 9 | Total comprehensive income/ (loss) for the period/ year (7+8) | 486.55 | (833.59) | 530.54 | 1,095.66 |
| 10 | Paid-up equity share capital (Face value of INR 10.00 per share) | 1,489.49 | 1,489.19 | 1,485.10 | 1,489.19 |
| 11 | Reserves i.e. Other equity | | | | 7,809.46 |
| 12 | Earnings/ (loss) per equity share | (not annualised) | (not annualised) | (not annualised) | (annualised) |
| | (a) Basic (in INR) | 3.54 | (5.46) | 3.41 | 8.08 |
| | (b) Diluted (in INR)** | 3.53 | (5.46) | 3.39 | 8.05 |

See accompanying notes to the financial results

*Previous period numbers are restated/ reclassified due to Composite Scheme of Arrangement between Quess Corp Limited ("Demerged Company"/"the Company"), Digitide Solutions Limited ("Resulting Company 1") and Bluspring Enterprises Limited ("Resulting Company 2") and their respective shareholders and creditors.

** Since Basic EPS is negative, the Diluted EPS will be same as Basic EPS for the quarter ended 31 March 2025.



Quess Corp Limited

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Notes for the quarter ended 30 June 2025:

- 1 The standalone financial information of Quess Corp Limited ("the Company") for the quarter ended 30 June 2025 have been taken on record by the Board of Directors at its meeting held on 28 July 2025. The statutory auditors have expressed a qualified review conclusion on the financial results for the quarter ended 30 June 2025. 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.
The Statement includes the results for the quarter ended 31 March 2025 being the balancing figure of audited figures in respect of the full financial year and unaudited year to date figures upto the end of the third quarter of the financial year after giving effect to the Scheme of Arrangement.
- 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 the Company 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 27 October 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 2017 to 2022 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 employer contribution is not reimbursed by the Government during the year.

For fiscal 2018 to 2021, the Company has filed an appeal before the Income Tax Appellate Tribunal against the assessment orders. The Company has filed an appeal before CIT(A) against the assessment order passed for fiscal 2017 and additionally, filed objections against the draft assessment order for fiscal 2022 with the Dispute Resolution Panel. The Company 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 2,963.84 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 has claimed 80JJAA deduction (reduced from taxable income) of INR 477.28 million for quarter ended 30 June 2025 and of INR 2,032.45 million for year ended 31 March 2025. For fiscal 2023 and 2024, the Company had also claimed deduction under 80JJAA aggregating to INR 9,229.15 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 ended 30 June 2025, the Company assessed the recoverable value of loan (including interest receivable) for its subsidiary and recognised an impairment loss of INR 1 million.

ii) The Company incurred certain professional fees relating to demerger and certain employee benefits expense aggregating to INR 18.51 million for the quarter ended 30 June 2025 towards the Composite Scheme of Arrangement.

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: 28 July 2025

