

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 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 year ended 31 March 2025 and quarter ended 30 June 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.

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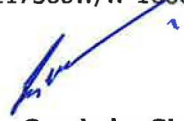
Deloitte Haskins & Sells LLP

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: 25110128BMHZYD2267

Place: Bengaluru
Date: 29 October 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 and half year ended 30 September 2025

(INR in millions except per share data)

Sl. No.	Particulars	Standalone					Year ended 31 March 2025 (Audited)
		Quarter ended			Half year ended		
		30 September 2025 (Unaudited)	30 June 2025 (Unaudited)	30 September 2024* (Unaudited)	30 September 2025 (Unaudited)	30 September 2024* (Unaudited)	
1	Income						
	a) Revenue from operations	35,406.44	33,661.84	34,115.91	69,068.28	66,980.31	1,37,872.11
	b) Other income	172.89	190.71	660.27	363.60	972.49	1,306.68
	Total income (a + b)	35,579.33	33,852.55	34,776.18	69,431.88	67,952.80	1,39,178.79
2	Expenses						
	a) Cost of material and stores and spare parts consumed	-	-	-	-	0.12	0.81
	b) Employee benefits expense	34,001.89	31,767.87	32,088.79	65,769.76	63,076.29	1,29,960.24
	c) Finance costs	123.48	94.13	92.38	217.61	195.23	371.04
	d) Depreciation and amortisation expense	96.31	99.28	98.22	195.59	201.41	387.49
	e) Other expenses	806.83	1,346.68	1,417.84	2,153.51	2,851.23	5,857.23
	Total expenses (a + b + c + d + e)	35,028.51	33,307.96	33,697.23	68,336.47	66,324.28	1,36,576.81
3	Profit before exceptional items and tax (1 - 2)	550.82	544.59	1,078.95	1,095.41	1,628.52	2,601.98
4	Exceptional items loss /refer note 7/	241.46	19.51	3.50	260.97	98.73	1,545.36
5	Profit before tax (3 - 4)	309.36	525.08	1,075.45	834.44	1,529.79	1,056.62
6	Tax expense/ (credit)						
	Current tax	-	-	-	-	-	-
	Deferred tax	38.36	(2.04)	(19.22)	36.32	(71.48)	(144.63)
	Total tax expense/ (credit)	38.36	(2.04)	(19.22)	36.32	(71.48)	(144.63)
7	Profit for the period/year (5-6)	271.00	527.12	1,094.67	798.12	1,601.27	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	(66.31)	(54.22)	(117.42)	(120.52)	(85.43)	(141.10)
	Income tax relating to items that will not be reclassified to profit or loss	16.69	13.65	29.55	30.33	21.50	35.51
	Total Other Comprehensive (loss)/ income	(49.62)	(40.57)	(87.87)	(90.19)	(63.93)	(105.59)
9	Total comprehensive income for the period/ year (7+8)	221.38	486.55	1,006.80	707.93	1,537.34	1,095.66
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,490.85	1,489.49	1,486.29	1,490.85	1,486.29	1,489.19
11	Reserves i.e. Other equity						7,809.46
12	Earnings/ (loss) per equity share	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(not annualised)	(annualised)
	(a) Basic (in INR)	1.82	3.54	7.37	5.36	10.78	8.08
	(b) Diluted (in INR)	1.81	3.53	7.31	5.34	10.70	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.



Quess Corp Limited

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Standalone Balance Sheet as at 30 September 2025

(INR in millions)

Particulars	As at	As at
	30 September 2025 (Unaudited)	31 March 2025 (Audited)
A ASSETS		
1 Non-current assets		
Property, plant and equipment	60.49	90.43
Right-of-use assets	970.23	891.93
Other intangible assets	117.48	136.41
Intangible assets under development	1.52	-
Financial assets		
Investments	2,432.33	2,432.33
Loans	-	190.95
Other financial assets	678.68	442.29
Deferred tax assets (net)	1,271.71	1,277.71
Income tax assets (net)	3,478.10	3,180.15
Other non-current assets	481.88	435.53
Total non-current assets	9,492.42	9,077.73
2 Current assets		
Financial assets		
Trade receivables		
- Billed	7,413.67	7,359.93
- Unbilled	6,545.55	5,959.84
Cash and cash equivalents	1,580.46	1,709.67
Bank balances other than cash and cash equivalents above	196.63	102.12
Loans	1.22	8.20
Other financial assets	863.75	121.07
Other current assets	639.24	599.91
Total current assets	17,240.52	15,860.74
Total Assets	26,732.94	24,938.47
B EQUITY AND LIABILITIES		
1 Equity		
Equity share capital	1,490.85	1,489.19
Other equity	7,653.18	7,809.46
Total Equity	9,144.03	9,298.65
2 Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	872.56	801.83
Non-current provisions	2,443.62	2,238.62
Total non-current liabilities	3,316.18	3,040.45
3 Current liabilities		
Financial liabilities		
Borrowings	-	123.49
Lease liabilities	208.58	192.59
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	68.81	210.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	100.53	232.68
Other financial liabilities	10,684.88	8,014.83
Income tax liabilities (net)	-	51.89
Other current liabilities	3,209.93	3,772.99
Total current liabilities	14,272.73	12,599.37
Total Liabilities	17,588.91	15,639.82
Total Equity and Liabilities	26,732.94	24,938.47

See accompanying notes to the financial results



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Standalone statement of cash flows for the half year ended 30 September 2025

(INR in millions)

Particulars	For the half year ended	
	30 September 2025	30 September 2024*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit after tax	798.12	1,601.27
Adjustments to reconcile net profit to net cash provided by operating activities:		
Tax expense / (credit)	36.32	(71.48)
Interest on tax refunds	(24.54)	(62.97)
Interest on term deposits	(19.68)	(14.28)
(Profit)/ loss on sale of property, plant and equipment, net	(0.87)	-
Dividend income on investments in subsidiaries	(162.75)	(814.05)
Net gain on sale of investments in mutual funds	(1.14)	-
Interest on loans given to related parties	(6.19)	(7.62)
Employee stock option cost	23.50	22.75
Finance costs	217.61	195.23
Depreciation and amortisation	195.59	201.41
Expected credit loss on financial assets, net	(94.14)	243.81
Exceptional items (refer note 7)		
- Impairment/ (reversal) of impairment on investment, Loan and advances of subsidiaries and other intangible asset	242.46	93.25
- Employee stock option cost	5.16	-
Foreign exchange loss/(gain)	(2.47)	2.32
Operating cash flows before working capital changes	1,206.98	1,389.64
Changes in operating assets and liabilities		
Changes in trade receivables and unbilled revenue	(545.31)	(1,006.30)
Changes in loans, other financial assets and other assets	(781.34)	143.66
Changes in trade payables	(274.24)	(116.23)
Changes in other financial liabilities, other liabilities and provisions	2,078.24	1,438.30
Cash generated from operations	1,684.33	1,849.07
Refund received / income taxes (paid), net	(365.18)	364.70
Net cash flows from operating activities (A)	1,319.15	2,213.77
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(22.73)	(9.38)
Proceeds from sale of property, plant and equipment and intangibles	0.87	-
Investments in mutual funds	(2,150.00)	-
Proceeds from sale of mutual funds	2,151.14	-
Dividend received (net of tax deducted at source)	162.75	814.05
Placement of bank deposit	(340.45)	(43.63)
Redemption of bank deposit	12.90	-
Loans and advances given to related parties	(2.17)	(37.60)
Repayment of loans and advances by related parties	2.17	20.57
Interest received on term deposits	11.58	11.36
Net cash from / (used in) investing activities (B)	(173.94)	755.37
Cash flows from financing activities		
(Repayments) of working capital loan, net	(123.49)	(194.55)
Shares issued on exercise of employee stock options	1.66	1.19
Repayment of lease liabilities	(167.61)	(155.00)
Interest paid	(92.26)	(85.97)
Dividend paid	(892.72)	(891.75)
Net cash used in financing activities (C)	(1,274.42)	(1,326.08)
Net increase in cash and cash equivalents (A+B+C)	(129.21)	1,643.06
Cash and cash equivalents at the beginning of the year	1,709.67	2,823.04
Less: Cash transferred due to Scheme of Arrangement	-	(2,163.19)
Cash and cash equivalents at the end of the year	1,580.46	2,302.91
Components of cash and cash equivalents		
Balances with banks		
In current accounts	1,570.56	2,296.93
In deposit accounts (with original maturity of less than 3 months)	9.90	5.98
Cash and cash equivalents as per standalone balance sheet	1,580.46	2,302.91

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Notes for the quarter and half year ended 30 September 2025:

- 1 The standalone financial information of Qness Corp Limited ("the Company") for the quarter and half year ended 30 September 2025 have been taken on record by the Board of Directors at its meeting held on 29 October 2025. The statutory auditors have expressed a qualified review conclusion on the financial results for the quarter and half year ended 30 September 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.qnesscorp.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 ("RPF") 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 08 January 2026. 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 employers 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 362.07 million for quarter ended 30 September 2025 and INR 839.35 million for half year ended 30 September 2025 (year ended 31 March 2025 : INR 2,032.45 million). 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 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 half year ended 30 September 2025, the Company assessed the recoverable value of loan (including interest receivable) for its subsidiary and recognised an impairment loss of INR 241.46 million and INR 242.46 million respectively.
- ii) The Company incurred certain professional fees relating to demerger and certain employee benefits expense aggregating to INR 18.51 million for the half year ended 30 September 2025 towards the Composite Scheme of Arrangement.

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

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

