

## **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**

#### **Qualified Opinion and Conclusion**

We have (a) audited the Standalone Financial Results for the year ended March 31, 2024 and (b) reviewed the Standalone Financial Results for the quarter ended March 31, 2024 (refer 'Other Matters' 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 March 31, 2024" 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) Qualified Opinion on Annual Standalone Financial Results**

In our opinion and to the best of our information and according to the explanations given to us, and except for the possible effects of the matter described in Basis for Qualified Opinion/ Conclusion section below, the Standalone Financial Results for the year ended March 31, 2024:

- i. is presented in accordance with the requirements of "the Listing Regulations", 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) Qualified Conclusion on Unaudited Standalone Financial Results for the quarter ended March 31, 2024**

With respect to the Standalone Financial Results for the quarter ended March 31, 2024, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, and except for the possible effects of the matter described in Basis for Qualified Opinion/ Conclusion section below, nothing has come to our attention that causes us to believe that the Standalone Financial Results for the quarter ended March 31, 2024, has not been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of "the Listing Regulations", as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

#### **Basis for Qualified Opinion/ Conclusion**

As stated in note 8 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 8, 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 standalone financial results for the quarter and nine months ended December 31, 2023.

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 March 31, 2024 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 qualified audit opinion.

#### **Emphasis of Matters**

- We draw attention to Note 7 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 5 to the Statement, regarding the Scheme of Amalgamation among Qess Corp Limited with three of its wholly owned subsidiaries MFX Infotech Private Limited ("MFX"), Greenpiece Landscape India Private Limited and Connegt Business Solutions Limited together known as ("transferor companies"), from the appointed date of April 1, 2021. Consequently, the financial information for the quarter and year ended March 31, 2023 have been restated to give effect to the amalgamation.

Our report 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 March 31, 2024 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 March 31, 2024 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

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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 March 31, 2024**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the year ended March 31, 2024 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.

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 Annual 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.

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- 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.

**(b) Review of the Standalone Financial Results for the quarter ended March 31, 2024**

We conducted our review of the Standalone Financial Results for the quarter ended March 31, 2024 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.

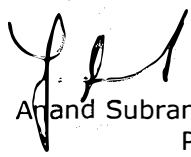
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**Other Matters**

- The Statement includes the results for the Quarter ended March 31, 2024 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.
- As stated in note 5 to the Statement, the comparative figures presented have been restated to include the financial information of transferor companies which reflect:
  - total revenue of Rs. 3,828.91 million, total net profit after tax of Rs. 184.87 million and total comprehensive income of Rs. 185.68 million for the quarter ended March 31, 2023
  - total revenue of Rs. 14,415.86 million, total net profit after tax of Rs. 734.50 million and total comprehensive income of Rs. 757.58 million for the year ended March 31, 2023

The financial information of the transferor companies for the above-mentioned periods have been reviewed/audited by other auditors, whose reports have been furnished to us, and our opinion and conclusion in so far as it relates to the amount and disclosures in respect of these transferor companies is based solely on the reports of other auditors. We have audited the adjustments made by the management consequent to the amalgamation of the transferor companies with the Company to arrive at restated comparative figures for all the periods presented.

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

  
Arand Subramanian  
Partner  
(Membership No. 110815)  
(UDIN: 24110815BKFIDV8110)

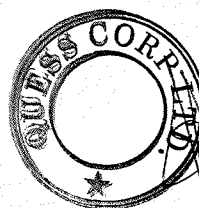
Place: Bengaluru  
Date: May 09, 2024

**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 2024 (INR in million except per share data)

Sl. No.	Particulars	Standalone				
		Quarter ended			Year ended	
		31 March 2024 (Refer note 2)	31 December 2023 (Unaudited)	31 March 2023* (Refer note 2)	31 March 2024 (Audited)	31 March 2023* (Audited)
1	<b>Income</b>					
	a) Revenue from operations	40,415.76	39,592.83	35,474.91	1,55,711.84	1,36,379.33
	b) Other income	278.81	741.96	424.15	1,611.69	780.86
	<b>Total income (a + b)</b>	<b>40,694.57</b>	<b>40,334.79</b>	<b>35,899.06</b>	<b>1,57,323.53</b>	<b>1,37,160.19</b>
2	<b>Expenses</b>					
	a) Cost of material and stores and spare parts consumed	467.38	470.96	433.46	1,877.91	1,807.64
	b) Employee benefits expense	36,185.39	35,462.12	31,420.54	1,39,014.18	1,20,386.62
	c) Finance costs	212.17	229.03	254.37	911.04	880.63
	d) Depreciation and amortisation expense	458.11	469.61	501.66	1,852.32	1,784.10
	e) Other expenses	2,472.58	2,446.50	2,575.06	9,999.99	9,899.18
	<b>Total expenses (a + b + c + d + e)</b>	<b>39,795.63</b>	<b>39,078.22</b>	<b>35,185.09</b>	<b>1,53,655.44</b>	<b>1,34,758.17</b>
3	<b>Profit before exceptional items and tax (1 - 2)</b>	<b>898.94</b>	<b>1,256.57</b>	<b>713.97</b>	<b>3,668.09</b>	<b>2,402.02</b>
4	Exceptional items (gain)/loss [refer note 5 and 10]	(32.66)	427.69	274.22	506.24	8.90
5	<b>Profit before tax (3 - 4)</b>	<b>931.60</b>	<b>828.88</b>	<b>439.75</b>	<b>3,161.85</b>	<b>2,393.12</b>
6	<b>Tax expense/(credit)</b>					
	Current tax	53.41	(152.89)	231.27	53.41	439.50
	Income tax relating to previous years	-	-	(56.87)	-	(56.87)
	Deferred tax	(161.19)	(32.56)	2.94	(320.77)	(68.10)
	<b>Total tax expense</b>	<b>(107.78)</b>	<b>(185.45)</b>	<b>177.34</b>	<b>(267.36)</b>	<b>314.53</b>
7	<b>Profit for the period (5 - 6)</b>	<b>1,039.38</b>	<b>1,014.33</b>	<b>262.41</b>	<b>3,429.21</b>	<b>2,078.59</b>
8	<b>Other comprehensive (loss) / income</b>					
	<i>Items that will not be reclassified subsequently to profit or loss</i>					
	Remeasurement of defined benefit plans	(47.55)	(5.84)	(69.13)	(284.90)	98.26
	Income tax relating to items that will not be reclassified to profit or loss	22.92	1.47	17.48	72.21	(24.65)
	<b>Other comprehensive (loss)/income for the period, net of taxes</b>	<b>(24.63)</b>	<b>(4.37)</b>	<b>(51.65)</b>	<b>(212.69)</b>	<b>73.61</b>
9	<b>Total comprehensive income for the period (7 + 8)</b>	<b>1,014.75</b>	<b>1,009.96</b>	<b>210.76</b>	<b>3,216.52</b>	<b>2,152.20</b>
10	Paid-up equity share capital (Face value of INR 10.00 per share)	1,485.10	1,484.78	1,482.29	1,485.10	1,482.29
11	Reserves i.e. other equity				25,404.59	22,478.32
12	Earnings per equity share	(not annualised)	(not annualised)	(not annualised)	(annualised)	(annualised)
	(a) Basic (in INR)	7.00	6.83	1.77	23.11	14.03
	(b) Diluted (in INR)	6.95	6.79	1.76	22.97	13.93

\*retrospectively restated to give effect to matter stated in note 5  
See accompanying notes to the financial results



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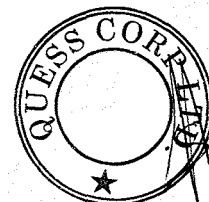
Standalone Balance Sheet as at 31 March 2024

(INR in millions)

Particulars		As at 31 March 2024	As at 31 March 2023*
		(Audited)	(Audited)
<b>A</b>	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	Property, plant and equipment	1,500.35	1,575.91
	Right-of-use assets	3,394.96	3,367.62
	Capital work in progress	0.45	0.69
	Goodwill	3,427.45	3,437.78
	Other intangible assets	586.49	857.42
	Intangible assets under development	20.59	12.47
	<b>Financial assets</b>		
	Investments	10,243.19	10,101.81
	Loans	560.18	670.07
	Other financial assets	1,504.65	1,443.09
	Deferred tax assets (net)	1,042.25	649.21
	Income tax assets (net)	4,435.20	4,288.31
	Other non-current assets	531.53	139.23
	<b>Total non-current assets</b>	<b>27,247.29</b>	<b>26,543.61</b>
2	<b>Current assets</b>		
	Inventories	63.22	72.50
	<b>Financial assets</b>		
	Trade receivables		
	Billed	11,542.17	10,265.39
	Unbilled	10,166.72	9,318.09
	Cash and cash equivalents	2,823.04	1,771.26
	Bank balances other than cash and cash equivalents above	179.12	455.80
	Loans	3.33	371.83
	Other financial assets	316.33	479.24
	Other current assets	1,032.40	816.50
	<b>Total current assets</b>	<b>26,126.33</b>	<b>23,550.61</b>
	<b>Total Assets</b>	<b>53,373.62</b>	<b>50,094.22</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity</b>		
	Equity share capital	1,485.10	1,482.29
	Other equity	25,404.59	22,478.32
	<b>Total equity</b>	<b>26,889.69</b>	<b>23,960.61</b>
2	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	<b>Financial liabilities</b>		
	Borrowings	17.58	9.98
	Lease liabilities	2,631.68	2,644.96
	Non-current provisions	2,897.63	2,345.83
	<b>Total non-current liabilities</b>	<b>5,546.89</b>	<b>5,000.77</b>
3	<b>Current liabilities</b>		
	<b>Financial liabilities</b>		
	Borrowings	3,062.64	4,677.91
	Lease liabilities	1,109.09	1,019.43
	Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	134.80	89.76
	Total outstanding dues of creditors other than micro enterprises and small enterprises	528.70	433.82
	Other financial liabilities	11,561.93	10,090.35
	Income tax liabilities	19.89	516.77
	Current provisions	228.48	234.33
	Other current liabilities	4,291.51	4,070.47
	<b>Total current liabilities</b>	<b>20,937.04</b>	<b>21,132.84</b>
	<b>Total liabilities</b>	<b>26,483.93</b>	<b>26,133.61</b>
	<b>Total Equity and Liabilities</b>	<b>53,373.62</b>	<b>50,094.22</b>

\*retrospectively restated to give effect to matter stated in note 5

See accompanying notes to the financial results



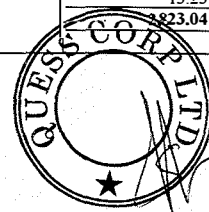
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Standalone statement of cash flows for the year ended 31 March 2024

(INR in millions)

Particulars	For the year ended	
	31 March 2024	31 March 2023*
	(Audited)	(Audited)
<b>Cash flows from operating activities</b>		
Profit after tax	3,429.21	2,078.59
<b>Adjustments to reconcile net profit to net cash provided by operating activities:</b>		
Tax expense / (credit)	(267.36)	314.53
Interest on tax refunds	(78.34)	(1.04)
Interest on term deposits	(63.90)	(53.19)
Amortised cost adjustments for financial instruments	(11.49)	(13.97)
Profit/(loss) on sale of property, plant and equipment, net	2.11	(1.33)
Dividend income on investments in subsidiaries	(1,261.00)	(602.99)
Interest on loans given to related parties	(60.97)	(60.67)
Employee stock option cost	91.69	50.70
Finance costs	911.04	880.63
Depreciation and amortisation	1,852.32	1,784.10
Expected credit Loss on financial assets	776.09	577.12
Exceptional items loss [refer note 5 and 10]	-	8.90
- Impairment/ (reversal) of impairment on investment, loan and advances of subsidiaries and other intangible assets	741.88	-
- Gain on sale of subsidiary net of transaction cost of INR 27.95 million	(364.61)	-
Foreign exchange gain	(2.16)	(20.06)
Deposits written off	-	8.31
Bad debts written off	130.83	14.14
<b>Operating profit before working capital changes</b>	<b>5,825.34</b>	<b>4,963.77</b>
<b>Changes in operating assets and liabilities</b>		
Changes in inventories	9.28	(2.66)
Changes in trade receivables and unbilled revenue	(3,050.03)	(2,998.17)
Changes in loans, other financial assets and other assets	(390.26)	(336.89)
Changes in trade payables	139.92	(124.17)
Changes in other financial liabilities, other liabilities and provisions	2,247.96	3,671.26
<b>Cash generated from operations</b>	<b>4,782.21</b>	<b>5,173.14</b>
Income taxes (paid) / refund received, net	(899.65)	(1,726.29)
<b>Net cash flows from operating activities (A)</b>	<b>3,882.56</b>	<b>3,446.85</b>
<b>Cash flows from investing activities</b>		
Expenditure on property, plant and equipment and intangibles	(416.48)	(565.79)
Proceeds from sale of property, plant and equipment and intangibles	48.10	16.12
Investment in subsidiaries and associates	(351.51)	(138.36)
Investment in compulsory convertible preference shares	(350.02)	-
Proceeds from sale of investment in subsidiaries (net) (refer note 10(i))	670.61	647.22
Investment in subsidiary ( gross amount paid INR 1,708.23 million as reduced by amounts received as return of investment INR 1,492.53 million, refer note 9 )	(215.88)	-
Proceeds from redemption of debentures in subsidiaries	40.00	127.00
Dividend received (net of tax deducted at source)	1,257.60	582.79
Placement of bank deposit	754.64	(141.15)
Redemption of bank deposit	(435.60)	186.75
Loans and advances given to related parties	(971.96)	(1,655.38)
Repayment of loans and advances by related parties	1,387.90	1,081.42
Interest received on loans to related parties	18.32	6.40
Interest received on term deposits	64.63	47.26
<b>Net cash from/(used in) investing activities (B)</b>	<b>1,500.35</b>	<b>194.28</b>
<b>Cash flows from financing activities</b>		
Proceeds from working capital loan	75,167.55	35,720.89
Repayments of working capital loan	(76,151.83)	(36,419.63)
Proceeds/(repayments) from short term borrowings	(630.21)	511.07
Shares issued on exercise of employee stock options	2.81	2.38
Payment of term loan	6.83	-
Proceeds from term loan	-	(6.04)
Payment of stamp duty in relation to merger and consequent issue of shares in prior years	(125.16)	-
Repayment of lease liabilities	(1,478.58)	(1,316.54)
Interest paid	(530.36)	(542.51)
Dividend paid	(592.18)	(1,774.00)
<b>Net cash used in financing activities (C)</b>	<b>(4,331.13)</b>	<b>(3,824.38)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>1,051.78</b>	<b>(183.25)</b>
Cash and cash equivalents at the beginning of the year	1,771.26	1,954.52
<b>Cash and cash equivalents at the end of the year</b>	<b>2,823.04</b>	<b>1,771.27</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	4.16	3.70
Balances with banks		
In current accounts	2,767.44	1,749.16
In EEFC account	38.21	9.00
In deposit accounts (with original maturity of less than 3 months)	13.23	9.40
<b>Cash and cash equivalents as per standalone balance sheet</b>	<b>2,823.04</b>	<b>1,771.26</b>

\*retrospectively restated to give effect to matter stated in note 5  
See accompanying notes to the financial results





**Standalone audited financial results for the quarter and year ended 31 March 2024**

**Notes for the quarter and year ended 31 March 2024:**

- 1 The standalone financial information of Quess Corp Limited ("the Company") for the quarter and year ended 31 March 2024 have been taken on record by the Board of Directors at its meeting held on 9 May 2024. The statutory auditors have expressed a qualified review conclusion on the financial results for the quarter ended 31 March 2024 and have expressed a qualified audit opinion on the financial results for the year ended 31 March 2024. These standalone financial results have been extracted from the standalone financial
- 2 The Statement includes the results for the quarters ended 31 March 2024 and 31 March 2023 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](http://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 7 July 2021 approved the Scheme of Amalgamation ("Scheme AAA") among Quess Corp Limited ("Transferee Company") with three of its wholly owned subsidiaries namely MFX Infotech Private Limited and Greenpiece Landscape India Private Limited and Conneqt Business Solutions Limited together known as ("Transferor Companies"). The Hon'ble National Company Law Tribunal, Bengaluru Special Bench pronounced the order on 30 October 2023, approving the aforesaid Scheme AAA from the appointed date of 1 April 2021. The certified true copy of the order was filed with the Registrar of Companies on 30 November 2023.

The Company accounted for the amalgamation by applying the common control guidance in Appendix C to Ind AS 103 - Business Combinations. Consequently, standalone results have been restated for the quarter and year ended 31 March 2023 to give effect to the amalgamation.

The Company also incurred stamp duty of INR 58 million pursuant to amalgamation and disclosed them as an exceptional item during the quarter and year ended 31 March 2024.

- 6 The Board of Directors at their meeting held on 2 February 2024 declared interim dividend of INR 4.00 per equity share (face value of INR 10.00 each) for the financial year 2023-24 aggregating to INR 593.91 million.

**Subsequent event:**

The Board of Directors at their meeting held on 9 May 2024 recommended a final dividend of INR 6.00 per equity share (face value of INR 10.00 each) for the financial year 2023-24 aggregating to INR 891.06 million.

- 7 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 17 May 2024. 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.

**8 Income Tax matters:**

As disclosed in the year ended March 31, 2023 and quarter ended September 30, 2023 the Company's claim primarily relating to deductions under section 80JJAA of the Income Tax Act ("80JJAA") and depreciation on goodwill was disallowed pursuant to an assessment under section 143(3) read with section 144C (13) of the Income Tax Act for fiscal 2018 and 2019. Additionally: (i) during the quarter ended September 30, 2023, the Company's claim relating to deductions under 80JJAA and depreciation on goodwill was disallowed pursuant to a draft assessment order under section 144C (1) for fiscal 2020 and (ii) during the quarter ended December 31, 2023, the Company received a draft assessment order for fiscal year 2020-21 under section 144C (1) of the Income Tax Act in which deductions under 80JJAA 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:

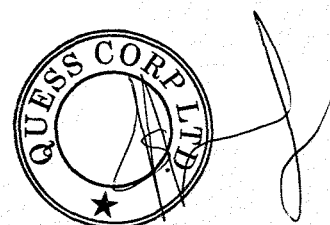
- additional employees whose emoluments exceed Rs.25,000 in a month but the average emoluments for these additional employees does not exceed Rs.25,000 in a month during the service period;
- additional employees who have served more than 240 days in a year but are not an employee on March 31 of the 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 and 2019 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. Additionally, the Company filed similar objections against the draft assessment order for fiscal 2020 and 2021 with the Dispute Resolution Panel.

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 disclosed a contingent liability of INR 1,513.94 million 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 1,126.37 million is claimed for the quarter and INR 4,025.76 million for the year ended 31 March 2024. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute.



- 9 As at September 30, 2023, Quess Corp Holdings Pte. Ltd. (QHPL) held 55.68% in MFXchange Holdings Inc (MFX) and 44.32% was held by Quess Corp (USA) Inc. QHPL and Quess Corp (USA) Inc. are wholly owned subsidiaries of Quess ('the Company').

As part of group restructuring, on 28 December 2023, Quess purchased equity shares of 55.68% relating to MFX from QHPL for INR 1,708.23 million (SGD 26.99 million) based on a fair valuation of MFX equity shares carried out by a SEBI registered merchant banker. The cost of the investment of MFX in the books of QHPL on the date of transaction was INR 215.70 million, resulting in a surplus of INR 1,492.53 million in QHPL. Out of this surplus, an amount of INR 1,317.12 million (SGD 21 million) was distributed as a dividend by QHPL on 29 December 2023 and INR 175.41 million (SGD 27.08 million) on 2 January 2024 respectively.

Under Ind AS, applying the common control guidance under Appendix C to Ind AS 103 and the Conceptual Framework for Financial Reporting relating to Ind AS, the investment made in MFX by Quess and the receipt of dividend from QHPL were considered to be linked transactions to achieve contemporaneously the objective of restructuring and transferring the investment in MFX to Quess. Therefore, such dividend is considered to be a return of capital and adjusted against the purchase price of the investment in MFX.

Hence, the carrying value of investment in MFX is recorded at INR 215.70 Crore (INR 1,708.23 million less INR 1,492.53 million). Amounts received in excess of INR 1,492.53 is considered dividend income.

#### 10 Exceptional items:

i) During the quarter and year ended 31 March 2024, the Company sold its equity stake in Qdigi Services Limited (Qdigi) to Onsite Electro Services Limited (Onsite) for a consideration of INR 744.55 million resulting in a gain of INR 364.61 million which is disclosed as an exceptional item. The gain is net of transaction cost of INR 27.95 million. Out of the cash consideration, INR 46 million will be received after completion of closing conditions.

(ii) During the year ended 31 March 2024, the Company assessed the recoverable value of investment in equity instruments, loan (including interest receivable) for its subsidiaries and other assets, and recognised an impairment loss on equity investments of INR 469.81 million, loans and advances including interest receivable of INR 252.38 million and other assets amounting to INR 9.32 million which is disclosed under exceptional item. The amount recorded during the quarter ended 31 March 2024 relating to the impairment is INR 192.66 million.

iii) During the quarter and year ended 31 March 2024, the Company assessed recoverable value of goodwill pertaining to certain cash generating units which resulted in impairment of INR 10.33 million which is disclosed under exceptional item.

- 11 During the quarter and year ended March 31, 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/investments) engaged in BPM solutions, Insurtech and 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/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.

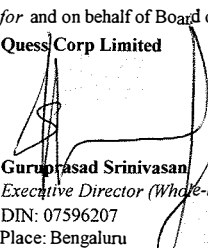
The Scheme is subject to receipt of requisite approvals from SEBI, the NCLT, Bengaluru Bench ("Tribunal"), the Stock Exchanges and other statutory and regulatory authorities, and approval of the requisite majority of the shareholders and creditors of the Companies, under applicable law.

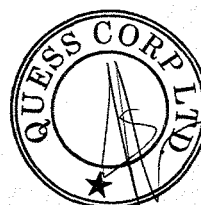
During the quarter and year ended 31 March 2024, the Company incurred certain transaction costs totaling to INR 70.92 million towards scheme of demerger which is disclosed under exceptional items.

- 12 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.

- 13 Previous year's figures have been regrouped / rearranged wherever necessary.

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: 09 May 2024



**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Standalone Financial Results**

<b>Statement of impact of Audit qualification for the financial year ended March 31, 2024</b>				
<b>[See Regulation 33/52 of the SEBI (LODR)(Amendment) Regulations, 2016]</b>				
<b>I</b>	<b>Sl NO.</b>	<b>Particulars</b>	<b>Audited figures (as reported before adjusting for qualifications) (Rs. Million)</b>	<b>Audited figures (audited figures after adjusting for qualifications) * (Rs. Million)</b>
	1	Turnover/ Total income	157,323.53	157,323.53
	2	Total expenditure	153,655.44	153,655.44
	3	Net profit/(loss)	3,429.21	3,429.21
	4	Earnings per share	23.11	23.11
	5	Total assets	53,373.62	53,373.62
	6	Total liabilities	26,483.93	26,483.93
	7	Net worth	26,889.69	26,889.69
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
*Since qualification pertains to a matter where the auditors have been unable to quantify the impact, if any, no adjustment has been made in the table above for such qualification.				
<b>II</b>	<b>Audit Qualification (each audit qualification separately):</b>			
	a. Details of Audit Qualification:		<p>As stated in note 8 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.</p> <p>In January 2024, as described in note 8, 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</p>	

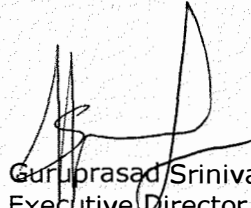
		<p>these deductions upon ultimate resolution will be accepted by the Income Tax Authority.</p> <p>As a result of the uncertainty in respect of the outcome in the aforesaid matter, pending ultimate resolution and acceptance by the Income Tax Authority, we are unable to comment whether any adjustments are necessary.</p>
	<b>b. Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
	<b>c. Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing	Second time. The matter was also qualified for the quarter and nine months ended 31 December 2023.
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>	Not Applicable
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	<b>(i) Management's estimation on the impact of audit qualification:</b>	Refer e (ii) below:
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b>	<p>The audit qualification relates to the uncertainty of the outcome of the matter relating to the disallowances under Section 80JJAA as mentioned in II(a) above.</p> <p>The Company believes that the uncertainty on the matter is transitory and cannot be currently estimated.</p> <p>The Company's position relating to the legal evaluation of the matter is specified in note 8 to the Statement* which is reproduced as under.</p> <p>Note 8 to the Statement:</p> <p><i>"As disclosed in the year ended March 31, 2023 and quarter ended September 30, 2023 the Company's claim primarily relating to deductions under section 80JJAA of the Income Tax Act ("80JJAA") and depreciation on goodwill was disallowed pursuant to an assessment under section 143(3) read with section 144C (13) of the Income Tax Act for fiscal 2018 and 2019. Additionally: (i) during the quarter ended September 30, 2023, the</i></p>

	<p>Company's claim relating to deductions under 80JJAA and depreciation on goodwill was disallowed pursuant to a draft assessment order under section 144C (1) for fiscal 2020 and (ii) during the quarter ended December 31, 2023, the Company received a draft assessment order for fiscal year 2020-21 under section 144C (1) of the Income Tax Act in which deductions under 80JJAA has been disallowed.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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</li> <li>• 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's contribution is not reimbursed by the Government during the year.</li> </ul> <p>The Company filed an appeal with the Income Tax Appellate Tribunal against the assessment orders for fiscal 2018 and 2019 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. Additionally, the Company filed similar objections against the draft assessment order for fiscal 2020 and 2021 with the Dispute Resolution Panel.</p> <p>In January 2024, National Financial Reporting Authority ('NFRA'), in an Order relating to</p>
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		<p>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 assessment of the claims made, believes that the deduction under 80JJAA will be sustained upon ultimate resolution by the Income Tax Authority.</p> <p>Pending resolution of these Income Tax disputes, the Company has disclosed a contingent liability of INR 1,513.94 million towards demands including interest in the order for these fiscal years.</p> <p>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 1,126.37 million is claimed for the quarter and INR 4,025.76 million for the year ended 31 March 2024. The Company believes that such deduction, including its quantum, has been validly and consistently claimed, in conformity with its interpretation of the statute."</p>
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b>	Refer II (a) above
<p>*Standalone financial results for the Quarter and Year ended 31 March 2024.</p>		

III

**Signatories:**



Guruprasad Srinivasan  
Executive Director and Group Chief  
Executive Officer

Place: Bengaluru

Date: May 9, 2024



Kalpathi Ratna Girish  
Chairman - Audit Committee

Place: Bengaluru

Date: May 9, 2024

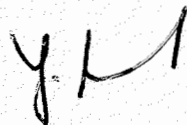


Kamal Pal Hoda  
Group Chief Financial Officer

Place: Bengaluru

Date: May 9, 2024

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



Anand Subramanian  
Partner

(Membership No. 110815)

UDIN: 24110815BKPD02816

Place: Bengaluru

Date: May 9, 2024