SQS India BFSI Limited
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CIN: L64202TN1998PLC066604

SEC/SE/127/17-18
Chennai, 16 August, 2017

The Listing Department
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Sub: Submission of Annual Report for the year 2016-17
Ref: Company Symbol: SQSBFSI

Dear Sir/Madam,

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Report of the Company for the financial year 2016-17 of the Company.

You are requested to take the above on record and oblige.

Thanking you,

Yours faithfully,
For SQS India BFSI Limited

SQS India BFSI Limited

S. Sampath Kumar
Company Secretary and Compliance Officer
FCS No.3838

SQS India BFSI Limited

Annual Report FY 2016 – 2017

sqs-bfsi.com

Transforming the World Through Quality

Corporate information

BOARD OF DIRECTORS	David Bellin Chairman & Director
	Aarti Arvind Managing Director & Chief Executive Officer
	N Vaidyanathan Executive Director & Chief Financial Officer
	Prof. K Kumar Independent Director
	Lilian Jessie Paul Independent Director
	Prof. S Rajagopalan Independent Director
	Rajiv Kuchhal Independent Director
	René Gawron Non-Executive Director
	Ulrich Bäumer Independent Director
COMPANY SECRETARY	S Sampath Kumar
AUDITORS	PKF Sridhar and Santhanam LLP Chartered Accountants 91-92, Dr. R K Salai, Mylapore, Chennai-600 004
INTERNAL AUDITORS	A. Murali & Associates, Chartered Accountants New No.2, T4, 3rd Floor, Majestic Square, Sherfudeen Street, Choolaimedu, Chennai-600 094
BANKERS	The Lakshmi Vilas Bank Limited Cathedral Road, Chennai-600 086
	ICICI Bank Limited Bazullah Road, T. Nagar, Chennai-600 017
	The Hongkong and Shanghai Banking Corporation Limited Cathedral Road, Chennai-600 086
LEGAL ADVISORS	S. Ramasubramaniam & Associates New No.13/1, Bishop Wallers Avenue West Mylapore, Chennai-600 004
REGISTRAR AND SHARE TRANSFER AGENTS	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad–500 032, Tel: 040 6716 2222 email: einwards.ris@karvy.com, website: www.karvycomputershare.com
REGISTERED OFFICE	6A, Sixth Floor, Prince Infocity II, No.283/3 & 283/4 Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai–600 096 Tel: 044 4392 3200, email: investor.sqsbfsi@sqs.com, website: www.sqs-bfsi.com

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Board of Directors

1. David Bellin

David is the Chairman and Director of SQS India BFSI Limited. An MBA from the Open Business School in the UK. David was a political and business television correspondent, producer and programme editor. He has advised on media development and investments in Europe, the Balkans, Ukraine, south-east Asia and India. He was appointed to the Supervisory Board of SQS Software Quality Systems, AG in September 2013 and became Chairman of the Supervisory Board in May 2014.

2. Aarti Arvind

Aarti is the Managing Director and CEO of SQS India BFSI Limited. Aarti holds a Post Graduate Diploma in Management from T.A. Pai Management Institute, Manipal and a Bachelor's degree in Science from Madras University. She has over 19 years of experience and has played a key role across multiple areas including business operations, commercial & legal, human resources, infrastructure and learning & development among others.

3. N Vaidyanathan

N. Vaidyanathan (NV) is the Executive Director and Chief Financial Officer of SQS India BFSI Limited. Apart from holding a Bachelor's degree in Science, NV is a Fellow Member of the Institute of Chartered Accountants of India and has more than 41 years of professional experience in multinational organisations of Indian and overseas origin such as GEC Alsthom, Castrol Ltd, Guest Keen Williams, Binny Ltd etc.

4. Prof. K Kumar

Prof. Kumar is Deputy Chairman and Independent Director of SQS India BFSI Limited and is a Professor of entrepreneurship at the Indian Institute of Management Bangalore. He has over two decades of experience as a corporate manager, consultant, entrepreneur and in academia. Prof. Kumar holds a Bachelor's degree in Electrical & Electronics Engineering (Madurai Kamaraj University) and holds postgraduate and doctoral qualifications from the Indian Institute of Management, Bangalore (IIM-B).

5. Lilian Jessie Paul

Jessie is an Independent Director of SQS India BFSI Limited. She is the Founder and CEO of Paul Writer, a B2B marketing advisory firm. Previously, as Chief Marketing Officer of Wipro's IT business and as Global Brand Manager at Infosys, Jessie has been recognized for her contribution towards putting the Indian IT industry on the global map. Jessie holds MBA from Indian Institute of Management (IIM), Calcutta and earned a Bachelor's degree in computer science and engineering from National Institute of Technology (NIT), Trichy.

6. Prof. S Rajagopalan

Prof. Rajagopalan is an Independent Director of SQS India BFSI Limited. He is a Bachelor of Technology (B.Tech) in Chemical Engineering from Indian Institute of Technology, Post Graduate Diploma in Management from Indian Institute of Management, Bangalore and earned his doctorate from IIT Kanpur. He has 38 years of experience working in Government, not for profit, private industry and in academia.

7. Rajiv Kuchhal

Rajiv is an Independent Director of SQS India BFSI Limited. He worked for Infosys group for 16 years where he was instrumental in setting up of Product Engineering and Telecom business units and was the founding team member of Infosys BPO. Subsequently, he was Chief Operating Officer of OnMobile Global where as part of senior management team helped company achieve global scale. He is now working as angel-investor / mentor with multiple startups, primarily in domain of social enterprises and technology. He is a General Partner at Exfinity Ventures and a mentor at NSRCEL-Social at IIM, Bangalore.

8. René Gawron

René is a Director of SQS India BFSI Limited. He is currently the CFO of SQS, the world's leading specialist in software quality services, in charge of finance, mergers and acquisitions, human resources and IT.

9. Ulrich Bäumer

Ulrich is an Independent Director of SQS India BFSI Limited. He is a qualified lawyer (admitted to practice in Germany and the US) and a partner in the technology group of the international law firm Osborne Clarke in Cologne. He advises the clients of the firm mainly in the areas of information technology, licensing (ERP, etc), outsourcing, digitalization and all other aspect of IT law.

David Bellin,
Chairman

Chairman's overview

Dear shareholders,

Your Company encountered a challenging 2016-17. Brexit in the UK and the subsequent devaluation of Sterling; the Presidential election in the US; political uncertainties in Europe and lower oil prices in the Middle East all had negative effects on business confidence in our key territories. Our total revenues were flat (compared to previous year) in constant currency terms but, despite these many headwinds, I am pleased that we have been able to maintain our profitability and have achieved an EBITDA of 19.7%. We have also consistently shared the profits of the company with our shareholders and have recommended an overall dividend of Rs.24 per share, subject to your approval at the AGM. The Board sincerely congratulates the management and staff for achieving cost reductions, operational efficiencies and successful client relationships to make this possible.

Your Company performed well in Europe and Asia but US sales have yet to reach their desired potential. The pace of change in the global market for Quality Assurance (QA) is accelerating as more of our clients IT investments are decentralized to achieve greater and faster operational benefits, lower costs and better customer service. Traditional technologies are being replaced but the requirement for quality assurance at every stage of every project is growing. The emergence of new and disruptive technologies and methodologies in our clients' business processes requires us to extend the Quality Assurance we provide. We will continue to transition our business to respond to new client requirements, accelerated project timelines, more industrialization and better efficiencies in what we do through more end-to-end engagements. Banking in many respects leads the way as customers expect anytime-anywhere uniform banking access. The Digitalization and omni-channel execution behind that generates major QA requirements, which we are proud to deliver to our banking clients around the world.

Insurance organisations are also gearing up for digitalization, IOT and Telematics. In one of our large Insurance customers in the UK we are delivering a much wider range of services from project management to Test Automation and Non-Functional Testing services, all in a distributed agile environment with various stakeholders located across multiple geographies. With a state of art framework encompassing a stack of tools and processes, not only has the time to market been shortened using Agile methodologies, but costs have also been reduced.

Banking remains our major vertical, delivering 47% of revenues. Our insurance business has nearly doubled from 6.6% of revenues in 2015-16 to 13.5% in 2016-17. We see further growth potential from cards and payments revenues in the future.

Customer satisfaction remains pleasingly high with over 88% of our revenue coming from existing customers. Even within existing customers the offerings have become more digital in nature and more focused on automation.

Within the SQS Group we look forward to meeting the challenges our BFSI clients present to us and working with them through their own change processes. To build more robust and differentiated competencies we will continue to invest for growth in:

- Enhanced investment in Learning & Development of our existing staff
- More industrialization and standardized delivery platforms
- More specialized market offerings which combine domain expertise with technical capabilities within our verticals for banking, insurance, card payments, and treasury/capital markets.

The share of our business generated via other SQS Group entities continues to grow from 11% to 17% this year and further growth is anticipated. Your Company will be able to leverage the presence of the SQS Group operations in the US, as necessary, to mitigate the effects of recent changes in visa regulations there. We will continue to offer our current and future customers in the US a global delivery model.

Our success in a highly competitive global market is down to the quality of our staff and their work for our clients. The Board acknowledges their commitment to clients, to change, to the future and to the value of our independence in assuring the quality of what matters to our clients and our clients' customers. In thanking our staff I must also thank our clients for valuing our independence and our delivery and, as always, the Board thank you, our valued shareholders, for your continued support.

Yours sincerely,

David Bellin
Chairman

Performance highlights

Decade at a Glance (Consolidated Basis): Rs. in Mn.

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Gross Revenue	2,599	2,642	2,142	1,944	1,614	1,214	829	829	923	749
EBIDTA	415	605	389	499	326	224	61	105	179	122
Profit Before Tax	361	562	320	422	265	185	32	91	161	108
Profit After Tax	231	369	216	300	194	114	19	82	145	100
Fixed Assets: Gross Block	578	526	483	473	457	225	194	101	90	89
Fixed Assets: Net Block	267	248	243	274	312	109	112	42	33	28
Share Capital	107	106	105	103	101	101	101	101	87	77
Reserves and surplus	1,165	982	911	980	781	655	599	592	382	247
Networth	1,272	1,089	1,016	1,082	882	755	700	693	469	329
Sundry Debtors	425	544	567	558	413	236	229	159	239	204
Cash and Bank Balances	890	857	683	502	394	404	400	514	266	147
Current Assets*	1,398	1,534	1,380	1,157	952	899	762	789	600	420
Current Liabilities	418	728	560	290	289	263	183	149	171	123
Working Capital	980	806	820	867	663	636	579	640	429	297
Employee Strength (Nos.)	919	1,076	907	905	782	742	661	499	538	580
No of Equity Shares ('000)	10,680	10,639	10,545	10,268	10,124	10,052	10,052	10,052	8,702	7,663
Earnings Per Share (Diluted) (Rs.)	21.6	34.6	20.6	28.7	19.0	11.3	1.9	8.8	17.6	13.4
Book Value per Share (Rs.)	119.1	102.3	96.4	105.4	87.1	75.1	69.6	68.9	53.9	42.9
Dividend - Rs. per share (Interim and Final)	24.0	24.0	24.0	9.0	6.0	5.0	1.0	1.0	1.0	2.0

EBITDA : Earnings before Interest, Depreciation,Taxes & Amortization
*Current Assets: Figures are as per new Schedule VI format from the year 2011-12 onwards
One Million (Mn) is equal to Rupees Ten lakhs

Directors' report

Dear members

We are pleased to present the report on our business and operations for the year ended March 31, 2017.

1. Financial highlights for the year ended March 31, 2017:

(Rs. in Mn.)

	Consolidated		Standalone	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Total Revenue	2,606	2,706	2,605	2,693
Employee benefits expense	1,592	1,676	1,058	1,061
Depreciation and amortization expense	52	40	52	40
General, administrative and other expenses	599	425	1,158	1,091
Finance cost	2	3	1	2
Total Expenses	2,245	2,144	2,269	2,194
Profit Before Tax	361	562	336	499
Tax expense	130	193	120	180
Profit After Tax	231	369	216	319
Earnings per Equity share (Par value of Rs.10 each)				
Basic (Rs.)	21.61	34.85	20.27	30.09
Diluted (Rs.)	21.56	34.62	20.22	29.90

2. Business and Operations Review:

Total operating revenue was Rs.2,599 Mn for the Financial Year 2016-17 as compared to Rs.2,642 Mn in the previous year, a decline of 1.6%.

During the year under review, repeat business from existing clients accounted for 88% of revenue, increased from 82% in the previous year. New client acquisitions contributed to 12% of revenue.

Profit after tax stood at Rs.216 Mn, (representing 8.3% of revenues) as against Rs.319 Mn (12% of revenues) in the previous year. Currency fluctuations resulted in a loss for the year of Rs.84 Mn, compared to a gain of Rs.43 Mn in the previous year.

Geographically, despite the Brexit impact, revenue from Europe increased by 6% compared to the previous year while revenues from India, the Middle East, Asia and Australia grew by 3.8% over the previous year. Business derived from Europe was 54.9% of our revenues (previous year 51.0%) 35.2% from India, the Middle East, Asia and Australia (previous year 33.3%) and 9.9% from US (previous year 15.7%). The proportion of onsite to offshore revenue stood at 63.3%/36.7% compared to 61.8%/38.2% in the previous year. This has reflected in increase of 0.8% in onsite revenue from Rs.1,631 Mn to Rs.1,645 Mn during the year under review.

The revenue from Group clients for the financial year 2016-17 increased to 17% of revenue as against 11% of revenues during the previous year. On the practice

front, Insurance practice grew by 100% compared to the previous year, contributing 13.5% of revenues.

Employee strength, as on March 31, 2017, for the standalone entity was 815 (consolidated 919) compared to 939 (consolidated 1,076) in the previous year. Women employees for the standalone entity count stood at 240 (29% of the total) compared to 288 (31%) in the previous year. For the consolidated, women employees stood at 255 (28%) compared to 309 (29%) in the previous year. The attrition rate increased to 23% for the year ended March 31, 2017 compared to 21% in the previous year.

3. Capital expenditure:

During the financial year 2016-17, we added Rs.70 Mn to our gross block with capital expenditure, which comprised of Rs.22 Mn on account of technology infrastructure, Rs.38 Mn through physical infrastructure, Rs.3 Mn through vehicles and the balance Rs.8 Mn through intangible asset addition.

During the financial year 2016-17, we added a new 250-seater facility. The new facility has been designed as a 'Delivery Only Center'. The focus was on creating additional project delivery seats and strengthening existing offshore capability. The new floor also includes an inbuilt-training room equipped to deliver technical and non-technical training. The training facility comprises an in-built Video Conference (VC) facility which can facilitate training across all locations. The facility is equipped with a Variable Refrigerant Variant (VAV) High Volume Air Condition (HVAC) system, which will result in energy conservation. The facility is built around existing certification requirements and was recently certified as compliant under Payment Card Industry Data Security Standard (PCI-DSS) requirements.

4. Liquidity:

The Company continues to maintain comfortable cash balances to meet its strategic objectives. The liquid assets as at the end of the year stood at Rs.568 Mn (against Rs.893 Mn in the previous year). Our receivables balance stood at Rs.271 Mn. as compared to Rs.348 Mn. in the previous year. This reflects a validation of customer relationship and a more structured follow-ups practice.

5. Share capital:

At the end of the financial year under review, the Company's Paid-up Equity Share Capital stood at Rs.106.80 Mn, consisting of 10,679,881 fully Paid-up Equity Shares of Rs.10 each. The exercise of employee share options granted under Thinksoft ESOP Scheme, 2011, resulted in the allocation of 41,132 equity shares during the financial year 2016-17 to employees. As a result, the Company's paid-up Equity share capital increased from Rs.106.39 Mn to Rs.106.80 Mn. The details of the Thinksoft ESOP Scheme, 2011 and the requirement as specified under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is available at the Company's website at http://www.sqs-bfsi.com/investors/corporate-governance-policies.php. The disclosure in compliance of Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, is attached to this report as **Annexure I**.

6. Net worth:

The Company's net worth increased to Rs.1,039 Mn as at March 31, 2017 from Rs.871 Mn at the end of the previous year. This works out to a per share net worth of Rs.97.

7. Transfer to general reserve:

During the financial year, the Company transferred Rs.22 Mn, (previous year - Rs.32 Mn) to the general reserve, which represents 10% of the net profit of the Company. As a result, the total amount of general reserve as on March 31, 2017 was Rs.153 Mn (previous year - Rs.131 Mn).

8. Dividend:

The Board of Directors is pleased to recommend a final Dividend of Rs.20/-per share (200% on face value of Rs.10/- each) for the financial year 2016-17. The Board had also declared an interim dividend of Rs.4/- per equity share (40% on face value of Rs.10/- each) on October 20, 2016, which was paid on November 15, 2016.

The final dividend, if approved by the shareholders in the ensuing Annual General Meeting, would result in a total dividend of Rs.24/- per equity share (240% on face value of Rs.10/- each) for the financial year ended March 31, 2017 (previous year - 240% on face value of Rs.10/- each, i.e. Rs.24/- per equity share).

9. Subsidiaries:

The Company operates internationally through five wholly-owned subsidiaries:

a) SQS BFSI Pte. Ltd., Singapore

b) SQS BFSI Inc., USA

c) SQS BFSI UK Ltd., UK

d) SQS BFSI FZE., UAE

e) Thinksoft Global Services (Europe) GmbH, Germany

The Company has initiated action towards voluntary winding up of the German subsidiary. The Company also has branches/place of business in Belgium, Malaysia, Australia and Hong Kong.

The Board of Directors of the Company reviewed the affairs of the Wholly Owned Subsidiaries of the Company for the financial year 2016-17. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared the Consolidated Financial Statements of the Company, which forms part of this Annual Report. Further, a separate section on the salient features, performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company during the period under report, as prescribed under Section 129(3) of the Companies Act, 2013, read with Rule 5 and Rule 8(1) of Companies (Accounts) Rules, 2014, can be found in **Annexure II**.

The Audited Annual Accounts and related information of subsidiaries, wherever applicable, will be made available to shareholders upon request and will also be available for inspection during normal business hours at the registered office of the Company. The Audited Annual Accounts shall also be available on the website of the Company.

10. Annual Return:

The extracts of the Annual Return for the financial year ended March 31, 2017, as prescribed under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, read with Rule 12 of Companies (Management and Administration) Rules, 2014, is attached to this report as **Annexure III**.

11. Number of meetings of the Board:

The Board met four times during the financial year. The dates on which the said meetings were held are as follows: April 28, 2016; July 28, 2016; October 20, 2016 and February 02, 2017. The details of the same are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

12. Corporate Governance and Management Discussion Analysis Report:

A separate section on Corporate Governance, forming part of the Directors' Report and the certificate from the Company's auditors confirming compliance with Corporate Governance norms, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are included in the Annual Report. The Company has taken adequate steps for strict compliance with the Corporate Governance guidelines, as amended from time to time.

A separate Management Discussion and Analysis Report is also attached and forms part of this report.

13. Declaration given by Independent Directors:

All the Independent Directors of the Company have given their declaration under Section 149(7) of the Companies Act, 2013, confirming that they are in compliance with the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013, and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for being an Independent Director of the Company.

14. Policy on Directors' appointment and remuneration:

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under Section 178(3) of the Companies Act, 2013, and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is available. There has been no change in the policy since the last financial year. The details of the remuneration policy is covered in the Corporate Governance Report.

15. Particulars of loans, guarantees or investments:

The Company did not give any loan to any person or other body corporate, given any guarantee or provided security in connection with a loan to any other body corporate or person or acquired by way of subscription, purchase or otherwise, the securities of any other

body corporate. As specified under Section 186 of the Companies Act, 2013, the Company has the following investments in its wholly-owned subsidiaries:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Unquoted equity instruments (in subsidiaries)		
100,000 equity shares (Previous year-100,000 equity shares) of SGD 1/-each in SQS BFSI Pte. Ltd., Singapore	2,658,023	2,658,023
3,000 equity shares (Previous year-3,000 equity shares) of USD 0.01/- each in SQS BFSI Inc., USA	4,625,400	4,625,400
EUR 50,000/-(Previous year-EUR 50,000) in Thinksoft Global (Europe) GmbH, Germany	2,714,774	2,714,774
350,000 equity shares (Previous year-350,000 equity shares) of GBP 1/- each in SQS BFSI UK Ltd., UK	24,168,000	24,168,000
6,000 equity shares (Previous year-6,000 equity shares) of AED 1,000/- each in SQS BFSI FZE., UAE	8,696,000	8,696,000

16. Particulars of contracts or arrangements with related parties:

During the year 2016-17, the contracts and arrangements entered by the Company with related parties were on an "arm's length" basis and in the ordinary course of business. The contracts and transactions with the promoters M/s SQS Software Quality Systems AG, along with its subsidiaries has exceeded the threshold limit of 10% on the previous year consolidated turnover of the Company. Hence, the transactions with M/s. SQS Software Quality Systems AG and its subsidiaries have become "Material Transactions" as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A transaction limit up to Rs.975 Mn per annum for rendering of services and a limit up to Rs.975 Mn per annum for availing of services for every financial year have been approved by the shareholders in the Annual General Meeting of the Company held on July 23, 2015. The aforesaid transactions fall within the limits approved by the members. There are no material significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interests of the Company at large. All related party transactions are placed before the Audit Committee and the Board of Directors for their approval.

In respect of transactions with the wholly owned subsidiaries which are foreseen and repetitive in nature, prior omnibus approval of the Audit Committee is obtained on an annual basis. The transactions entered into pursuant to the omnibus approval so granted are tracked and verified. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on Materiality of Related Party Transactions as approved by the Board of Directors is available on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The details of contracts or arrangements with related parties entered during the year are given in a separate annexure to the report in **Annexure IV**.

17. Material changes and commitments, if any, affecting the financial position of the Company:

There are no material changes or commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

18. Transfer to Investor Education and Protection Fund:

As required under the provisions of Section 124, other applicable provisions of Companies Act, 2013, and the rules made thereunder, the Company is required to transfer the dividends that remain unpaid/unclaimed for a period of seven years and all the shares, in respect of which unpaid/unclaimed dividend has been transferred to Investor Education and Protection Fund (IEPF), if the dividend pertaining to those shares remains unclaimed/unpaid for a period of seven consecutive years to an IEPF, an account administered

by the Central Government. On transfer of the amounts to IEPF, no claim shall lie in respect of those amounts against the Company. During the financial year 2016-17, an amount of Rs.65,500/-, which was lying in the IPO refund account of the Company was transferred to the IEPF on completion of 7 years.

Members who have so far not encashed their dividend warrant(s) or those yet to claim their dividend amounts, may write to the Company Secretary/Company's Registrar and Share Transfer Agent (Karvy Computer Share Private Limited).

19. Conservation of energy, research and development, technology absorption, foreign exchange earnings and out go:

(A) Conservation of energy:

(i) The steps taken that impact conservation of energy:

Following on the eco-friendly and go-green initiatives started earlier, the Company continues to work on reducing its carbon footprint, energy conservation and usage of alternative energy, wherever possible. The Company has completely moved to usage of Ultra Small Form Factor (USFF) / Small Form Factor (SFF) based desktops to reduce the power requirement.

The Company has replaced all the conventional lights used for perimeter lighting with LEDs which is expected to reduce the overall power consumption. The Company also continues to implement light sensors in all cabins and have implemented Variable Refrigerant Flow (VRF) systems in the new premises to reduce power wastage in unoccupied cabins and meeting rooms.

The Company has also planted new trees across its Madras Export Processing Zone (MEPZ), Tambaram, premises to compensate the ones which fell during the recent cyclone in Chennai.

(ii) Steps taken by the Company for utilizing alternate sources of energy – The Company's registered office is located in a tech park wherein close to 50% of the energy consumed is being sourced from the grid using wind turbines, thus promoting 'Green Energy'.

(iii) Capital investment on energy conservation equipment - Nil

(B) Research & Development and Technology absorption:

i) The Company is focusing on latest technologies in Big Data, IoT (Internet of Things), DevOps, mobile and machine learning (artificial intelligence) areas to stay ahead of its competition and to provide the best of its services to the customer.

(ii) The Company continues to focus on tools and frameworks in test automation, performance testing, security testing and performance engineering and data centric testing to improve its offering to the customers.

(iii) The Company has successfully setup the group's first Big Data lab in Chennai and has become the Big Data testing and analytics hub for the entire SQS group of companies. The Company has also setup the first DevOps lab in Chennai and has trained its employees in Big Data and DevOps areas to be ready for the markets.

(iv) The Company developed a tool called FaXimmé. This is a simulator that aids issuers, acquirer and network providers to rapidly test payment transactions in a simulated/automated environment. This in fact helps testing the software systems for messaging compliance without a physical connection in a live production environment. This has been developed to work in hosted/cloud environment, allows multiple users and instances to be deployed. The product has generated substantial interest amongst the clients, who have experienced it. The Company as such is confident of making progress in marketing the tool to its existing and prospective clients.

(v) The Company has absorbed appropriate technology advancements in providing the best services to its customers, with a focus of providing the same without any major financial implications to the organization. The Company has invested in infrastructure which is compliant and has been certified under established standards including SSAE 16 (Statement on Standards for Attestation Engagements), ISAE 3402 (the International Standard on Assurance Engagements) and Payment Card Industry Data Security Standard (PCI-DSS).

(vi) The Company is working on a test process improvement by leveraging its domain knowledge

to further bring in more efficiency in requirements and test planning. This process re-engineering, can help to generate requirements, high level and detailed test scripts along with navigation steps. The heart of this process is right blend of 'technical re-usable components' and 'domain re-usable components' in accordance with business process, to achieve test automation much faster, quicker and better, there by reflecting true shift-left. This process enhancement can take testing to the next level, where the customers can benefit from standardized high quality test assets, with comprehensive test coverage.

(vii) The video conference systems have been enhanced and the Company has moved towards using Microsoft Skype for business as its primary business-meeting platform, with an objective of reducing travel cost.

(viii) The procurement system continuously ensures cost effective purchases of the hardware, more through local vendors, thereby reducing imports dependency. Where required, the Company also imports servers, switches etc., and using foreign currency from out of its Exchange Earners' Foreign Currency (EEFC) accounts.

(ix) There are no imported technologies during the last three financial years.

(C) Foreign exchange earnings and outgo:

The year 2016-17 was challenging for us, considering the effects of Brexit, currency volatility and increasing protectionism being witnessed across regions.

Foreign exchange earned during the year in terms of actual inflows was Rs.2,347 Mn. Foreign exchange outgo during the year in terms of actual outflows was Rs.1,128 Mn.

20. Risk management:

The Company is committed to effectively manage its operational, financial and other risk with a view to achieve a balance between acceptable levels of risk and reward. The Company has a policy on risk assessment and minimization procedures which describes the risk management methodology, structures and systems involving personnel at all levels of the Company to manage various business uncertainties and to enable arriving at the right decisions pertaining to all business divisions and corporate function. Risk Management in the Company includes identification, assessment, monitoring and mitigation of various risks through a comprehensively evolved process over the years.

This includes:

- Quarterly internal audits by an independent firm;
- Regular process compliance audits for ISO 9001 and ISO 27001 standards;
- Periodic audits of compliance to other regulatory frameworks;
- Annual capital and revenue budget planning followed by monthly reviews; annual sales planning with monthly/periodic monitoring;
- Annual perspective and strategic planning exercise with yearly update; a conservative approach in planning funding requirements.

The Company has developed, over the last few years, a comprehensive internal financial control processes and procedures that could effectively mitigate the overall organizational risks. These processes and controls form part of review, verification and improvement by our internal audit and process teams, as detailed in the following section.

21. Adequacy of Internal Financial Controls:

The Company has a proper and adequate system of internal controls. This ensures that all transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition there are operational controls and fraud risk controls, covering the entire spectrum of Internal Financial Controls.

An extensive programme of internal audits and management reviews supplements the process of Internal Financial Control framework. Properly documented policies, guidelines and procedures are laid down for this purpose. The Internal Financial Control framework has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. In addition, the Company has identified and documented the risks and controls for each process that has a relationship to the financial operations and reporting.

The Company also has an Audit Committee, comprising of 4 (Four) Directors, who interact with the Statutory Auditors, Internal Auditors and Management

in dealing with matters within its terms of reference. This Committee mainly deals with accounting matters, financial reporting and internal controls.

The frame work for the Internal Financial Controls was made by:

- Defining controls, governance and standards, which includes policies and procedures, organizational structures and performance objectives.
- Establishing control designs, which includes roles and responsibilities, risk identification and capacity to deliver business objectives.
- Evolving controls including control systems and improvements.
- Compliance and control monitoring through internal resource or through audit or a combination of both.

The internal audit team along with the process team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit, corrective actions, if any, in the respective areas are undertaken and controls strengthened. Significant audit observations and responses/corrective actions, if any, are presented to the Audit Committee of the Board.

During the year, review of Internal Financial Control (IFC) has been carried out by the Statutory Auditors and the report thereat annexed as part of Independent Auditor's Report.

22. Corporate social responsibility:

The essence of Company's policy on Corporate Social Responsibility (CSR) is to contribute towards education, supporting differently abled, supporting clean and green environment and sensitizing employees on their responsibility towards society and encouraging them to take active part in various Company initiatives.

The Company has been supporting Vidya Sagar, (earlier known as the Spastics Society of India) a Non-Government Organization (NGO) in Chennai providing support to needy children/people with disability, focusing on early intervention, special education, physiotherapy, vocational training, communication therapy, etc. The Company makes periodical contributions by way of an endowment fund to ensure generation of certain fixed income to take care of their day-to-day operational expenses over a period of time. Employees are encouraged to contribute to Vidya Sagar in support of this initiative, the Company contributes an amount equal to the employee's contribution to Vidya Sagar. The Company has contributed for installation of hybrid type solar panels with back-up facility in Vidya Sagar.

The Company has also contributed to an NGO, World Vision India, towards improvement of sanitation facilities in a Government School in Erukampattu Village, in Vellore district and to another school in Dyaneshwar, Mumbai, towards renovating their dilapidated classrooms, providing bench and chairs for the classrooms and towards setting up a computer center.

During the year 2016-17, the Company included Agastya International Foundation, an NGO, as one more beneficiary under the CSR initiatives. Agastya's mission is "To spark curiosity, nurture creativity and instill confidence" in economically-disadvantaged children and government school teachers by bringing innovative, hands-on science education and peer-to-peer learning to government schools and villages across India. The Company contributed to 3 nos. of TechLaBike projects to ensure good number of exposures to students in schools in Chitoor, Palamaner and Tirupati.

The details about the policy developed and implemented by the Company on Corporate Social Responsibility and initiatives taken during the year are given as **Annexure V** as required under Companies (Corporate Social Responsibility Policy) Rules, 2014.

23. Composition of Audit Committee:

The Audit Committee of the Company has been constituted in line with the provisions of Section 177 of Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015.

The members of the Audit Committee are as follows:

1) Prof. K Kumar, Chairman
2) Prof. S Rajagopalan, Member
3) Mr. Rajiv Kuchhal, Member
4) Mr. René Gawron, Member

24. Recommendation of Audit Committee:

During the year, all the recommendations of the Audit Committee were accepted by the Board.

25. Vigil mechanism:

The Company has formulated and adopted a vigil mechanism for employees to report genuine unethical and improper practices or any other wrongful conduct in the Company to the Chairman of the Audit Committee. The Policy provides opportunities for employees to access the Audit Committee in good faith, if they observe unethical and improper practices. The Whistle Blower Policy of the Company is available in the website of the Company. The link for the same is http://www.sqs-bfsi.com/investors/corporate-governance-policies.php

26. Directors' Responsibility Statement as required under Section 134(5) of the Companies Act, 2013:

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. Accounting policies had been selected and applied consistently; made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the Company, to prevent and detect fraud and other irregularities;

d. Annual accounts were prepared on a going concern basis;

e. Adequate Internal Financial Controls were laid down by the Company and that such internal financial controls are adequate and these were operating effectively;

f. Proper systems were devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

27. Board evaluation:

Pursuant to the provisions of the Companies Act, 2013, and SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company in their meeting held on April 27, 2017, evaluated its own performance, that of its committees and individual directors including Independent Directors. No Director participated in his/her own evaluation.

The Independent Directors reviewed the performance of the Non-Executive Directors, Chairman and the Board at a meeting of Independent Directors held on February 02, 2017. The Board of Directors were evaluated on various criteria including attendance, participation in board meetings, their involvement by way of providing advice, guidance, suggestions on the business front and the willingness and commitment to devote their extensive time necessary to fulfill his/her duties.

The Independent Directors were also evaluated based on the professional conduct, roles and duties as specified in Schedule IV to the Companies Act, 2013. The evaluation of the Board as a whole was based on composition and statutory compliance, understanding of business risks, adherence to process and procedures; overseeing management's procedures for enforcing the organization's code of conduct, ensuring that various policies, including the whistle blower policy of the Company, were in force and actions were taken as appropriate.

28. Criteria for making payment to non-Executive Directors:

The Nomination and Remuneration Committee and the Board of Directors, while deciding up on the payments to be made to the non-executive directors have considered the following criteria for making payments to non-executive directors:

- Performance of the Company
- Maintenance of independence & adherence to Corporate Governance
- Contributions during the meeting and guidance to the Board on important policy matters of the Company
- Active participation in strategic decision making and informal interaction with the management

29. Familiarization programs:

The Company has a familiarization program for Independent Directors pursuant to Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The aim of the familiarization program is to provide insights into the Company to the Independent Directors to enable them to understand the Company's business in depth and

contribute significantly to the Company. The overview of the familiarization process and details of the familiarization programs imparted to the Independent Directors have been updated in the Company's website at http://www.sqs-bfsi.com/investors/corporate-governance-policies.php.

30. Policy for determining material subsidiaries:

Pursuant to Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a policy for determining material subsidiaries has been formulated by the Company. The same is dealt with elsewhere in the Annual Report.

31. Particulars of employees:

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement containing the names of every employee employed throughout the financial year and in receipt of a remuneration of Rs.1.02 crore or more per annum or employed for part of the financial year and in receipt of Rs.8.5 lakhs per month the required information is annexed and forms part of this Report in **Annexure VI A** and the ratio of remuneration of each director to that of median employees' remuneration as per Section 197 (12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this Report in **Annexure VI B**.

32. Directors & Key Managerial Personnel:

Mr. Reji Thomas Cherian (DIN–00505540) has resigned as Non-Executive Director of the Company with effect from April 27, 2017. He was appointed as a Non-Executive Director of the Company by the shareholders in the Annual General Meeting held on July 28, 2016. We thank him for his support and contribution as Non-Executive Director and wish him well in his new ventures.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. René Gawron (DIN-06744645) retires by rotation, and being eligible, offers himself for re-appointment.

33. Public deposits:

The Company has not accepted any public deposits and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

34. Status of application money refund:

An amount of Rs.65,500/- was lying unpaid/unclaimed in the IPO refund account of the Company. As per Section 124 and 125 of the Companies Act, 2013, the said amount was transferred to the Investor Education and Protection fund on November 4, 2016 upon completion of seven years as required under the Companies Act, 2013.

35. Statutory Auditors:

M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai, is the Auditors of the Company. They were appointed in the 16th Annual General Meeting till the conclusion of third consecutive Annual General Meeting of the Company and subject to ratification by the shareholders at every Annual General Meeting.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 and based on the recommendation made by the Members of Audit Committee, the Board of Directors at their meeting held on April 27, 2017, considered and recommended to the Members of the Company, for their approval, the appointment of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company from the conclusion of 19th Annual General Meeting till the conclusion of 24th Annual General Meeting, subject to ratification of such appointment, at every Annual General Meeting.

The report issued by the Auditors to the members for the financial year ended March 31, 2017 does not contain any qualification, reservation or adverse remark or disclaimer.

36. Secretarial Audit Report:

Pursuant to Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. M. Alagar & Associates, Practicing Company Secretary as the Secretarial Auditor of the Company in the Board Meeting held on July 28, 2016 for the financial year 2016-17. The Secretarial Audit Report issued by M/s M. Alagar & Associates is annexed and forms part of this Report in **Annexure VII**.

The Secretarial Audit Report does not contain any, reservation or adverse remark for the year under review.

37. Material orders passed by the regulators, courts or tribunals:

There are no significant and material orders passed by the regulators or courts or tribunals that may have an impact for the Company as a going concern and/or Company's operations.

38. Human potential:

The Company continues to invest in its employees to enhance its core competence and competitive market position. Training is designed to build domain knowledge, technical skill, language proficiency and ability to proactively respond to emerging developments in a dynamic market.

Aligned with our focus on enriching our human resource capabilities, we ensured average training of about 47 hours per person during the financial year 2016-17 to maintain the industry average. The number of employees with zero training hours sharply declined to 5% during 2016-17 (11% in the previous year). Employees' with more than five years' experience with the Company was at 32% (26% in the previous year). The workplace diversity was maintained at 29%, represented by women.

Going into 2017-18, we intend to continue to focus on employee training and reskilling in the face of fast changing technology in a digitalizing world, with an emphasis on artificial intelligence and machine learning.

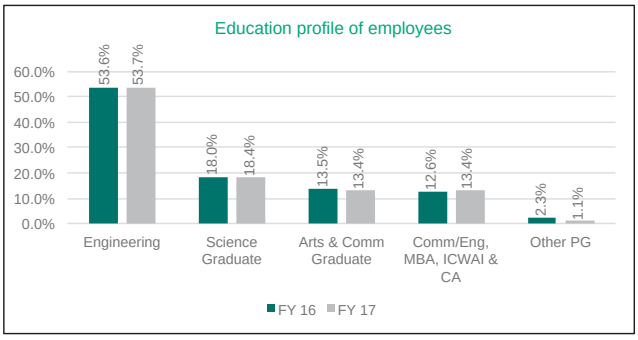
39. Quality, Technology and Systems:

All offshore testing centers of the Company adhere to certification for Quality Management System ISO 9001: 2015 and ISO 27001: 2013 Information Security Management System.

The Company recognizes its quality assurance in independent software testing services to Banking, Financial Services and Insurance organizations using its proven offshore delivery model. The framework established as part of service delivery compliance ensures that the company's independent software testing services and offerings maintain consistent quality and processes, employing best practices, and using a proven project management methodology to enhance customer satisfaction and to ensure continuous improvement.

SSAE 16 (Statement on Standards for Attestation Engagements)/ISAE 3402 (the International Standard on Assurance Engagements):

Data protection is critical for the Company in maintaining its services to clients. The offshore TCoE (Testing Centre of Excellence) of the Company in Chennai is fully compliant with ISAE 3402 (the International Standard on Assurance Engagements) and SSAE 16 (Statement on Standards for Attestation



Engagements). SSAE 16/ ISAE 3402 is an independent assessment report that provides the confidence on control procedures, adequacy and reasonable assurance in our service delivery and information security, data privacy related controls.

PCI-DSS (Payment Card Industry Data Security Standard):

The Company is also compliant with PCI-DSS, (Worldwide Data security standard defined by the Payment Card Industry Security Standards Council) which ensures data security and reduces the risk of data breaches. Data protection controls include Complete Secured Physical/Logical Work Environments, Multilayer Encryption for data at transmission, Processing and Storage, Comprehensive Privacy Framework, Detailed Risk and Governance Framework, Wireless Intrusion and Prevention System, Enhanced HR Security Controls, Intensive Vulnerability Management Program by Authorized Scan Vendors (ASV) and automated monitoring controls.

40. Disclosure as required under Section 22 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has a Policy on Sexual Harassment Prevention in place, in line with the requirements of

"The Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013". The Internal Complaints Committee (ICC) has been set up to redress any complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received / cases filed and disposed-off during the financial year 2016-17:

a) No. of complaints received/cases filed: Nil

b) No. of complaints disposed-off: Nil

41. Listing fees:

The Company confirms that it has paid the annual listing fees for the financial year 2016-17 to both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

42. Acknowledgments:

We thank our customers, bankers and service providers for their continued support during the year. We place on record our appreciation for the contribution made by our employees at all levels. Our success was made possible by their hard work, loyalty, cooperation and support.

We thank the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Finance, the Ministry of Corporate Affairs, the Customs and Excise Departments, the Income Tax Department, the Reserve Bank of India, the State Governments, Madras Export Processing Zone (MEPZ) and other government agencies for their support and look forward to their continued support in the future. We also thank the Governments of various countries where we have operations.

The Directors also wish to place on record their appreciation of business constituents like SEBI, NSE, BSE, NSDL, CDSL etc. for their continued support for the growth of the Company.

The Directors also thank investors for their continued faith in the Company.

For and on behalf of Board of Directors of SQS India BFSI Limited

Place: Chennai
Date: April 27, 2017

David Bellin
Chairman & Director

Annexure – I

DISCLOSURE IN COMPLIANCE WITH THE RULE 12 OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

S.No.	Description		Thinksoft - Employee Stock Option Scheme 2011	
			Granted during 2011-12	Granted during 2012-13
1	Total Number of options granted under the Plan		339,000	410,500
2	Options Vested during the year		NIL	NIL
3	Options Exercised during the year		3,600	37,532
4	Total number of shares arising as a result of exercise of options (as of March 31, 2017)		319,800	308,500
5	Options lapsed		19,200	68,500
6	Exercise Price (in Rs.)		38.05	114.70
7	Money realised by exercise of options during the year (in Rs.)		136,980.00	4,304,920.40
8	Total number of options in force at the end of the year (granted, vested and unexercised / unvested and unexercised)		NIL	33,500
9	Employee wise details of options granted to			
	(i) Key Managerial Personnel			
	Mr. N Vaidyanathan	Executive Director & Chief Financial Officer	40,000 options	20,000 options
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year		NIL	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant		NIL	

The Company has recorded compensation cost for all grants using the intrinsic value-based method of accounting, in line with prescribed SEBI guidelines.

Had compensation been determined under the fair value approach described in the Guidance Note on, "Accounting for employee share based payments" issued by ICAI, the Company's net profit and basic and diluted earnings per share would have reduced to the pro-forma amounts as indicated:

(Amount in Rs.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net profit as reported	216,342,331	318,645,910
Add : Stock-based employee compensation expense (intrinsic value method)	NIL	NIL
Less: Stock-based employee compensation expense (fair value method)	NIL	1,067,203
Pro-forma net profit	216,342,331	317,578,707
Basic earnings per share as reported	20.27	30.09
Pro-forma basic earnings per share	20.27	29.99
Diluted earnings per share as reported	20.22	29.90
Pro-forma diluted earnings per share	20.22	29.80

For and on behalf of Board of Directors of SQS India BFSI Limited

Place: Chennai
Date : April 27, 2017

David Bellin
Chairman & Director

Annexure - II

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 and rule 8(1) of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures:

Part A: Subsidiaries:

(Information in respect of each subsidiary to be presented with amounts in Rs. in Million based on Standalone Financials of the Subsidiaries)

S.No.	1	2	3	4	5
Name of the Subsidiary	**SQS BFSI Pte. Ltd., Singapore**	**SQS BFSI Inc., USA**	**Thinksoft Global Services (Europe) GmbH, Germany**	**SQS BFSI UK Ltd., UK**	**SQS BFSI FZE., UAE**
Date of Incorporation	21-Nov-2001	29-Apr-2002	3-Nov-2005	1-Apr-2010	15-Jun-2010
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	NA	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Singapore Dollars (SGD)	US Dollars (USD)	Euro	Great British Pound (GBP)	United Arab Emirates Dirham (AED)
	46.52	64.84	69.25	80.88	17.67
	(SGD VS INR as on 31.03.2017)	(USD VS INR as on 31.03.2017)	(Euro VS INR as on 31.03.2017)	(GBP VS INR as on 31.03.2017)	(AED VS INR as on 31.03.2017)
Share capital (in Mn.)	2.66	4.63	2.71	24.17	8.70
Reserves & surplus (in Mn.)	60.01	67.27	6.16	55.03	43.73
Total Assets (in Mn.)	72.74	291.39	9.69	397.19	65.45
Total Liabilities (in Mn.)	10.07	219.49	0.82	317.99	13.02
Investments (in Mn.)	Nil	Nil	Nil	Nil	Nil
Turnover (in Mn.)	77.21	188.21	0.06	209.04	191.75
Profit / (Loss) before taxation (in Mn.)	4.99	18.29	(0.72)	(2.05)	4.03
Provision for taxation (in Mn.)	0.66	7.63	-	2.22	-
Profit /(Loss) after taxation (in Mn.)	4.33	10.66	(0.72)	(4.27)	4.03
Proposed Dividend	Nil	Nil	Nil	Nil	Nil
Extent of shareholding (in percentage)	100%	100%	100%	100%	100%

1. Names of subsidiaries which are yet to commence operations : **NIL**

2. Names of subsidiaries which have been liquidated or sold during the year : **NIL**

Part B: Associates and Joint Ventures: **Not Applicable**

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn. No.003990S/S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

Place : Chennai
Date : April 27, 2017

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 27, 2017

Annexure III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92 (3) and section 134 (3) (a) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	L64202TN1998PLC066604
Registration Date	:	June 08, 1998
Name of the Company	:	**SQS India BFSI Limited**
Category / Sub-Category of the Company	:	Company Limited Shares / Indian Non-Government Company
Address of the Registered office and contact details	:	6A, Sixth Floor, Prince Infocity II, 283/3 & 283/4, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai – 600 096. Ph.+91 44 4392 3200
Whether listed Company Yes / No		Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032. Ph. +91 40 6716 2222

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S.No.	Name and Description of main products / services	NIC Code of the product/service	% to total turnover of the Company
1	SOFTWARE TESTING SERVICE	62011	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No	Name and Address of the Company	CIN/GLN /UIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	SQS Software Quality Systems AG, Stollwerckstrasse 11 51149 Cologne, Germany	Amtsgericht Köln, HRB 12764	Holding	53.88	2(46)
2	SQS BFSI Pte. Ltd North Bridge, #19-04/05 High Street Centre, Singapore 179094	MAWAZ20020072	Subsidiary	100	2(87)
3	SQS BFSI Inc. Metro Park Business Centre (HQ) Office No. 648 &649, 33, Wood Avenue South, Iselin, New Jersey 08830, USA.	MAWAZ20030150	Subsidiary	100	2(87)

S.No	Name and Address of the Company	CIN/GLN /UIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4*	Thinksoft Global Services (Europe) GmbH, Buttenweg 5, 55545 Bad Kreuznach, Germany	MAWAZ20060016	Subsidiary	100	2(87)
5	SQS BFSI UK Ltd 7-11 Moorgate, London, EC2R, 6AF, United Kingdom.	MAWAZ20100903	Subsidiary	100	2(87)
6	SQS BFSI FZE P.O Box no 50989, Harmiyah Free Zone, Sharjah, UAE	MAWAZ20120523	Subsidiary	100	2(87)

* Under process of liquidation.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Shareholding:

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	-	-	-	-	-	-	-	-	-
(2)	FOREIGN									-
(a)	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	5,753,801	-	5,753,801	54.08	5,753,801	-	5,753,801	53.88	-0.21
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**5,753,801**	-	**5,753,801**	**54.08**	**5,753,801**	-	**5,753,801**	**53.88**	**-0.21**
	Total A=A(1)+A(2)	**5,753,801**	-	**5,753,801**	**54.08**	**5,753,801**	-	**5,753,801**	**53.88**	**-0.21**
(B)	**PUBLIC SHARE-HOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	294,502	-	294,502	2.77	82,449	-	82,449	0.77	-2.00

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b)	Financial Institutions /Banks	5,715	-	5,715	0.05	6,884	-	6,884	0.06	0.01
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	135,324	-	135,324	1.27	140,354	-	140,354	1.31	0.04
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**435,541**	-	**435,541**	**4.09**	**229,687**	-	**229,687**	**2.15**	**-1.94**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	640,793	-	640,793	6.02	739,447	-	739,447	6.92	0.90
(b)	Individuals			-				-		
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1,952,914	2,015	1,954,929	18.38	2,758,203	2,004	2,760,207	25.84	7.47
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1,692,543	-	1,692,543	15.91	925,219	-	925,219	8.66	-7.25
(c)	Others							-		-
	Clearing Members	5,016	-	5,016	0.05	17,223	-	17,223	0.16	0.11
	Non Resident Indians	151,916	-	151,916	1.43	170,980	-	170,980	1.60	0.17
	Non Resident Indian Non Repatriable	-	-	-	-	83,077	-	83,077	0.78	0.78
	Trust	-	-	-	-	200	0.00	200	0.00	0.00
	Non Banking Financial Institutions	4,210	-	4,210	0.04	40	0.00	40	0.00	-0.04
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2):	**4,447,392**	**2,015**	**4,449,407**	**41.82**	**4,694,389**	**2,004**	**4,696,393**	**43.97**	**2.15**
	Total B=B(1)+B(2):	**4,882,933**	**2,015**	**4,884,948**	**45.92**	**4,924,076**	**2,004**	**4,926,080**	**46.12**	**0.21**
	Total (A+B):	**10,636,734**	**2,015**	**10,638,749**	**100.00**	**10,677,877**	**2,004**	**10,679,881**	**100.00**	**0.00**

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(C)	SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED									
(1)	PROMOTER AND PROMOTER GROUP	-	-	-	-	-	-	-	-	-
(2)	PUBLIC	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C)	**10,636,734**	**2,015**	**10,638,749**	**100**	**10,677,877**	**2,004**	**10,679,881**	**100**	**0.00**

(ii) Shareholding of Promoters:

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	SQS Software Quality Systems AG, Germany	5,753,801	54.08	-	5,753,801	53.88	-	0.00
	TOTAL	**5,753,801**	**54.08**	-	**5,753,801**	**53.88**	-	**0.00**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	5,753,801	54.08	-	-
2	Increase / Decrease in shareholding during the year	No change during the year		-	-
3	At the end of the year	5,753,801	53.88	-	-

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	India Infoline Limited	168,293	1.58	181,959	1.70
2	Kalpraj Damji Dharamshi	172,912	1.63	170,700	1.60
3	Bhadra Jayantilal Shah	100,000	0.94	100,000	0.94
4	Ravindra Raichand Dharamshi	100,000	0.94	100,000	0.94
5	Hemang Raichand Dharamshi	100,000	0.94	100,000	0.94

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6	Seema Dilip Vora	-	-	78,066	0.73
7	Rohinton K Khambatta	65,000	0.61	65,000	0.61
8	Slg International Opportunities,L.P	59,600	0.56	59,600	0.56
9	Union Small And Midcap Fund	-	-	55,000	0.51
10	Gala Panbai Valji	50,000	0.47	50,000	0.47

(v) Shareholding of Directors and Key Managerial Personnel:

S.No.	Shareholding of Non-Executive Directors			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mr. Rajiv Kuchhal						
1	At the beginning of the year			57,692	0.56	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):			No change during the year		-	-
3	At the end of the year			57,692	0.56	-	-
	Prof. S Rajagopalan						
1	At the beginning of the year			1,000	0.01	-	-
2	Date	Increase / Decrease	Reason				
	May 20, 2016	Decrease	Sale	800	0.01	200	0.00
	July 27, 2016	Increase	ESOP Exercise	4,000	0.04	4,200	0.04
	September 09, 2016	Decrease	Sale	1,000	0.01	3,200	0.03
	December 23, 2016	Decrease	Sale	1,000	0.01	2,200	0.02
	March 17, 2017	Decrease	Sale	1,500	0.01	700	0.01
3	At the end of the year			700	0.01	-	-
	Prof. K Kumar						
1	At the beginning of the year			1,000	0.01	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):			No change during the year		-	-
3	At the end of the year			1,000	0.01	-	-
	Other Non-Executive Directors						
1	At the beginning of the year			None of the other Non-Executive Directors holds shares in the Company			

S.No.	Shareholding of Non-Executive Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	None of the other Non-Executive Directors holds shares in the Company			
3	At the end of the year	None of the other Non-Executive Directors holds shares in the Company			

S.No.	Shareholding of KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mr. N Vaidyanathan, Executive Director & Chief Financial Officer				
1	At the beginning of the year	31,073	0.29	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No change during the year		-	-
3	At the end of the year	31,073	0.29	-	-
	Mr. S Sampath Kumar, Company Secretary & Compliance Officer				
1	At the beginning of the year	5	0.00		
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No change during the year		-	-
3	At the end of the year	5	0.00	-	-
	Other KMPs				
1	At the beginning of the year	None of the other KMP holds shares in the Company			
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	None of the other KMP holds shares in the Company			
3	At the end of the year	None of the other KMP holds shares in the Company			

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment — Rs. in Mn.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**-**	**-**	**-**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	**-**	**-**	**-**	**-**
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**-**	**-**	**-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs. in Mn.

S.No.	Particulars of Remuneration	Ms. Aarti Arvind, Managing Director & CEO	Mr. N Vaidyanathan, Executive Director & CFO
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961*	10.66	11.37
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	0.20
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify		
	i. Deferred bonus	-	-
	ii. Retirals		
	iii. Other incentives**	1.81	1.37
	Total (A)	**12.47**	**12.94**

* Incentive related to the FY 2015-16 of which payment made during the FY 2016-17 amounting Rs. 0.85 Mn. & Rs. 1.05 Mn. paid to Ms. Aarti Arvind and Mr. N Vaidyanathan, respectively, not considered above.

** provision made in the books for which payment will be made during the FY 2017-18

B. Remuneration to other Directors:

Rs.in Mn.

Independent Directors	Prof. K Kumar	Prof. S Rajagopalan	Mr. Rajiv Kuchhal	Mr. Ulrich Bäumer	Ms. Lilian Jessie Paul	Total Amount
Fee for attending Board / Committee Meetings	0.34	0.34	0.26	0.08	0.16	1.18
-Commission**	0.47	0.47	0.47	0.47	0.47	2.37
-Others, Please Specify	-	-	-	-	-	-
Total (1)	**0.81**	**0.81**	**0.73**	**0.55**	**0.63**	**3.55**
Other Non Executive Directors: **Mr. David Bellin**						
Fee for attending Board / Committee Meetings						0.16
-Commission**						0.47
-Others, Please Specify						-
Total (2)						**0.63**
Total (B) = (1)+ (2)						**4.18**

**** provision made in the books for which payment will be made during the FY 2017-18

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Rs. in Mn.

S.No.	Particulars of Remuneration	Mr. S Sampath Kumar, Company Secretary & Compliance Officer
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	2.38
	(b) Value of perquisites under Section 17 (2) Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17 (3) Income Tax Act, 1961	-
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	-others, specify	-
5	Others, please specify	-
	i. Deferred bonus	-
	ii. Retirals	-
	Total (A)	**2.38**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

For and on behalf of Board of Directors of SQS India BFSI Limited

Place : Chennai

Date : April 27, 2017

David Bellin

Chairman & Director

Annexure - IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Details of Related Party Transactions

1. Details of contracts or arrangements or transactions not at arm's length basis: None

(a)	Name(s) of the related party and nature of relationship	-
(b)	Nature of contracts/arrangements/transactions	-
(c)	Duration of the contracts/arrangements/transactions	-
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
(e)	Justification for entering into such contracts or arrangements or transactions	-
(f)	Date(s) of approval by the Board	-
(g)	Amount paid as advances, if any:	-
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	-

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a)	**Name(s) of the related party and nature of relationship**	**SQS Software Quality Systems AG, Germany & its Subsidiaries (Holding Company and Fellow Subsidiaries)**	**SQS BFSI UK Ltd., UK (Subsidiary)**	**SQS BFSI Pte. Ltd., Singapore (Subsidiary)**	**SQS BFSI Inc., USA (Subsidiary)**	**SQS BFSI FZE, UAE (Subsidiary)**
(b)	Nature of contracts/ arrangements/ transactions	Availing and Rendering of Services	Availing and Rendering of Services	Availing and Rendering of Services	Availing and Rendering of Services	Availing and Rendering of Services
(c)	Duration of the contracts/ arrangements/ transactions	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1, 2015 till March 31, 2018.	3 years from April 1,2015 till March 31, 2018.

	Name(s) of the related party and nature of relationship	SQS Software Quality Systems AG, Germany & its Subsidiaries (Holding Company and Fellow Subsidiaries)	SQS BFSI UK Ltd., UK (Subsidiary)	SQS BFSI Pte. Ltd., Singapore (Subsidiary)	SQS BFSI Inc., USA (Subsidiary)	SQS BFSI FZE, UAE (Subsidiary)
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	From Subsidiary to holding Company - Up to INR 975 Mn. per financial year; From Holding to Subsidiary Company - Up to INR 975 Mn. per financial year	From Subsidiary to holding Company – Up to INR 500 Mn. for the financial year 2016-17; From Holding to Subsidiary Company – Up to INR 750 Mn. for the financial year 2016-17.	From Subsidiary to holding Company – Up to INR 200 Mn. for the financial year 2016-17; From Holding to Subsidiary Company – Up to INR 150 Mn. for the financial year 2016-17.	From Subsidiary to holding Company – Up to INR 450 Mn. for the financial year 2016-17; From Holding to Subsidiary Company – Up to INR 600 Mn. for the financial year 2016-17.	From Subsidiary to holding Company – Up to INR 300 Mn. for the financial year 2016-17; From Holding to Subsidiary Company – Up to INR 100 Mn. for the financial year 2016-17.
(e)	Justification for entering into such contracts or arrangements or transactions	Business requirement	Business requirement	Business requirement	Business requirement	Business requirement
(f)	Date(s) of approval by the Board, if any	April 23, 2015	April 28, 2016	April 28, 2016	April 28, 2016	April 28, 2016
(g)	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil

For and on behalf of Board of Directors of SQS India BFSI Limited

Place : Chennai

Date : April 27, 2017

David Bellin

Chairman & Director

Annexure V

Details to be disclosed in the Annual Report of the Company on Corporate Social Responsibility Activities

[Pursuant to Section 135 of the Companies Act, 2013 r/w Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	During this financial year 2016-17, SQS continued to make its commitments for the CSR initiatives, the details of the activities/ contributions are given below: the summary of policy can be viewed at our website: http://www.sqs-bfsi.com/investors/corporate-governance-policies.php
2	Composition of the CSR Committee	Prof. S Rajagopalan Prof. K Kumar Ms. Lilian Jessie Paul
3	Average Net Profit of the Company for past three financial years (Computed u/s 198)	Rs.367,040,200
4	Prescribed CSR Expenditure (Two Percent of amount as in Item 3 above)	Rs.7,340,804
5	Details of CSR spent during the financial year:	
	a Total amount to be spent for the financial year	Rs.7,340,804
	b Amount unspent, if any	Nil
	c Manner in which the amount spent during the financial year	Details given below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs 1. Local area or other; 2. Specify the State and district where the projects or programs was undertaken**	**Amount outlay (budget) project or programwise Rs.**	**Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads Rs.**	**Cumulative Expenditure upto the reporting period Rs.**	**Amount spent: Direct or through implementing agency**
1	Prime Minister Relief Fund	-	-	14,430	15,808	15,808	Direct
2	For the areas identified - Supporting Differently Abled	**Education**	Chennai, Tamilnadu	909,115	875,772	875,772	Direct – Vidya Sagar (formerly The Spastics Society of India)
3	Through Endowment fund for the areas identified for Supporting Differently Abled	**Education**	Chennai, Tamilnadu	2,850,000	2,950,000	2,950,000	Direct – Vidya Sagar (formerly The Spastics Society of India)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs 1. Local area or other; 2. Specify the State and district where the projects or programs was undertaken**	**Amount outlay (budget) project or programwise Rs.**	**Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads Rs.**	**Cumulative Expenditure upto the reporting period Rs.**	**Amount spent: Direct or through implementing agency**
4	Solar Panel Project for Supporting Differently Abled	**Education**	Chennai, Tamilnadu	1,000,000	1,000,000	1,000,000	Direct – Vidya Sagar (formerly The Spastics Society of India)
5	Baljyoti Project for establishing computer center and improvement of classrooms	**Education**	Mumbai, Maharastra	700,000	676,500	676,500	Implementing agency – World Vision India
6	Pragati project – Phase II - Improvement of sanitation facility	**Education**	Vellore, Tamilnadu	600,000	600,000	600,000	Implementing agency – World Vision India
7	Creative Learning	**Education**	Chittoor, Palamaner and Tirupati, Andhra Pradesh	1,200,000	1,182,000	1,182,000	Implementing agency - AGASTYA International Foundation
8	Administrative Expenses	-	-	67,259	40,724	40,724	-
	Total			**7,340,804**	**7,340,804**	**7,340,804**	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report - Not applicable.

7. The Corporate Social Responsibility Committee hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place : Chennai
Date : April 27, 2017

Aarti Arvind
Managing Director & CEO

Prof. S Rajagopalan
Chairman CSR - Committee

Annexure VI A

Pursuant to section 197 of Companies Act 2013 r/w Rule 5 Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014.

I. Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore and Two Lakhs Rupees

S.No.	Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the Company (with Designation)	Percentage of Equity Shares held #
1	Aarti Arvind	Managing Director & CEO	11,510,398	B.Sc, MBA	19	1/Dec/2004	42	Manager - Vanaraj & Company	-
2	N Vaidyanathan	Executive Director & CFO	12,622,147	B. Sc. FCA	41	1/Sep/2005	64	Sr.Vice President & CFO -Polaris Software Lab Limited	0.29

The percentage of equity shares held by the employee in the Company within the meaning of clause(iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Note : 1 : All the employees mentioned above are on the rolls of the Company.

Note : 2 : None of the employees are relative of any Director or Manager.

Note : 3 : It includes other incentives related to the FY 2015-16 which is paid during the FY 2016-17.

II. Top Ten Employees in terms of Remuneration drawn during the financial year 2016-17

S.No.	Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of com-mencement of employment	Age (Yrs)	Last employment held by such employee before joining the Company (with Designation)	Percentage of Equity Shares held #
1	Aarti Arvind	Managing Director & CEO	11,510,398	B.Sc, MBA	19	1/Dec/2004	42	Manager - Vanaraj & Company	-
2	N Vaidyanathan	Executive Director & CFO	12,622,147	B. Sc. FCA	41	1/Sep/2005	64	Sr.Vice President & CFO -Polaris Software Lab Limited	0.29

S.No.	Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the Company (with Designation)	Percentage of Equity Shares held #
3	Meera Krishnan	Vice President	8,483,212*	M.Sc, Dip in Computer science, MS	30	11/Jun/2001	53	Deputy Manager, EID Parry India Ltd	0.06
4	Sanjay Balarama	Senior Sales Manager	7,087,276	BSC, MBA	25	6/Aug/2012	47	Director Business Development (Country Head), Technosoft	-
5	Phani Tangirala	Senior Director, Global Insurance Vertical	6,538,260	B A	26	23/Sep/2010	46	Project Director, SSP India Private Limitred	0.16
6	Judson Daniel JM	QA Manager	6,455,734	B.Com, MCA	14	20/Feb/2003	38	First Employment in Thinksoft	-
7	Venkatesh V C	Senior Principal Business Consultant	6,427,786*	BBM, MBA	22	5/Mar/2007	41	Deputy Manager, CAMS Pvt Ltd.	0.05
8	Suresh Nagarajan	Senior Director, Global Cards and Payments Vertical	6,081,264	B.Tech, MBA	21	30/Sep/2013	43	Delivery Director, Syntel Limited	-
9	Srinath P	Senior VP - Technology & Infrastructure	5,132,118	B.Com., AICWA	24	2/Jun/2000	43	SAP Consultant, Maars Software International Limited	0.17
10	Raamji Sharma **	QA Programme Manager	4,860,422	M.com	23	12/Nov/2014	50	Vice President, Scope International	0.01

* Remuneration includes perquisites value for ESOP exercised during the year.

** Resigned during the year

The percentage of equity shares held by the employee in the Company within the meaning of clause(iii) of sub-rule (2) of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Note: All the employees mentioned above are on the rolls of the Company

III. Employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakh Fifty thousand rupees per month

S.No.	Name	Designation	Remuneration in Rs..	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the Company (with Designation)	Percentage of Equity Shares held
NIL									

IV. Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company

S.No.	Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the Company (with Designation)	Percentage of Equity Shares held
NIL									

For and on behalf of Board of Directors of SQS India BFSI Limited

Place : Chennai

Date : April 27, 2017

David Bellin

Chairman & Director

Annexure - VI B

Details as per Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1 The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

S.No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration
1	Mr. David Bellin	0.79 : 1 (1 denotes Median Salary)
2	Ms. Aarti Arvind	20.89 : 1 (1 denotes Median Salary)
3	Mr. N Vaidyanathan	21.69 : 1 (1 denotes Median Salary)
4	Prof. K Kumar	0.79 : 1 (1 denotes Median Salary)
5	Ms. Lilian Jessie Paul	0.79 : 1 (1 denotes Median Salary)
6	Prof. S Rajagopalan	0.79 : 1 (1 denotes Median Salary)
7	Mr. Rajiv Kuchhal	0.79 : 1 (1 denotes Median Salary)
8	Mr. Ulrich Baümer	0.79 : 1 (1 denotes Median Salary)

Provision made in the books for which payment will be made during the FY 2017-18

2 Percentage increase in remuneration:

S.No.	Name	Designation	Percentage increase/ decrease in remuneration
1	Mr. David Bellin	Chairman	38% decrease compared to previous year*
2	Ms. Aarti Arvind	Managing Director & CEO	52% decrease compared to the previous year remuneration*. During the FY 2015-16, Dr. Martin Müller was Managing Director and CEO.
3	Mr. N Vaidyanathan	Executive Director & CFO	Comparison not available for the Designation of Executive Director, because during the FY 2015-16 there was no such designation.
4	Prof. K Kumar	Director	38% decrease compared to previous year*
5	Ms. Lilian Jessie Paul	Director	38% decrease compared to previous year*
6	Prof. S Rajagopalan	Director	38% decrease compared to previous year*
7	Mr. Rajiv Kuchhal	Director	38% decrease compared to previous year*
8	Mr. Ulrich Baümer	Director	38% decrease compared to previous year*
9	Mr. S Sampath Kumar	Company Secretary & Compliance Officer	18% increase compared to previous year*

* The working is based on provisions made in the books during the current year and the payment will be made during the FY 2017-18.

Note: The above comparison is made based on designation.

3 Percentage increase in the median remuneration of employees

The percentage of increase in the Median employee remuneration is 16% as compared to the previous year.

4 Permanent Employees

The number of permanent employees on the rolls of the Company as on March 31, 2017 is 815 employees.

5 Other details:

S.No.	Particulars	Remarks
a	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year	During the FY 2015-16, the overall salary increased to the employees around 9%
b	Percentile increase in managerial remuneration	Compared to last financial year the Managerial remuneration decrease by 8%
c	The comparison with the percentile increase in the employee remuneration with managerial remuneration and justification thereof	Employee remuneration increase during the FY 2016-17 (+7%) was based on the appraisals and evaluations. Managerial Remuneration decreased by 8%.
d	Any exceptional circumstances for increase in the managerial remuneration	N.A.

6 Key parameters for any variable component of remuneration availed by the directors;

The Managing Director's remuneration consists of variable component which is based on performance and achievement of goals set. However, the overall amount is within the limits under the Act.

7 Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year, if any - NIL

8 The remuneration paid to the Directors and Employees are as per the remuneration policy of the Company.

For and on behalf of Board of Directors of
SQS India BFSI Limited

Place : Chennai
Date : April 27, 2017

David Bellin
Chairman & Director

Annexure - VII

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
SQS India BFSI Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SQS India BFSI Limited (hereinafter called the "Company")**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **SQS India BFSI Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017 **("Audit Period")** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2017 according to the provisions of:

1. The Companies Act, 2013 ('Act') and the rules made thereunder;
2. The Securities Contracts Regulation Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit period);
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period).

I have also examined compliance with the applicable clauses of the following;

1. Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis, the Company has complied with the following laws applicable specifically to the Company, Labour and industrial laws applicable to the Company as listed below;

1. The Special Economic Zone Act, 2005 and rules made thereunder
2. The Contract Labour (Regulation and Abolition) Act, 1970
3. The Employees Compensation Act, 1923
4. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
5. The Employees' State Insurance Act, 1948
6. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
7. The Equal Remuneration Act, 1976 and The Equal Remuneration Rules, 1976
8. The Industrial Disputes Act, 1949
9. The Maternity Benefit Act, 1961
10. The Minimum Wages Act, 1948
11. The Payment of Bonus Act, 1965
12. The Payment of Gratuity Act, 1972
13. The Payment of Wages Act, 1936
14. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
15. The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
16. The Tamil Nadu Labour Welfare Fund Act, 1972
17. The Tamil Nadu Payment of Subsistence Allowance Act, 1981
18. The Tamil Nadu Shops and Establishments Act, 1947
19. The Tamil Nadu Tax on Professions, Trades & Callings and Employments Act, 1992

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the Company's affairs.

For M. Alagar & Associates

Place: Chennai
Date : April 20, 2017

M. Alagar
FCS No.: 7488
C O P No. : 8196

Ye=Yo-r*math.cos(alfa)
Ze=Zo-r*math.sin(alfa)
RSetPosition("shatun_sborka_group",Xg,Ye,Ze)
EG=math.sqrt((Yg-Ye)*(Yg-Ye)+((Zg-Ze)*(Zg-Ze)))

Management discussion and analysis

Business overview:

The financial year 2016-2017 has been quite eventful with political and economic changes taking place across the world. These events were characterized by oil prices remaining at an all-time low, followed by 'Brexit' and then a change in the administration in the US. Despite these challenges, SQS India BFSI's revenues remained flat on a constant currency basis at 40.20 million USD compared with 40.17 mn USD in the previous year. In terms of profitability, delivery efficiency was improved and cost optimization measures were introduced to maintain EBITDA margin at 19.7%. Revenue derived from SQS Group clients grew by over 40% this year and now represents 17.3 % of the total revenues. This is an important progression in our globalisation journey as SQS India BFSI has access to 14 international markets through the Group without additional investment in sales capacity.

During the year under review, SQS India BFSI saw good growth from business in the UK, India and the Middle East markets, with increased revenue from the Company's top-10 clients, a clear validation of the value they realize from the Company. Customer confidence was reiterated with one of the Company's largest clients in Europe signing a multi-year agreement for end-to-end QA services. The US market has however proved challenging and there is a renewed focus on gaining market share there in the coming fiscal.

The Company expanded its portfolio to include digital solutions, grew agile capability and continued to strengthen its domain knowledge. The focus has been on building capability and solutions for the future and being forward thinking partners to its clients in their digital transformation programs. The Company has emerged as a trusted partner to many clients in their digital transformation initiatives.

Highlights, 2016-17:

- Revenue CAGR of 16.4% over the five-year period ending 2016-17 against the backdrop of a volatile business environment, characterized by geopolitical issues, increasing national protectionism and currency instability. Though revenue for 2016-17 was lower by 2% (at reported exchange rates), EBITDA continued to be at a healthy 19.7%. Due to changes in the foreign exchange rates, we had a large unrealized forex loss of Rs.100 Mn.
- SQS India BFSI continues to derive increased synergies with its parent company. Revenue generated through SQS Group customers grew from 11.6% in the previous financial year to 17.3% of total revenues in 2016-17. The revenues have come both from new clients added by SQS Group, as well as selling offshore services to existing SQS Group customers. Overall revenue went up across most regions with significant growth coming from SQS Group clients in Austria, the UK, Ireland and South Africa.
- Onsite revenue increased during the year at 63%. Some of these clients are now embracing the offshore model, which will help improve profitability.
- Across its practices, the Company has developed market offerings and accelerators to address the needs of each region and to address the changes taking place in the market. For example, it has tied-up with a market leader in Robotic Process Automation (RPA) that will enable clients to automate processes that would otherwise have been performed manually.
- Industrialised Managed Services (IMS) are another focus area for the year, to help drive efficiency and improve quality. This involves standardized market offerings, tool kits for sales teams, standardization of processes and methodology, repository and the use of tools to move the automation component in projects to the next level. This will help improve the quality of the Company's deliveries as well as enhance cost efficiency.

- The banking vertical continued to be the Company's largest, accounting for 47% of the 2016-17 revenue. Insurance business, an identified area of focus, grew by 100% compared to the previous year and now constitutes 13% of the overall revenue. The other practices have remained at the same revenue levels for the year though revenue from cards & payments and treasury clients had an uptick from the fourth quarter onwards. This trend is expected to continue into FY2018 as well.
- The year under review saw an increased focus on foundation-strengthening activities such as staff learning and development initiatives to augment capabilities, skills and competencies for servicing emerging market needs.
- The Company has reported improvement in debtor days from 97 days in 2014-15 to 62 days in 2015-16 to 57 days in 2016-17. Cash conversion ratio stood at a healthy 123%.
- The Company has consistently enhanced shareholder value by way of sharing surplus profits with shareholders. Continuing with the same philosophy, the Company proposes to pay a final dividend of Rs.20 per share, which would be subject to shareholder approval during the ensuing AGM.

Nelson Hall, a leading market research analyst, published its 2016 annual market report following in-depth analysis and performance evaluation of the top business quality assurance service providers. **It is a matter of pride that SQS Group was placed in the highest performing quadrant, commanding a leading marketplace position**. This endorsement of its customer proposition provides the Company with confidence and momentum going forward.

Global Outlook & Trends in the QA Industry:

Today, our marketplace and industry dynamics are undergoing a period of rapid transformation with a strong move to Agile and DevOps, which SQS India BFSI is well positioned to capitalize on. As clients re-shape their products and services for a digital age we anticipate a growing demand for digital transformation, business process automation consulting services, Industrialised Managed Services and test automation. The scope of QA has changed with end-to-end QA becoming more integrated with the product lifecycle. We have the capability to support our clients through traditional and new services, as they migrate from large, monolithic business operations to a series of more nimble, agile processes. Such changes continue to open up broader addressable markets across new geographies and industry verticals. Our technology capabilities and business quality assurance services put the Company in a strong position.

Some of the key trends we are witnessing include:

Robotic Process Automation (RPA): RPA software enables organizations to automate processes that would otherwise be executed manually and help to increase efficiency, increase agility, develop more intelligence around their processes and deliver consistent superior customer service. The global RPA market is projected to grow to US$8.75 billion in 2024 (Grand View research) with a year-on-year growth of 55-65%. Organizations are expected to realize between 35-65% cost reduction onshore and 10-30% for offshore. RPA will be a key in the future to help clients improve time-to-market, accelerate revenue possibilities and significantly reduce costs by reinvesting in digital transformation.

Quality intelligence and data services: Big Data and predictive analytics have been reshaping organizations and business processes. In 2016, organizations increasingly moved data analytics projects into production as they sought the capability to better integrate internal and external data to better understand their customers and drive efficiencies. Similar trend are being noticed in area of quality intelligence such as code quality, service quality and vulnerability analysis.

The Internet of Things (IoT) is a reality but there is too much competition with not enough collaboration—resulting in many individual appliances and apps on the market, but few solutions to tie everything together into a single, seamless user experience. To improve customer experience, it is extremely important to have thoroughly tested machine-to-machine communication and the integration of various applications and payment gateways. Adding to the complexity, the number of available devices is constantly increasing and the existing devices are constantly transforming to better devices. Hence testing such complex integrated solution without impacting user experience opens up a tremendous opportunity for QA services.

Machine learning and Artificial Intelligence (AI): By 2020 Artificial Intelligence is predicted to surpass human intelligence. Though AI is not new to BFSI, the dynamics today have significantly changed with

more and more data available both in structured and un-structured formats. This accelerates the speed of machine learning thereby helping in more accurate decision making. Machine learning is already being used in hedge funds, lending, loans (for credit worthiness assessment), CRM (for risk profiling), treasury and spot transactions, among others. However, the biggest fear factor in adopting AI technologies is the fear of failure. Hence QA services to give that confidence have become more relevant now than ever in the past

Agile/DevOps: Agile has been in the spotlight recently thanks to the emergence of DevOps, which puts business requirements, analysis, design, development, testing and operations/maintenance into a single orbit called 'continuous integration'. Agile complements DevOps by delivering the working software first and keeping abreast of competition. Continuous integration tools help ensure the seamless integration and reporting of automated tools that take care of building, testing, deployment and operations. We are increasingly seeing our Agile competency work as a differentiator.

Test Environment & Test Data Management:

The advent of cloud and DevOps paradigms has resulted in a change in the way test environments are created, delivered and maintained. The traditional test environments have given way to new Virtual Machines (VMs), which were further enhanced through various tools that deliver a new promise called "infrastructure as code". By using such VMs, entire test environment can be created quite easily by writing reusable code/ scripts. Despite the nuances in the test environment landscape, validating environments has become all the more relevant.

With the above trends shaping themselves into stable offerings, the QA industry will see a sea change in the next couple of years with an emphasis on higher speed, enhanced quality and continuous QA. This would be possible through automation, adopting of more maneuverable technics like Agile/DevOps and the development of intelligent tools and frameworks. SQS India BFSI believes these changes are imminent and sees a big opportunity for QA in the future.

Opportunities and Risks:

The National Association of Software and Services Companies (NASSCOM), expects the global software testing outsourcing market is expected to grow from US$30 billion in 2010 to US$50 billion in 2020. In line with this forecast, the Company expects to see continued growth in US, Europe and some parts of Asia. The changes, which have been set into motion due to Brexit, will result in more opportunities for SQS India BFSI in the medium to long-term. We expect challenges in the Middle East oil based economies to continue. The US is the world's largest IT market and given the progress we have made following the integration of the Group's acquisitions in the region, the Company is well-positioned to grow through enhanced market offerings. National employment protectionism is increasing in a number of markets and this may require more local staff deployment for onsite positions. Fortunately your Company is well placed to utilize the SQS Group resources in the US and Europe to best serve clients for their onsite requirements.

The Company is reassured by the continuing momentum within its existing, globally-diverse client base. Its evolving product and service offering are also opening up new opportunities for higher-margin client engagements. Companies are under constant pressure to improve efficiencies as well as client experience and the Company's move towards Industrialised Managed Services will help its clients in this journey. The Company has a solid business pipeline and is well-positioned to deliver further growth in the years ahead.

The Company is nimble and has the "Agility" to change and capitalize on the opportunities that would emerge due to digital transformations in BFSI.

Internal Controls Systems and their adequacy:

The CEO and CFO of the Company have provided a certificate, which forms a part of this annual report, which confirms the adequacy of the internal control systems and procedures.

Report on Corporate Governance

1. Company's Philosophy on Code of Corporate Governance:

SQS India BFSI is committed to maintaining high standards of Corporate Governance, protecting Customers', Shareholders' and other Stakeholders' interests. In line with this philosophy, SQS India BFSI Limited endeavors to maintain transparency at all levels through adoption of best Corporate Governance Practices. The following is a report on the status and progress on major aspects of Corporate Governance.

2. Board of Directors:

The Directors of the Company possess highest professional ethics, integrity and values and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgment on behalf of the Company.

I. Composition:

The Board has an optimum combination of Executive, Non-Executive and Independent Directors, which ensures proper governance and management.

As on March 31, 2017, the Board of Directors ("Board") comprises of ten members out of which two are Executive Directors, three are Non-Executive Directors and five are Non-Executive - Independent Directors. The Chairman of the Board is a Non-Executive Director.

Mr. Reji Thomas Cherian was appointed as an additional Non-Executive Director by the Board in their meeting held on April 28, 2016 and his appointment was confirmed by the Shareholders in the Annual General Meeting held on July 28, 2016. Mr. Reji Thomas Cherian has resigned as Non-Executive Director of the Company with effect from April 27, 2017.

The optimum combination of Executive, Non-executive and Independent Directors ensure independence of the Board and separation of Board function from governance and management.

As mandated under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors are a member of more than ten Board Level Committees nor any of them are Chairman of more than five Board level Committees, across all Listed entities in which they are Directors.

II. Board Meetings:

Four Board Meetings were held during the year and the gap between any two meetings did not exceed 120 days. The dates on which the said meetings were held are as follows: April 28, 2016, July 28, 2016, October 20, 2016 and February 02, 2017.

Attendance of each Director at the Board Meetings and last AGM and the number of companies and Committees where he/ she is a Director/ Member are as under:

Name of the Director	Category of Director	Number of Board Meetings during the year 2016-17		Whether attended last AGM held on July 28, 2016
		Held	Attended	
Mr. David Bellin	Chairman & Non-Executive Director	4	4	Yes
Ms. Aarti Arvind	Managing Director & CEO	4	4	Yes
Mr. N Vaidyanathan	Executive Director & CFO	4	4	Yes
Prof. K Kumar	Independent & Non-Executive Director	4	4	Yes

Name of the Director	Category of Director	Number of Board Meetings during the year 2016-17		Whether attended last AGM held on July 28, 2016
		Held	Attended	
Ms. Lilian Jessie Paul	Independent & Non-Executive Director	4	4	Yes
Prof. S Rajagopalan	Independent & Non-Executive Director	4	4	Yes
Mr. Rajiv Kuchhal	Independent & Non-Executive Director	4	4	Yes
Mr. Reji Thomas Cherian	Non-Executive Director	4	4	Yes
Mr. René Gawron	Non-Executive Director	4	4	Yes
Mr. Ulrich Bäumer	Independent & Non-Executive Director	4	3	No

Notes:

a. None of the Directors holds directorships in any other Indian Public Limited Companies and does not hold Membership/Chairmanship of any Committee(s) in other Indian Public Limited Companies (listed and unlisted).

b. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

c. None of the Directors are related inter-se.

d. During the year, information as mentioned under Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for its consideration.

Post meeting follow-up mechanism:

Important decisions taken at the Board/Committee Meetings are promptly communicated to the concerned departments. Action Taken Report on decisions/minutes of previous meetings is placed at the succeeding meetings of the Board/Committee for taking note.

III. Number of Shares held by Non-Executive Directors:

Number of shares held by Non-Executive Directors as on March 31, 2017 are:

S.No	Name	Shares
1	Prof. K Kumar	1,000
2	Prof. S Rajagopalan	700
3	Mr. Rajiv Kuchhal	57,692
	TOTAL	**59,392**

No other Non-Executive Directors hold any shares in the Company.

IV. Familiarization Programmes:

The details of familiarization programmes provided to Independent Directors is uploaded in the Company's website. The web link for the same is http://www.sqs-bfsi.com/investors/corporate-governance-policies.php.

3. Audit Committee:

I. The terms of reference of the Audit Committee are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

II. Composition, name of the members and Chairman and Attendance during the year:

The Audit Committee of the Company is constituted in line with Regulations 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. Accordingly, the Audit Committee consist of three Independent Directors and one Non-Executive Director. The Chairman of the Audit Committee is an Independent Director.

The Statutory Auditors and Internal Auditors are invited to attend the Audit Committee meetings as and when necessary and the Company Secretary acts as the Secretary of the Committee.

The minutes of the meetings of the Audit Committee are circulated to all the members of the Board along with the Board Agenda.

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 27, 2016, July 27, 2016, October 20, 2016 and February 02, 2017.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of the Director	Status	Number of meetings during the year 2016-17	
		Held	Attended
Prof. K Kumar	Chairman	4	4
Prof. S Rajagopalan	Member	4	4
Mr. Rajiv Kuchhal	Member	4	4
Mr. René Gawron	Member	4	4

Prof. K. Kumar, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on July 28, 2016.

4. Nomination and Remuneration Committee:

Nomination and Remuneration Committee was constituted to discharge the Board's responsibilities related to performance evaluation, formulating policy for selection and appointment of directors and KMP, appointment and compensation of the Company's Executive Directors / KMP. The committee has the overall responsibility of approving and evaluating the compensation plans, policies and programs for executive Directors. The Committee is entailed to formulate various policies as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I. Brief description of terms of reference:

The terms of reference of the Remuneration Committee are broadly as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- To review the Company's remuneration policy on specific remuneration packages to Executive Directors including pension rights and any compensation payment while striking a balance with the interest of the Company and the shareholders;
- To approve the Annual Remuneration Plan of the Company;
- To formulate the Employees Stock Option Scheme in accordance with the relevant regulations/guidelines for the time being in force and recommend the same to the Board for its consideration. Administration of ESOP Scheme as stipulated under SEBI (Share Based Employee Benefits) Regulations, 2014.

II. Composition, name of the Members and Chairman and attendance during the year:

The Committee consists of three Independent Directors and One Non-Executive Director.

Four Nomination and Remuneration Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 27, 2016, July 27, 2016, October 20, 2016 and February 02, 2017.

The name of Chairman and Members of the Committee along with the meeting attendance is given in the below table:

Name of the Director	Status	Number of meetings during the year 2016-17	
		Held	Attended
Prof. K Kumar	Chairman	4	4
Prof. S Rajagopalan	Member	4	4
Mr. Rajiv Kuchhal	Member	4	4
Mr. David Bellin	Member	4	4

III. Performance Evaluation Criteria for Independent Directors:

The Performance Evaluation Criteria for Independent Directors is provided under the heading Board evaluation in the Directors' Report.

5. Remuneration of Directors:

I. Remuneration policy:

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Company has formulated a policy, relating to the remuneration of the directors, Key Managerial Personnel and other employees.

The remuneration policy framed by the Nomination and Remuneration Committee warrants the Committee to decide the remuneration and other areas which falls under the terms of reference of the Committee.

The Policy also sets out the following in details:

- Qualifications for appointment of Directors (including Independent Directors)
- Positive attributes of Directors (including Independent Directors)
- Criteria for appointment of KMP/Senior Management:
- Policy relating remuneration of whole time directors
- Policy relating remuneration of non-executive / Independent directors
- Policy relating remuneration of key managerial personnel and senior management

The evaluation criteria is provided elsewhere in the Annual Report.

II. Details of Remuneration for the year ended March 31, 2017:

The disclosure on the remuneration of directors as required under Schedule V (C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as follows:

a. Remuneration of Non-Executive Directors:

Name of the Director	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. David Bellin	474,000	160,000	634,000
Prof. K Kumar	474,000	340,000	814,000
Ms. Lilian Jessie Paul	474,000	160,000	634,000
Prof. S Rajagopalan	474,000	340,000	814,000
Mr. Rajiv Kuchhal	474,000	260,000	734,000
Mr. Reji Thomas Cherian	NIL	NIL	NIL
Mr. René Gawron	NIL	NIL	NIL
Mr. Ulrich Bäumer	474,000	80,000	554,000

b. Criteria of making payments to Non-Executive Directors:

The Criteria of making payments to Non-Executive Directors is provided under Item No.28 of the Directors' Report.

c. Stock option details:

Details of Shares and Stock option held by Non-Executive Directors as on March 31, 2017 are as under:

S.No	Name	Shares Held	Stock Option
1	Prof. K Kumar	1,000	10,000
2	Prof. S Rajagopalan	700	6,000
3	Mr. Rajiv Kuchhal	57,692	10,000
	TOTAL	**59,392**	**26,000**

The options were issued with a graded vesting over a period of 3 years and exercisable over a period of 5 years from the date of vesting.

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the judgment of the Board which may affect the independence of the director except receiving sitting fee for attending meetings.

d. Remuneration of Executive Director:

Compensation to the Managing Director & CEO and the Executive Director & CFO are paid as per the Service Agreements entered with them subject to the limits specified as per the provisions of the Companies Act, 2013.

Amount in Rs.

S. No.	Particulars of Remuneration	Ms. Aarti Arvind MD & CEO	Mr. N Vaidyanathan ED & CFO
1	Gross Salary	10,663,548	11,573,362
2	Stock Options	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission	NIL	NIL
5	Others (Incentives)*	1,806,000	1,370,000
	Total	**12,469,548**	**12,943,362**

* Provision made in the books for which payment will be made during financial year 2017-18.

The Gross Salary given in Point 1 above includes the Performance based incentive for the financial year 2016-17. The Variable compensation were based on the achievement of a set of parameters as was framed by the Nomination and Remuneration Committee and decided by the Board of Directors of the Company from time to time. These parameters consists of both quantitative as well as qualitative achievements.

The agreement with the Managing Director & CEO was for a period of 3 years, w.e.f. April 1, 2016. The agreement with the Executive Director & CFO was for a period from April 1, 2016 to September 5, 2017. Further, either party to the agreement is entitled to terminate the Agreement by giving not less than six months' notice in writing to the other party or by prior approval of the Board of Directors. The Managing Director & CEO and Executive Director & CFO are entitled for severance pay subject to the provisions contained in Section 202 of the Companies Act, 2013.

6. Stakeholders' Relationship Committee:

The Committee has been formed to look into the redressal of Shareholders' / Investors complaints relating to transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

Four Stakeholders' Relationship Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 27, 2016, July 27, 2016, October 20, 2016 and February 02, 2017.

The Committee consists of three Independent Directors. The Chairman of the Committee is Independent & Non-Executive Director.

The composition of the Stakeholders' Relationship Committee along with the meeting attendance is given in the below table:

Name of the Director	Status	Number of meetings during the year 2016-17		
		Held	Held after appointment	Attended
Prof. S Rajagopalan	Chairman	4	4	4
Prof. K Kumar	Member	4	4	4
Ms. Lilian Jessie Paul	Member	4	3	3

Mr. S. Sampath Kumar was designated as the Compliance Officer of the Company in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The status of investor complaints received during the year is as follows:

Number of Complaints received during the year*	15
Number of Complaints resolved during the year	15
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Complaints pending as on March 31, 2017	NIL

*Complaints were pertaining to non-receipt of Dividend Warrants and non-receipt of Annual Report.

7. Corporate Social Responsibility Committee:

The Committee has been formed to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the activities referred above and to monitor the Corporate Social Responsibility Policy of the Company from time to time.

Four Corporate Social Responsibility Committee Meetings were held during the year. The meetings were held on April 19, 2016, July 22, 2016, October 5, 2016 and January 16, 2017.

The Committee consists of three Independent Directors. The Chairman of the Committee is Independent & Non-Executive Director.

The composition of the Corporate Social Responsibility Committee along with the meeting attendance is given in the below table:

Name of the Director	Status	Number of meetings during the year 2016-17		
		Held	Held after appointment	Attended
Prof. S Rajagopalan	Chairman	4	4	4
Prof. K Kumar	Member	4	4	4
Ms. Lilian Jessie Paul	Member	4	3	3

8. Independent Directors' Meeting:

The meeting of Independent Directors of the Company was held on February 02, 2017. All the Independent Directors of the Company has participated in the said meeting. In the meeting, the Independent Directors have,

i. Reviewed the performance of non-independent directors and the Board as a whole

ii. Reviewed the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors

iii. Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

9. General Body Meetings:

I. Location, date and time of the last three Annual General Meetings held:

Details	Date	Time	Venue
Annual General Meeting 2013-14	July 24, 2014	3.30 p.m.	Sri Thyaga Brahma Gana Sabha, P.Obul Reddy Hall, Vani Mahal, 103, G.N.Chetty Road, T. Nagar, Chennai -600 017.
Annual General Meeting 2014-15	July 23, 2015	3.30 p.m.	The Residency Towers, The Town Hall, 115, Sir Thyagaraya Road, T. Nagar, Chennai - 600 017.
Annual General Meeting 2015-16	July 28, 2016	3.30 p.m.	The Residency Towers, The Town Hall, 115, Sir Thyagaraya Road, T. Nagar, Chennai - 600 017

II. Extraordinary General Meeting:

No Extraordinary General Meeting of the members was held during the year.

III. Postal Ballot:

During the financial year, the Company did not pass any Shareholders' Resolution by way of Postal Ballot.

As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

IV. Special Resolutions in the last three Annual General Meetings:

16th Annual General Meeting for the year 2013-14 held on July 24, 2014

1. Special Resolution was passed approving the re-designation of Dr. Martin Müller as Managing Director and CEO and approval of his Service Agreement.
2. Special Resolution was passed approving the payment of remuneration to Directors other than Managing Director or Whole-time Director.
3. Special Resolution was passed approving the change in the name of the Company.

17th Annual General Meeting for the year 2014-15 held on July 23, 2015

1. Special Resolution was passed towards adoption of amended Articles of Association.
2. Special Resolution was passed towards approval of Related Party Transactions.

18th Annual General Meeting for the year 2015-16 held on July 28, 2016

Nil

10. Means of Communication to Shareholders:

Quarterly results and newspapers wherein results published:

During the year, quarterly, half yearly and Annual Financial Results of the Company on the Standalone and Consolidated basis were submitted to the Stock Exchanges soon after they were approved by the Board of Directors.

The Financial Results are also published in 2 leading newspapers Financial Express (English) and Makkal Kural (Tamil). Results are displayed in the Company's Website www.sqs-bfsi.com.

All material information about the Company is promptly disclosed through electronic platform to the Stock Exchanges where the Company's shares are listed.

All official news releases of relevance to the investors are also made available on the Company's website. The presentation made to the analysts are also placed in the website of the Company.

11. General Shareholder Information:

I. Annual General Meeting Date, Time and Venue:

19th Annual General Meeting

Date and Time: July 27, 2017 at 3.30 pm

Venue: The Residency Towers, The Town Hall, 115, Sir Thyagaraya Road, Chennai - 600 017

II. Financial calendar:

Tentative Financial Calendar for the year 2017-18

Financial Year	April 1, 2017 to March 31, 2018
First Quarter Results	On or before August 15, 2017
Half Yearly Results	On or before November 15, 2017
Third Quarter Results	On or before February 15, 2017
Fourth Quarter and Annual Results	On or before May 31, 2018

III. Date of book closure:

July 22, 2017 to July 27, 2017 (both days inclusive)

IV. Dividend payment date:

The Final Dividend proposed to be declared for the year 2016-17 will be paid on or before August 26, 2017. Interim dividend declared during the year was paid on November 15, 2016.

V. Listing of Stock Exchanges and Stock Code:

10,679,881 equity shares of Rs.10/- each is listed at

Name of the Stock Exchange	Stock Symbol
National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai-400051	SQSBFSI
Bombay Stock Exchange Limited, PJ Towers, Dalal Street, Mumbai – 400001	533121

The Company has paid the annual listing fees for the year 2016-17 on both the above Stock Exchanges.

VI. Market Price data:

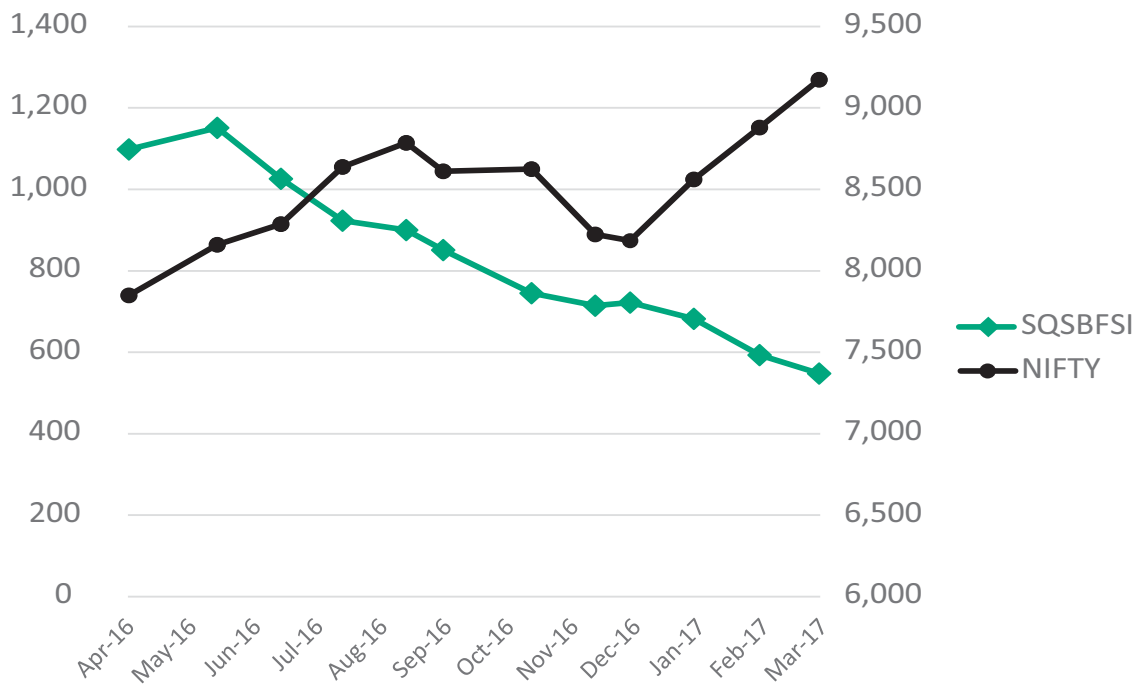
The closing market price of equity shares on March 31, 2017 (last trading day of the year) was Rs.547.65 on NSE and Rs.546.65 on BSE.

VII. Monthly share price movement during 2016-17 at NSE & BSE:

The monthly movement of equity share prices during the year at NSE and BSE are summarized herein below:

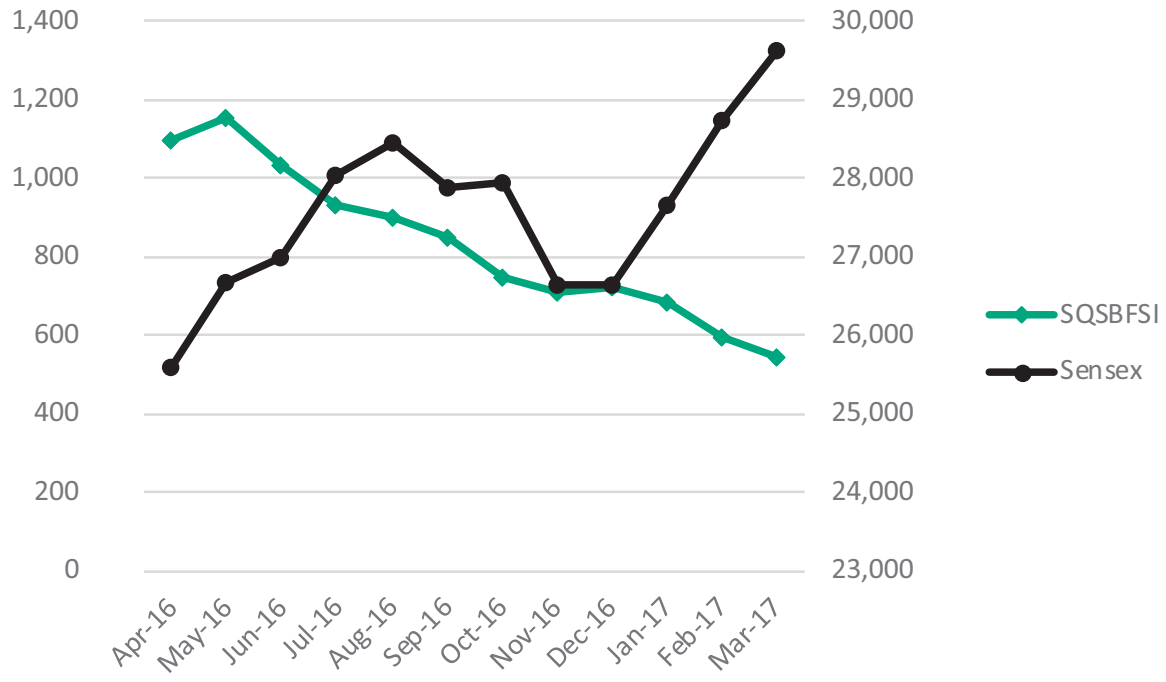
MONTH	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
April, 2016	1,115.00	891.45	284,816	1,116.50	895.00	58,979
May, 2016	1,240.00	1,062.00	291,492	1,240.00	1,064.00	57,122
June, 2016	1,189.95	950.00	237,262	1,180.00	958.45	58,190
July, 2016	1,031.00	911.00	369,130	1,030.00	908.00	67,729
August, 2016	967.00	881.00	213,168	965.00	882.15	45,203
September, 2016	924.00	825.20	289,920	915.00	831.00	39,923
October, 2016	920.00	716.00	405,070	922.00	715.00	82,311
November, 2016	759.90	660.05	244,140	760.00	664.00	44,709
December, 2016	790.00	675.00	313,230	794.90	676.00	58,367
January, 2017	753.90	678.40	150,314	747.00	675.00	28,059
February, 2017	784.00	557.05	576,429	709.90	558.00	108,703
March, 2017	599.00	489.05	704,423	599.75	488.00	118,600
TOTAL			**4,079,394**			**767,895**

VIII. The performance of the equity share price of the Company vis-à-vis the NIFTY at NSE is as under:



	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
SQSBFSI	1,098.05	1,151.60	1,025.95	923.15	900.45	851.15	745.00	714.65	722.25	681.90	592.90	547.65
NIFTY	7,849.80	8,160.10	8,287.75	8,638.50	8,786.20	8,611.15	8,625.70	8,224.50	8,185.80	8,561.30	8,879.60	9,173.75

The performance of the equity share price of the Company vis-à-vis the SENSEX at BSE is as under:



	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
SQSBFSI	1,097.00	1,150.80	1,033.40	929.90	900.05	852.10	747.75	709.60	723.95	683.75	592.75	546.65
Sensex	25,606.62	26,667.96	26,999.72	28,051.86	28,452.17	27,865.96	27,930.21	26,652.81	26,626.46	27,655.96	28,743.32	29,620.50

IX. Registrar and Share transfer agents:

The Registrar & Share Transfer Agent deals with all shareholders communications regarding change of address, transfer of shares, change of mandate, demat of shares, non-receipt of dividend etc. The address of the Registrar & Share Transfer Agent is as under:-

Name and Address of Registrar and Share Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032
Tel	+91 40 6716 2222
E-mail ID	einward.ris@karvy.com
Website	www.karvycomputershare.com

X. Share transfer system:

The shares of the Company are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 15 days from the date of lodgment, subject to documents being correct, valid and complete in all respects.

XI. Distribution of shareholding as at March 31, 2017:

Category (Amount)	No. of Shareholders	% of Shareholders	No. of shares held	Amount (Rs.)	% of Amount
1-5000	14,062	93.07	948,384	9,483,840	8.88
5001- 10000	428	2.83	334,412	3,344,120	3.13
10001- 20000	235	1.56	358,711	3,587,110	3.36
20001- 30000	122	0.81	306,842	3,068,420	2.87
30001- 40000	67	0.44	236,451	2,364,510	2.21
40001- 50000	48	0.32	216,583	2,165,830	2.03
50001- 100000	86	0.57	610,006	6,100,060	5.71
100001& Above	61	0.40	7,668,492	76,684,920	71.81
Total	**15,109**	**100.00**	**10,679,881**	**106,798,810**	**100.00**

Shareholding Pattern as on March 31, 2017:

S.No	Category	Number of Shares	% of holding
1	Promoters	5,753,801	53.88
2	Mutual Funds	82,449	0.77
3	Foreign Portfolio Investors	140,354	1.31
4	Bodies Corporate	739,447	6.92
5	Non-Resident Indians	254,057	2.38
6	Public and Others	3,709,773	34.74
	Total	**10,679,881**	**100.00**

XII. Dematerialization of securities and liquidity:

As on March 31, 2017, 10,677,877 shares of the Company were held in dematerialized form and 2,004 shares were held in physical form. The demat security (ISIN) code for the equity share is INE201K01015.

XIII. Outstanding GDRs/ADRs/warrants/any other convertible instruments:

The Company has not issued instruments of the captioned type.

XIV. Foreign Exchange Risk and Hedging Activities:

The Company does not have any policy for hedging the exchange fluctuations and therefore does not make any Forward covers/options/swaps etc. The Company maintains and operates Exchange Earner's Foreign currency (EEFC) accounts through which foreign currency transactions / exposures are being handled. Exchange differences on account of conversion of foreign currency transactions are recognized as income / expense, as the case may be, in the financial statements.

XV. Locations:

The Company has three Delivery Centers at Chennai and Sales office cum Delivery Centre in Mumbai. The Company has branch offices in Belgium and Malaysia. The Company has Place of Establishments in Hong Kong and Australia. The addresses of these offices are available on the Company's website.

XVI. Details of Unpaid Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund (IEPF) established by the Government. During the financial year 2016-17, an amount of Rs.65,500/- which was lying in the IPO refund account of the Company was tranferred to the IEPF on completion of 7 years.

The last date for claiming unpaid dividend amount before transfer to IEPF account are as under:

Financial Year		Date of Declaration	Last date for claiming unpaid dividend
Interim Dividend	2009-10	26-Mar-10	1-May-17
Final Dividend	2010-11	29-Jul-11	3-Sep-18
Interim Dividend	2011-12	3-Nov-11	9-Dec-18
Final Dividend	2011-12	25-Jul-12	30-Aug-19
Interim Dividend	2012-13	25-Oct-12	30-Nov-19
Final Dividend	2012-13	25-Jul-13	30-Aug-20
Interim Dividend	2013-14	17-Oct-13	22-Nov-20
Final Dividend	2013-14	24-Jul-14	29-Aug-21
Interim Dividend	2014-15	30-Oct-14	5-Dec-21
Final Dividend	2014-15	23-Jul-15	28-Aug-22
Interim Dividend	2015-16	5-Nov-15	11-Dec-22
Final Dividend	2015-16	28-Jul-16	2-Sep-23
Interim Dividend	2016-17	20-Oct-16	25-Nov-23

Individual reminders are sent to those Members whose dividends have remained unclaimed. The information on unclaimed dividend is also posted on the website of the Company.

XVII. Address for Correspondence:

SQS India BFSI Limited
6A, Sixth Floor, Prince Infocity-II,
283/3, 283/4, Rajiv Gandhi Salai (OMR),
Kandanchavadi, Chennai-600 096
Telephone: +91 44 4392 3200
Fax: +91 44 4392 3258
Website: www.sqs-bfsi.com e-mail: investor.sqsbfsi@sqs.com

12. Other Disclosures:

I. Materially Significant Related Party Transactions:

There are no materially significant related party transactions made by the Company with the Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The material related party transactions with Promoters and its Subsidiaries (Fellow Subsidiaries) for the financial year 2016-17 are as below:

Name of the related party and Nature of relationship	Value of Transaction and % of transaction value with previous year consolidated Turnover	Nature, material terms and particulars of the arrangement	Other information
SQS Software Quality Systems AG & its Subsidiaries and Holding Company and Fellow Subsidiaries.	INR 549.42 Mn. for April, 2016 to March, 2017. The percentage of transaction is 20.8%.	Rendering and Availing of Services. The Contract is effective from April 01, 2015 (and as amended from time to time) is for availing and rendering of services.	The transaction is in the normal course of business and at arm's length basis, for availing and rendering of services. A transaction limit of up to INR 975 Mn. per annum for availing of services and a limit of up to INR 975 Mn. per annum for rendering of services, for every financial year, has been approved by the Shareholders in the Annual General Meeting of the Company held on July 23, 2015.

II. There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by Securities Exchange Board of India (SEBI), Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

III. Whistle Blower Policy:

Your Company has formulated and adopted a Whistle Blower policy. No employee has been denied access to the Audit Committee. The details of establishment of Whistle Blower Policy is posted in the Company's website. The web link for the same is http://www.sqs-bfsi.com/investors/corporate-governance-policies.php.

IV. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

The Company has complied with all mandatory requirements laid down in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable. Compliance with non-mandatory requirements is disclosed at appropriate places.

V. Policy on Material Subsidiary:

The policy on Material Subsidiary of the Company is uploaded in the Company's website. The web link for the same is http://www.sqs-bfsi.com/investors/corporate-governance-policies.php.

VI. Policy on dealing with Related Party Transactions:

The policy on dealing with Related Party Transactions of the Company is uploaded in the Company's website. The web link for the same is http://www.sqs-bfsi.com/investors/corporate-governance-policies.php.

VII. Disclosures with respect to demat suspense account / unclaimed suspense account: Nil.

Compliance Certificate

TO THE MEMBERS OF SQS INDIA BFSI LIMITED

We have examined the compliance of the conditions of Corporate Governance by SQS India BFSI Limited, for the year ended March 31, 2017 as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and this certificate is issued in accordance with the requirements of Para E of Schedule V to the said regulation.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar and Share Transfer Agents of the Company to Stakeholders Relationship Committee, as on March 31, 2017, there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner
Membership No.027251

Place: Chennai

Date : April 27, 2017

CEO & CFO Certification

We, Aarti Arvind, Managing Director & Chief Executive Officer and N Vaidyanathan, Executive Director and Chief Financial Officer, responsible for the finance function certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2017 which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

1. Significant changes in internal control over financial reporting during the year;

2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Chennai
Date : April 27, 2017

Aarti Arvind
Managing Director & CEO

N Vaidyanathan
Executive Director & CFO

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted the Code of Conduct for its employees including the Directors and Senior Management Personnel. The Code of Conduct is posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2017, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, the Senior Management Team means Members of the Management one level below Executive Directors as on March 31, 2017.

Place: Chennai

Date : April 27, 2017

Aarti Arvind

Managing Director and CEO

Auditor's Certificate as required under Clause 13 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

We have examined the books of accounts and other relevant records of SQS India BFSI Limited having Registered and Corporate Office at 6A, Sixth floor, Prince Infocity - II, No.283/3 & 283/4, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai - 600 096 and based on the information and explanation given to us, we certify that in our opinion, the Company has implemented the Employee Stock Option Scheme in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the Special Resolution passed by the Company in the Annual General Meeting held on July 29, 2011 and July 25, 2012.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner
Membership No.027251

Place: Chennai

Date : April 27, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SQS India BFSI Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SQS India BFSI Limited, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Please refer Note 26 to the standalone financial statements.

      ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv) Based on the information and explanations provided to us, the Company has provided the requisite disclosures in its financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner
Membership No.027251

Place: Chennai

Date : April 27, 2017

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The Company has a regular program of verifying fixed assets every year which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program. As informed, there were no discrepancies identified by the management that required adjustment in the financial statement.

   (c) The title deeds of immovable properties are held in the name of the Company.

2. The Company does not have inventory and hence, clause (ii) is not applicable.

3. According to information and explanation given to us, the Company has not granted any loans to parties covered under Section 189 register and hence clause (iii) is not applicable.

4. Based on our audit procedures & according to the information and explanation given to us, in respect of loans, investments, guarantees and security (if any), provisions of Section 185 and 186 of the Act (where applicable) have been complied with.

5. Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause (v) is not applicable.

6. The Company is not required to maintain cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including income-tax, service tax, cess and any other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of income-tax, service tax, cess and any other statutory dues were in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable.

   (b) Dues relating to service tax and income tax, which have not been deposited on account of disputes with the related authorities, are stated in table below:

Name of the statute	Period	Amount (Rs. in Lacs)	Forum where the dispute is pending
Service tax	FY 2004 to FY 2006	72	Service Tax Commissioner Appeals
Income tax	FY 2009, FY 2012, FY 2013 & FY 2014	559	DCIT & CIT Appeals

8. The Company has not taken any loans from banks or financial institutions and hence clause (viii) is not applicable.

9. The Company has not raised moneys from the public during the year and hence clause (ix) is not applicable.

10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company, by its officers or employees has been noticed or reported during the year.

11. Based on our audit procedures and as per the information and explanations given to us, Managerial remuneration paid or provided during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12. The Company is not a Nidhi Company in accordance with Nidhi Rules, 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

13. Based on the audit procedures performed and according to information and explanations given to us, all the transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.

14. Based on the audit procedures performed and information and explanation given to us, we report that the Company has not made any preferential allotments of shares during the year.

15. Based on the audit procedures performed and information and explanation given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them.

16. Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner
Membership No.027251

Place : Chennai

Date : April 27, 2017

ANNEXURE B

Referred to in paragraph 2 (f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SQS India BFSI Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PKF Sridhar & Santhanam LLP

Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner
Membership No.027251

Place : Chennai

Date : April 27, 2017

Standalone Balance Sheet as at March 31, 2017

Particulars	Note	March 31, 2017 Rs.	March 31, 2016 Rs.
EQUITY and LIABILITIES			
Shareholder's Funds			
Share capital	3	106,798,810	106,387,490
Reserves and Surplus	4	932,502,300	764,147,394
		1,039,301,110	**870,534,884**
Share application money pending allotment		**-**	**2,362,160**
Current Liabilities			
Trade payables			
a) Total outstanding due to Micro, Small and Medium enterprises	32	-	-
b) Total outstanding dues to creditors other than Micro, Small and Medium enterprises		19,171,305	21,858,680
Other current liabilities	5	306,082,908	318,313,388
Short-term provisions	6	74,564,085	353,799,493
		399,818,298	**693,971,561**
TOTAL		**1,439,119,408**	**1,566,868,605**
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	7	246,602,022	225,410,541
Intangible assets	8	19,837,586	22,368,468
Non current Investments	9	42,862,197	42,862,197
Deferred tax asset (Net)	10	3,323,207	6,089,810
Long term loans and advances	11	18,928,261	26,408,126
Other Non-current assets	12	3,252,103	4,516,867
		334,805,376	**327,656,009**
Current Assets			
Trade receivables	13	271,094,294	347,602,998
Cash and bank balances	14	296,627,249	545,401,904
Short term loans and advances	11	525,662,095	330,970,336
Other current assets	12	10,930,394	15,237,358
		1,104,314,032	**1,239,212,596**
TOTAL		**1,439,119,408**	**1,566,868,605**

Summary of significant accounting policies 2

The accompanying notes are an integral part of this Balance Sheet

As per our report of even date.

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn. No.003990S/S200018

T V Balasubramanian
Partner
Membership No. : 027251

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board of Directors

David Bellin — Chairman & Director
Aarti Arvind — Managing Director
N Vaidyanathan — Executive Director & CFO
S Sampath Kumar — Company Secretary

Place : Chennai
Date : April 27, 2017

Standalone Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note	March 31, 2017 Rs.	March 31, 2016 Rs.
Revenue from Operations	15	2,599,481,357	2,641,617,362
Other income	16	5,786,951	50,924,243
Total Revenue		**2,605,268,308**	**2,692,541,605**
Employee benefits expense	17	1,057,919,210	1,060,831,858
Depreciation and amortization expense	18	51,768,270	40,296,609
General, administrative and other expenses	19	1,158,129,360	1,090,284,050
Finance cost	20	1,500,176	2,415,069
Total Expenses		**2,269,317,016**	**2,193,827,586**
Profit before exceptional and extraordinary items and tax		**335,951,292**	**498,714,019**
Exceptional items		-	-
Profit before extraordinary items and tax		**335,951,292**	**498,714,019**
Extraordinary items		-	-
Profit before tax		**335,951,292**	**498,714,019**
Tax expense:			
Current Tax			
Current year		116,842,358	179,638,109
Deferred Tax (Credit)		2,766,603	430,000
Profit for the year		**216,342,331**	**318,645,910**
Earnings per Equity share (Par value of Rs.10 each)	21		
Basic		20.27	30.09
Diluted		20.22	29.90

Summary of significant accounting policies 2

The accompanying notes are an integral part of this Statement of Profit and Loss

As per our report of even date.

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn. No. 003990S/ S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

Standalone Statement of Cash flow for the year ended March 31, 2017

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Cash flow from operating activities		
Net profit/(loss) before taxation	**335,951,292**	**498,714,019**
Adjustments for:		
Depreciation/amortization	51,768,270	40,296,609
Loss/(profit) on sale of fixed assets	(283,077)	(477,539)
Unrealized forex exchange loss/(gain), net	75,630,368	(1,373,040)
Interest income	(5,503,874)	(7,100,678)
Interest expense	-	944,407
Provision for bad and doubtful debts	-	3,488,958
Operating profit before working capital changes	**457,562,979**	**534,492,736**
Increase/(Decrease) in Trade Receivables	74,788,459	191,436,489
Increase/(Decrease) in loans and advances and other current assets	(244,110,010)	(278,144,021)
Increase/(Decrease) in Trade payable, current liabilities & provisions	(15,751,824)	148,005,432
Cash generated from operations	**272,489,604**	**595,790,636**
Direct taxes paid (net of refunds)	(130,883,052)	(129,709,955)
Net cash from/(used in) operating activities	**141,606,552**	**466,080,681**
Cash flow from investing activities		
Purchase of fixed assets	(70,428,868)	(31,228,550)
Proceeds from sale of fixed assets	283,077	503,400
Interest received	5,342,245	9,264,732
Fixed deposits matured/(invested) during the year	(57,000,000)	126,370,918
Net cash from/(used in) investing activities	**(121,803,546)**	**104,910,500**
Cash flow from financing activities		
Proceeds from Issue of Shares/Share Application money	2,079,740	11,303,026
Repayment of Borrowings	-	(96,328,328)
Interest paid	-	(944,407)
Dividends paid	(255,994,504)	(253,730,136)
Tax on dividend paid	(52,114,462)	(51,653,487)
Net cash from/(used in) financing activities	**(306,029,226)**	**(391,353,332)**
Net increase / (Decrease) in cash and cash equivalents	**(286,226,220)**	**179,637,849**
Cash and cash equivalents at the beginning of the year	542,487,253	356,372,645
Effect of changes in exchange rate on cash and cash equivalents	(20,129,553)	6,476,759
Cash and cash equivalents at the end of the year (Ref Note 14)	**236,131,480**	**542,487,253**

Summary of significant accounting policies (Note 2)
As per our report of even date.

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn. No. 003990S/ S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 1:

i Background:

SQS India BFSI Limited ("SQS BFSI" or "the Company"), incorporated on June 8, 1998 as a private limited Company was converted into a public limited Company with effect from August 19, 2008. The Company made its Initial Public Offering (IPO) of its Equity Shares on September 24, 2009 (issue open date) and shares under IPO were allotted on October 14, 2009. The Company's shares are listed in National Stock Exchange and Bombay Stock Exchange with effect from October 26, 2009.

SQS India BFSI Limited is a subsidiary of SQS Software Quality Systems AG since April 2014.

The Company is an India based software service provider primarily delivering software validation and verification services to the banking and financial services industry worldwide. The Company has invested in five wholly owned subsidiaries in Singapore, USA, Germany, UK and UAE for market development and service delivery in the respective regions. The German Subsidiary is in the process of being wound up.

ii Basis of preparation of financial statements:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles in India (GAAP), in compliance with provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act, 2013. The other Accounting Standards as issued by ICAI, not yet notified are also considered, wherever applicable, except to the extent where compliance with the other statutory promulgations override the same requiring a different treatment. The accounting policies are consistent with those used in the previous year.

iii The Financial Statements include figures pertaining to Head office and Branches/Places of Business located at Madras Export Processing Zone - Chennai, United Kingdom, Australia, Belgium, Hong Kong and Malaysia. The place of business in United Kingdom was closed during the previous year.

iv Indian Accounting Standards:

The Ministry of Corporate Affairs (MCA), through its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) Applicable to certain classes of companies. Accordingly, Ind AS would be applicable for the accounting periods beginning April 1, 2017, with a transition date of April 1, 2016 for SQS India BFSI Limited and its Subsidiaries.

This would be given effect to the financials presented for the coming year by the Company.

Note 2: Summary of significant accounting policies:

i Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and notes thereto and the reported amounts of revenues and expenses during the accounting period. Any revision to the accounting estimates is recognized prospectively in the current and future periods. Examples of such estimates include provision for doubtful debts, economic useful lives of fixed assets, etc. Actual results could differ from those estimates.

Fixed Assets and Depreciation:

ii Tangible Assets:

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of qualifying fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation on assets is provided on straight line method on the basis of useful life which is equal to or lower than the useful life prescribed in Schedule II of the Companies Act, 2013 for all the assets. The useful life is determined on the basis of managements technical evaluation.

Notes to Standalone Financial Statements for the year ended March 31, 2017

Asset description	Useful life (in years)
Building	20 years
Plant and equipment	3 years
Computer equipment	3 years
Furniture and fittings	3 years
Office equipment	3 years
Vehicles	4 years
Temporary partitions	Fully Depreciated
Leasehold Rights & Improvements	Tenure of lease period or 10 years whichever is less
Residual value is considered to be NIL.	

Assets individually costing Rs.5,000 or less are depreciated in full in the year of acquisition.

Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use.

iii Intangible assets:

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These assets are amortized on straight line basis over the estimated useful economic life. The amortization period and amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of Profit and loss, when the asset is derecognized.

Amortization rates currently applied are as follows:

Asset description	Useful life (in Years)
Intangible assets–Computer software	3 years
Intangible assets–Software tools	5 years
Residual value is considered to be NIL.	

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as “Intangible assets under development”.

iv Impairment:

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

v Investment:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, any decline, other than temporary, in the value of the investments is charged to the Statement of Profit and Loss.

vi Revenue recognition:

Software service income:

a Revenue from software validation and allied services comprises revenue from time and material contracts and fixed price contracts.

b Revenue in respect of time-and-material contracts is recognized based on time/efforts spent and / or billed to clients as per the terms of specific contracts.

c Revenue in respect of fixed-price contracts is recognized on proportionate completion method on the basis of the work completed.

d Revenue includes reimbursement of expenses wherever billed as per the terms of contracts.

e Revenue is net of discounts, if any as per the terms of contract.

Interest income:

Interest on deployment of surplus funds is recognized using the time-proportion method.

Notes to Standalone Financial Statements for the year ended March 31, 2017

vii Employee benefits:

a Employee benefits in the form of Provident Fund / Social Security payments are defined contribution schemes and the contributions made are charged to the Statement of Profit and Loss for the year. The Company has no further obligations under these plans beyond its periodic contributions.

b Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the projected unit credit method. Actuarial gains/losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the Statement of Profit & Loss as Income/Expense.

c The Company does not allow any leave encashment except for Onsite employees for the period of leave covered by them during their onsite stay. However, appropriate provision is made at the end of each financial year based on estimates for the accrued and unavailed leave entitlement which are short term in nature.

viii Taxation:

Tax expense comprises current tax, deferred tax charge or credit and Minimum Alternate Tax credit. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax laws of each country. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

The Company has operations in Special Economic Zone (SEZ) – MEPZ Tambaram, from the financial year 2009-10. Income from MEPZ is fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions.

MAT Credit is measured at the amounts of Minimum Alternative Tax payable for the year, which is adjustable against regular tax payable in subsequent years and is recognized to the extent considered probable of such adjustment.

ix Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

x Foreign currency transactions and translations:

a Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Income and expenditure transactions of the foreign operations are recorded by applying the monthly weighted average exchange rate of the respective currencies.

b Conversion:

Monetary items denominated in foreign currency are reported using the closing rate. Non-monetary items are carried at historical cost.

c Exchange differences:

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise. Exchange differences on account of conversion of foreign operations are also recognized as income or as expense in the year in which they arise.

Notes to Standalone Financial Statements for the year ended March 31, 2017

d Forward contracts in foreign currency:

The Company uses, to a limited extent, foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The Company does not use the foreign currency forward contracts for trading or speculative purposes. Realized/ unrealized gains and losses on forward contracts are accounted in the profit and loss account for the period. Premium/Discount on forward contracts are accounted over the contract period.

e Classification of foreign operations as integral / non-integral:

The Company classifies all its foreign operations as integral foreign operations. Transactions of integral foreign operations are translated as if the transactions of the foreign operations are those of the Indian operation itself.

xi Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xii Leases:

Where the Company is lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the Profit and Loss account as per the terms of the agreements over the lease term.

xiii Employee stock compensation cost:

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

xiv Segment information:

The group's operations predominantly relate to software validation and verification services relating to banking and financial services industry and accordingly, this is the only primary reportable business segment. The segmental sales information is provided on geographical basis classified as India and Rest of the world.

xv Cash flows:

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities are segregated.

Cash and cash equivalents: Cash and cash equivalents, in the statement of cash flow, comprise cash at bank and in hand and fixed deposits with original maturity of maximum 90 days.

xvi Accounting of Proposed Dividend

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company is not required to create provision for dividend proposed / declared after the balance sheet date unless a statute requires otherwise. The Company has disclosed the same in notes to the financial statements.

According, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes to the financial statements.

xvii Contingent liabilities:

A contingent liability is a possible obligation that arises due to past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 3: Share capital

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Authorized		
12,000,000 equity shares (March 31, 2016 : 12,000,000) of Rs.10 each	120,000,000	120,000,000
Issued, subscribed and fully paid up		
10,679,881 equity shares (March 31, 2016 : 10,638,749) of Rs.10 each	106,798,810	106,387,490

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

Particulars	March 31, 2017		March 31, 2016	
	Number	Rs.	Number	Rs.
At the beginning of the year	10,638,749	106,387,490	10,545,299	105,452,990
Issued during the year	41,132	411,320	93,450	934,500
At the end of the year	10,679,881	106,798,810	10,638,749	106,387,490

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

c Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date - Nil

d. Details of shares held by Holding Company & shareholders owing more than 5% shares in the Company

Particulars	March 31, 2017		March 31, 2016	
	Number	% Holding	Number	% Holding
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	53.88%	5,753,801	54.08%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer Note 23.

f. For the year 2016-17, the Board of Directors have recommended final dividend of Rs.20 per share (in addition to interim dividend of Rs 4 per share already distributed),which is subject to the approval of the shareholders. During the previous year 2015-16, the Company had declared final dividend of Rs.20 per share (in addition to interim dividend of Rs.4 per share).

g. Share application money of Rs. NIL (PY Rs.2,362,160) (Share capital of Rs.NIL (PY Rs.230,000) and share premium of Rs.NIL (PY Rs. 2,132,160)) represents funds received from employees towards NIL (PY Rs.23,000) options exercised during the period for which shares were yet to be allotted as on the Balance Sheet date.

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 4: Reserves and surplus

Particulars		March 31, 2017 Rs.	March 31, 2016 Rs
Securities premium account			
Balance at the beginning of the year		185,999,365	176,215,150
Add: Additions during the year		4,030,580	9,784,215
Balance at the end of the year	**A**	**190,029,945**	**185,999,365**
General Reserve			
Balance at the beginning of the year		131,391,695	99,491,695
Add: Additions during the year		21,700,000	31,900,000
Balance at the end of the year	**B**	**153,091,695**	**131,391,695**
Surplus/(Deficit) in the statement of profit and Loss			
Balance as per last financial statements		446,756,334	467,396,724
Profit for the year		216,342,331	318,645,910
Less: Appropriations			
Interim dividend paid on equity shares		(42,699,524)	(42,494,156)
Proposed final equity dividend *		(520,000)	(213,104,980)
Tax on Interim equity dividend		(8,692,621)	(8,650,812)
Tax on proposed final equity dividend **		(105,860)	(43,136,352)
Transfer to general reserve		(21,700,000)	(31,900,000)
Total appropriations		(73,718,005)	(339,286,300)
Net surplus in statement of Profit and Loss	**C**	**589,380,660**	**446,756,334**
Total Reserves and Surplus	**(A+B+C)**	**932,502,300**	**764,147,394**

* pertains to previous year (PY Rs.330,000)

** pertains to previous year (PY Rs.179,629)

Note 5: Other current liabilities

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Dues to subsidiaries	88,015,013	58,290,800
Unearned Revenue	15,698,199	30,691,136
Employee benefits payable	72,913,601	92,870,918
Liabilities for other expenses	103,550,736	96,417,788
Unpaid application money due for refund	-	72,000
Unpaid dividend*	3,495,769	2,842,651
Statutory liabilities	22,409,590	37,128,095
Total	**306,082,908**	**318,313,388**

* There are no amounts due for payment to the Investor Education and Protection Fund as at the year end.

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 6: Short-term provisions

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Provision for Employee Benefits:		
for Leave salary	12,600,000	12,600,000
for Gratuity	1,824,296	2,955,206
Proposed equity dividend	-	212,774,980
Provision for tax on proposed equity dividend	-	43,315,981
Provision for taxation (Net of prepaid taxes)	60,139,789	82,153,326
Total	**74,564,085**	**353,799,493**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 7: Tangible assets

(in Rs.)

	Leasehold rights & Improvement	Building	Plant and equipment	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Cost or Valuation									
At Apr 1, 2015	9,504,000	232,246,899	38,220,389	98,431,367	16,716,014	13,736,423	4,170,064	597,190	413,622,346
Additions	-	-	510,589	20,733,767	1,182,946	2,196,195	88,234	-	24,711,731
Disposals	-	-	-	(343,690)	-	(28,547)	(1,623,483)	-	(1,995,720)
At Mar 31, 2016	**9,504,000**	**232,246,899**	**38,730,978**	**118,821,444**	**17,898,960**	**15,904,071**	**2,634,815**	**597,190**	**436,338,356**
Additions	-	-	13,607,908	21,931,697	21,630,015	3,038,989	2,562,969	-	62,771,578
Disposals	-	-	(508,383)	(8,499,653)	(179,570)	(629,963)	-	(52,144)	(9,869,713)
At Mar 31, 2017	**9,504,000**	**232,246,899**	**51,830,503**	**132,253,488**	**39,349,405**	**18,313,097**	**5,197,784**	**545,046**	**489,240,221**

	Leasehold rights & Improvement	Building	Plant and equipment	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Depreciation									
At Apr 1, 2015	6,188,160	30,429,789	32,935,523	77,792,847	14,914,226	11,582,711	3,002,991	597,190	177,443,437
Additions	950,400	11,612,105	5,377,220	13,090,588	1,970,624	2,078,637	374,663	-	35,454,237
Disposals	-	-	-	(317,829)	-	(28,547)	(1,623,483)	-	(1,969,859)
At Mar 31, 2016	**7,138,560**	**42,041,894**	**38,312,743**	**90,565,606**	**16,884,850**	**13,632,801**	**1,754,171**	**597,190**	**210,927,815**
Additions	950,400	11,612,105	2,909,502	17,378,356	5,818,123	2,092,612	818,999	-	41,580,097
Disposals	-	-	(508,383)	(8,499,653)	(179,570)	(629,963)	-	(52,144)	(9,869,713)
At Mar 31, 2017	**8,088,960**	**53,653,999**	**40,713,862**	**99,444,309**	**22,523,402**	**15,095,450**	**2,573,170**	**545,046**	**242,638,199**

Net Block									
At Mar 31, 2016	**2,365,440**	**190,205,005**	**418,235**	**28,255,837**	**1,014,110**	**2,271,270**	**880,644**	**-**	**225,410,541**
At Mar 31, 2017	**1,415,040**	**178,592,900**	**11,116,641**	**32,809,179**	**16,826,003**	**3,217,647**	**2,624,614**	**-**	**246,602,022**

Note 8: Intangible assets - Computer Software and Tools

(in Rs.)

	Gross Block	Amortization	Net Block
At Apr 1, 2015	68,123,131	61,465,092	-
Additions	20,552,801	4,842,372	-
Disposals	-	-	-
At Mar 31, 2016	**88,675,932**	**66,307,464**	**22,368,468**
Additions	7,657,291	10,188,173	-
Disposals	(9,078,150)	(9,078,150)	-
At Mar 31, 2017	**87,255,073**	**67,417,487**	**19,837,586**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 9: Non Current Investments

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Trade investments (at cost)		
Unquoted equity instruments		
(in subsidiaries)		
100,000 equity shares (Previous year -100,000 equity shares) of SGD 1/- each in SQS BFSI Pte. Ltd., Singapore	2,658,023	2,658,023
3,000 equity shares (Previous year -3,000 equity shares) of USD 0.01/- each in SQS BFSI Inc., USA	4,625,400	4,625,400
EUR 50,000/- (Previous year - EUR 50,000) in Thinksoft Global (Europe) GmbH, Germany	2,714,774	2,714,774
3,50,000 equity shares (Previous year -3,50,000 equity shares) of GBP 1/- each in SQS BFSI UK Ltd., UK	24,168,000	24,168,000
600 equity shares (Previous year -600 equity shares) of AED 1,000/- each in SQS BFSI FZE., UAE	8,696,000	8,696,000
Total	**42,862,197**	**42,862,197**

Note 10: Deferred tax asset

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Opening balance	**6,089,810**	**6,519,810**
Deferred tax credit (provision) for the year	(2,766,603)	(430,000)
Closing balance	**3,323,207**	**6,089,810**
Break up of closing balance		
claiming depreciation allowance	1,484,165	3,859,383
claiming provision for gratuity	631,352	1,022,737
on account of timing difference in claiming provision for bad and doubtful debts	1,207,690	1,207,690
Total	**3,323,207**	**6,089,810**

Note 11: Loans and advances (Unsecured considered good)

Particulars	Non-Current		Current	
	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Security deposit	**4,692,407**	**4,199,429**	**21,590,711**	**21,461,281**
Trade and Staff advances #	-	-	**3,698,200**	**14,510,900**
Other Advances				
Due from subsidiaries *	-	-	470,095,379	270,853,856
Prepaid expenses	-	-	18,332,958	11,923,413
MAT credit entitlement	8,869,630	16,869,630	-	-
Income tax refund due / deposits	5,366,224	5,339,067	-	-
Input tax credit	-	-	11,944,847	12,220,886
	14,235,854	**22,208,697**	**500,373,184**	**294,998,155**
Total	**18,928,261**	**26,408,126**	**525,662,095**	**330,970,336**

Trade & Staff advance includes NIL (PY Rs.4,755,402) towards advance for Capital Expenditure.

* Amount due from Subsidiaries is on account of invoicing done through the subsidiaries.

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 12: Other assets (Unsecured, considered good)

Particulars		Non-Current		Current	
		March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Non-current bank balances (Note 14)		3,252,103	4,516,867	-	-
	(A)	**3,252,103**	**4,516,867**	**-**	**-**
Unbilled revenue		-	-	10,154,554	14,623,147
	(B)	**-**	**-**	**10,154,554**	**14,623,147**
Others					
Interest accrued on fixed deposits		-	-	775,840	614,211
	(C)	**-**	**-**	**775,840**	**614,211**
Total	**(A+B+C)**	**3,252,103**	**4,516,867**	**10,930,394**	**15,237,358**

Note 13: Trade receivables (Unsecured)

Particulars		Non-Current		Current	
		March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		-	-	3,051,719	232,880
Considered doubtful		-	-	3,488,958	3,488,958
		-	-	6,540,677	3,721,838
Provision for doubtful receivables		-	-	(3,488,958)	(3,488,958)
	(A)	-	-	**3,051,719**	**232,880**
Others					
Considered good		-	-	268,042,575	347,370,118
	(B)	-	-	**268,042,575**	**347,370,118**
Total	**(A+B)**	**-**	**-**	**271,094,294**	**347,602,998**

Note 14: Cash and Bank balances

Particulars	Non-Current		Current	
	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Cash and cash equivalents				
Balance with bank in current accounts	-	-	231,098,291	512,466,128
Deposits with original maturity of less than three months	-	-	5,000,000	30,000,000
Cash in hand	-	-	33,189	21,125
	-	**-**	**236,131,480**	**542,487,253**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Particulars	Non-Current		Current	
	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Other bank balances				
Deposits with original maturity for more than 3 months	-	-	57,000,000	-
Margin money deposits*	3,252,103	4,516,867	-	-
Unpaid application money due for refund	-	-	-	72,000
Unpaid dividend account	-	-	3,495,769	2,842,651
	3,252,103	**4,516,867**	**60,495,769**	**2,914,651**
Amount disclosed under Other non-current assets (Note 12)	(3,252,103)	(4,516,867)	-	-
Total	**-**	**-**	**296,627,249**	**545,401,904**

* Margin money deposits given as performance/financial security

Note 15: Revenue from operations

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Software Services (refer note no. 25)	**2,599,481,357**	**2,641,617,362**

Note 16: Other income

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Interest income on bank deposits	5,503,874	7,100,678
Profit on sale of fixed assets	283,077	477,539
Net foreign exchange gain	-	43,346,026
Total	**5,786,951**	**50,924,243**

Note 17: Employee benefits expense

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Salaries, Wages and Bonus	971,592,284	986,814,976
Contribution to provident and other funds	50,746,339	47,948,543
Gratuity expense	19,869,090	9,583,129
Staff Welfare expense	15,711,497	16,485,210
Total	**1,057,919,210**	**1,060,831,858**

Note 18: Depreciation and amortization expense

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Depreciation on tangible assets	41,580,097	35,454,237
Amortization of intangible assets	10,188,173	4,842,372
Total	**51,768,270**	**40,296,609**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 19: General, administrative and other expenses

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Travel and conveyance	190,146,980	159,738,780
Rent/Lease	25,616,760	16,620,041
Professional fees	29,635,476	29,416,293
Marketing and selling expenses	9,844,727	1,437,058
Onsite service expenses	666,607,623	749,638,291
Software expenses	31,429,054	28,358,206
Power and fuel	16,704,564	15,710,759
Repairs & Maintenance		
- Buildings	22,624,122	14,662,196
- Plant and machinery	472,569	1,091,462
- Others	3,488,603	7,146,394
Communication expenses	13,666,752	15,027,761
Exchange Loss	84,005,456	-
Sales commission	2,100,259	283,903
Training and recruitment	9,742,660	8,281,563
Insurance	9,056,871	7,340,825
Audit fees *	1,647,000	1,809,000
Directors sitting fees	1,340,000	1,162,302
Rates and taxes	15,316,102	19,221,620
Corporate Social Responsibility Expense	7,340,804	5,576,843
Provision for Doubtful Debts	-	3,488,958
Donation	10,000,000	-
Miscellaneous expenses	7,342,978	4,271,795
Total	**1,158,129,360**	**1,090,284,050**

* Consists of Audit fee Rs.500,000 (PY Rs.500,000)

Tax audit Rs.300,000 (PY Rs.300,000)

Quarterly Review / Group Consolidation Rs.550,000 (PY Rs.550,000)

Taxation services Rs.260,000 (PY Rs.385,000)

Certification Rs.37,000 (PY Rs.74,000)

Note 20: Finance cost

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Interest	-	944,407
Bank charges	1,500,176	1,470,662
Total	**1,500,176**	**2,415,069**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 21: Earnings per share

The following represents profit and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Profit for computation of Basic EPS	**216,342,331**	**318,645,910**
Add/ (Less) adjustment	-	-
Profit for computation of Diluted EPS	**216,342,331**	**318,645,910**
	Number of shares	Number of shares
Number of Shares at the Beginning of the year	**10,638,749**	**10,545,299**
Add: Weighted average of shares issued during the year	31,728	43,134
Total weighted average number of equity shares for calculating basic EPS	**10,670,477**	**10,588,433**
Effect of Dilutive stock option	27,896	68,404
Weighted average number of equity shares for calculating diluted EPS	**10,698,373**	**10,656,837**
Earnings per share - Basic (in Rs.)	**20.27**	**30.09**
Earnings per share - Diluted (in Rs.)	**20.22**	**29.90**

Note 22: Disclosure pursuant to Accounting Standard - 15

i Short term plan - Compensated Absence

There is no leave encashment facility. Provision towards leave availment in subsequent periods have been estimated and accounted as under:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Liability at the beginning of the year	**12,600,000**	**10,100,000**
Leave salary cost accounted for the year (Net)	-	2,500,000
Total liability as at year end	**12,600,000**	**12,600,000**

ii Defined contribution plan - Provident fund & Social Security Schemes

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Employer's contribution accounted for the year	46,808,570	44,309,082

iii Defined Benefit Plan - Gratuity

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Change in Benefit obligation		
Liability at the beginning of the year	**66,667,550**	**55,753,674**
Interest cost	4,632,156	4,235,193
Current service cost	10,110,695	8,519,197
Past service cost (Vested benefit)	-	-
Past service cost (Non Vested benefit)	-	-
Benefit paid	(13,019,353)	(2,912,651)
Actuarial (Gain)/Loss on obligations	9,225,672	1,072,137
Liability at the end of the year	**77,616,720**	**66,667,550**

Notes to Standalone Financial Statements for the year ended March 31, 2017

iii: Defined Benefit Plan - Gratuity (Contd.,)

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	**63,712,344**	**54,192,036**
Expected return on plan assets	5,416,213	4,830,592
Contributions	21,000,000	8,189,561
Benefit paid	(13,019,353)	(2,912,651)
Actuarial Gain/(Loss) on plan assets	(445,968)	(587,194)
Fair value of plan assets at the end of the year	**76,663,236**	**63,712,344**
Actual return on Plan Assets		
Expected return on plan assets	5,416,213	4,830,592
Actuarial Gain/(Loss) on plan assets	(445,968)	(587,194)
Actual return on Plan Assets	**4,970,245**	**4,243,398**
Amount recognized in the Balance Sheet		
Present value of the obligation	77,616,720	66,667,550
Fair value of plan assets	76,663,236	63,712,344
Difference (Funded status)	953,484	2,955,206
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Amount recognized in the balance sheet (excluding the provision of Rs 870,812 towards left employees as on 31st March 2017)	**953,484**	**2,955,206**
Expenses recognized in the income statement		
Current service cost	10,110,695	8,519,197
Interest cost	4,632,156	4,235,193
Expected return on plan assets	(5,416,213)	(4,830,592)
Net Actuarial (Gain)/Loss to be recognized	9,671,640	1,659,331
Transitional Liability recognized	-	-
Past service cost - non Vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in P&L (excluding the provision of Rs 870,812 towards left employees as on 31st March 2017)	**18,998,278**	**9,583,129**
Balance Sheet reconciliation		
Opening net liability as per Books	2,955,206	1,561,638
Transitional liability adjusted to opening reserves and deferred taxes	-	-
Expenses as above	18,998,278	9,583,129
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Contribution paid	(21,000,000)	(8,189,561)
Amount recognized in the Balance Sheet	**953,484**	**2,955,206**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Actuarial assumptions		
Discount rate - Current	6.80%	7.70%
Expected rate of return on plan assets	8.00%	8.00%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	10.00%	10.00%
Investment details		
Funds managed by the Insurer	100%	100%

Actuarial valuation

a. Experience adjustment **(in Rs.)**

Particulars	2016-17	2015-16	2014-15	2013-14
Defined benefit obligation	77,616,720	66,667,550	55,753,674	44,954,647
Plan assets	76,663,236	63,712,344	54,192,036	44,117,281
Surplus/(Deficit)	(953,484)	(2,955,206)	(1,561,638)	(837,366)
Exp. adj. on plan liabilities	(4,234,409)	(594,906)	800,213	1,009,942
Exp. adj. on assets	(445,968)	(587,194)	(1,451,123)	(1,278,908)

Estimated contribution towards gratuity for next year - Rs.150 Lakhs

Note 23: Employee stock option plans

The Company provides share based payment schemes to its employees. During the year ended March 31, 2017 an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On April 29, 2011 the Board of Directors approved the equity settled ESOP scheme 2011 (Scheme 2011) for issue of stock options to the key employees and directors of the Company setting aside 10,05,100 options under this scheme. According to the scheme 2011, the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions, viz., continuing employment of 3 years. The contractual life (comprising vesting period and exercise period) of options granted is 8 years. The other relevant terms of the grant are as below:

Particulars	Options granted on October 25, 2012	Options granted on October 24, 2011
Vesting period	3 years	3 years
Exercise period	5 years	5 years
Exercise price	Rs.114.70	Rs.38.05
Market price on the date of grant	Rs.114.70	Rs.38.05

The details of activity under the scheme 2011 are summarized below:

Particulars	March 31, 2017		March 31, 2016	
	No. of options	WAEP (Rs.)	No. of options	WAEP (Rs.)
Outstanding at the beginning of the year	74,632	111.00	177,082	113.14
Granted during the year	-	-	-	-
Forfeited during the year	-	-	9,000	114.70
Exercised during the year	41,132	107.99	93,450	114.70
Outstanding at the end of the year	33,500	114.70	74,632	111.00
Exercisable at the end of the year	33,500	114.70	74,632	111.00

Notes to Standalone Financial Statements for the year ended March 31, 2017

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 2.69 Years (March 31, 2016: 3.76 Years). The range of exercise price for options outstanding at the end of the year is Rs.114.70 (March 31, 2016 Rs.38.05 to Rs.114.70)

The weighted average fair value of stock options granted during the year - No Options has been granted during the year (PY: NIL).

The Company measures the cost of ESOP using intrinsic value method. Had the Company used fair value model to determine compensation, its profit after tax and earning per share would have changed to the amounts indicated below:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Profit after tax as reported	216,342,331	318,645,910
Add: ESOP cost using intrinsic value method	NIL	NIL
Less: ESOP cost using fair value method	-	1,067,203
Proforma profit after tax	**216,342,331**	**317,578,707**
Earnings per share		
Basic		
As reported	20.27	30.09
Proforma	20.27	29.99
Diluted		
As reported	20.22	29.90
Proforma	20.22	29.80

Note 24: Operating lease: Company as lessee

The Company has entered into commercial leases on certain buildings. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Within one year	24,223,119	25,416,927
After one year but not more than five years	47,491,224	46,888,840
More than five years	-	-
Total	**71,714,343**	**72,305,767**
Lease payments recognized in the Statement of Profit and Loss account	25,616,760	16,620,041

Note 25: Segment reporting

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Sales revenue by geographical market		
Within India	252,662,465	192,002,831
Outside India	2,346,818,892	2,449,614,531
Total	**2,599,481,357**	**2,641,617,362**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 26: Commitments and contingencies

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	4,154,743	38,930,873
Service tax related matters	7,218,676	7,218,676
Income tax related matters	55,902,233	59,612,513
Counter guarantees issued to the bank for the bank guarantee obtained	11,650,000	10,815,670

The Service Tax Authorities had made a demand for Rs.3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to December 2005. Management contends that the Company has sufficient grounds to defend its position and has filed an appeal before Customs, Excise and Service tax appellate Tribunal, furnishing the necessary explanations / responses to support its position. Tribunal has since remitted back the issue to the Commissioner of Service Tax Appeals for his reconsideration. Under the circumstances, no provision has been made in the financial statements.

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of Rs.55,902,233 for the fiscal year 2008-09, 2011-12, 2012-13 and 2013-14. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and 10AA of the Income Tax Act. For Fiscal year 2011-12, 2012-13 and 2013-14 the Company has filed appeals before CIT (Appeals). For the Fiscal year 2008-09, the matter has been remitted back to DCIT by Ho'ble Tribunal of Income Tax. Management believes that its position in respect of all the years will be upheld by the Authorities.

Note 27: Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'

a Related Parties

i) Holding Company

SQS Software Quality Systems AG, Germany

ii) Subsidiaries

SQS BFSI Pte.Ltd., Singapore
SQS BFSI Inc., USA
Thinksoft Global Services (Europe) GmbH, Germany
SQS BFSI UK Ltd., UK
SQS BFSI FZE., UAE

iii) Key Management Personnel (KMP)

For Financial Year 2016-17

Aarti Arvind	Managing Director (w.e.f April 01, 2016)
N Vaidyanathan	Executive Director (w.e.f April 01, 2016)

For Financial Year 2015-16

Dr. Martin Müller	Managing Director (upto March 31, 2016)

iv) Fellow Subsidiaries

SQS India Infosystems Private Limited, India
SQS Software Quality Systems Egypt S.A.E, Egypt
SQS Software Quality Systems Ges.mbH, Austria
SQS Group Limited, UK
SQS Software Quality Systems (Ireland) Limited, Ireland
SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland
SQS USA Inc., USA
SQS Nederland, Nederland
SQS Software Quality Sytems France SASU, France
SQS Group Ltd., South Africa

Notes to Standalone Financial Statements for the year ended March 31, 2017

b. Transactions with Related Parties

Particulars	Nature of relationship	Name of the related Party	March 31, 2017 Rs.	March 31, 2016 Rs.
INCOME				
Income from the Services Rendered	Subsidiary	SQS BFSI Inc., USA	257,516,887	323,073,190
	Subsidiary	SQS BFSI Pte.Ltd., Singapore	110,547,344	86,576,031
	Subsidiary	SQS BFSI UK Ltd., UK	668,762,293	499,199,454
	Holding Company	SQS Software Quality Systems AG, Germany	18,497,970	244,411
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	24,165,992	41,428,501
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH, Austria	83,856,735	30,464,941
	Fellow Subsidiaries	SQS USA Inc., USA	-	3,154,383
	Fellow Subsidiaries	SQS Group Limited, UK	41,343,170	23,691,559
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	33,026,773	14,302,124
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	3,805,707	4,853,376
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	11,034,940	5,232,851
	Fellow Subsidiaries	SQS Nederland, Nederland	390,985	-
EXPENSES				
Managerial remuneration	KMP	Aarti Arvind *	12,469,548	-
	KMP	N Vaidyanathan *	12,943,362	-
	KMP	Dr. Martin Müller #	-	26,033,037
Expenses for services rendered	Subsidiary	SQS BFSI Pte.Ltd., Singapore	77,209,159	84,953,559
	Subsidiary	SQS BFSI Inc., USA	188,194,808	273,726,042
	Subsidiary	SQS BFSI UK Ltd., UK	209,043,999	180,100,703
	Subsidiary	SQS BFSI FZE., UAE	192,159,657	210,741,914
	Fellow Subsidiaries	SQS India Infosystems Pvt Ltd., India	5,737,684	3,020,383
	Fellow Subsidiaries	SQS Software Quality Sytems France SASU, France	-	5,700,304
	Holding Company	SQS Software Quality Systems AG, Germany	613,273	27,318,785
	Fellow Subsidiaries	SQS Group Ltd., UK	222,631	197,104
	Fellow Subsidiaries	SQS Nederland, Nederland	5,101,100	-
OTHER TRANSACTIONS				
Proposed final dividend	Holding Company	SQS Software Quality Systems AG, Germany	-	115,076,020

Notes to Standalone Financial Statements for the year ended March 31, 2017

Particulars	Nature of relationship	Name of the related Party	March 31, 2017 Rs.	March 31, 2016 Rs.
Interim dividend	Holding Company	SQS Software Quality Systems AG, Germany	23,015,204	23,015,204
Cost Reimbursement Received	Holding Company	SQS Software Quality Systems AG, Germany	2,438,866	881,870
	Fellow Subsidiaries	SQS Group Limited, UK	8,416,310	2,171,646
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,579,283	1,109,741
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH, Austria	4,053,348	2,590,635
	Fellow Subsidiaries	SQS Software Quality Systems (Ireland) Limited, Ireland	468,359	2,502,592
	Fellow Subsidiaries	SQS Nederland, Nederland	351,322	28,024
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	-	416,323
	Fellow Subsidiaries	SQS USA Inc., USA	437,066	1,600,812
Cost Reimbursement Paid	Subsidary	SQS BFSI Inc., USA	14,075,631	9,385,508
	Subsidary	SQS BFSI UK Ltd., UK	47,334,551	36,289,679
	Subsidary	SQS BFSI FZE, UAE	86,368	358,740
	Holding Company	SQS Software Quality Systems AG, Germany	826,756	1,255,525
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,126,895	1,621,923
	Fellow Subsidiaries	SQS Group Ltd, South Africa	55,539	-
OUTSTANDING BALANCES				
Net Receivable from				
	Subsidiary	SQS BFSI Pte.Ltd., Singapore	11,289,646	-
	Subsidiary	SQS BFSI UK Ltd., UK	263,448,969	225,239,912
	Subsidiary	SQS BFSI Inc., USA	190,853,799	45,613,944
	Subsidiary	SQS BFSI FZE, UAE	4,502,965	-
	Holding Company	SQS Software Quality Systems AG, Germany	7,869,900	244,411
	Fellow Subsidiaries	SQS Group Limited, UK	-	360,673
	Fellow Subsidiaries	SQS Software Quality Systems (Ireland) Limited, Ireland	13,088,006	4,840,784
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	2,808,997	9,145,362
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH - Austria	21,255,953	8,251,984
	Fellow Subsidiaries	SQS India Infosystems Pvt Ltd., India	1,068,079	6,301,484
	Fellow Subsidiaries	SQS USA Inc., USA	9,596	413,452

Notes to Standalone Financial Statements for the year ended March 31, 2017

Particulars	Nature of relationship	Name of the related Party	March 31, 2017 Rs.	March 31, 2016 Rs.
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E.	-	5,161,801
	Fellow Subsidiaries	SQS Group Ltd., South Africa	4,539,995	8,524,403
Net Payable to	Subsidiary	SQS BFSI Pte.Ltd., Singapore	32,840,180	13,830,169
	Subsidiary	SQS BFSI UK Ltd., UK	-	-
	Subsidiary	SQS BFSI Inc., USA	-	-
	Subsidiary	SQS BFSI FZE., UAE	54,351,101	43,567,312
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	823,733	893,319
	Holding Company	SQS Software Quality Systems AG, Germany	628,996	7,660,181
	Fellow Subsidiaries	SQS India infosystems Pvt Ltd., India	-	3,985,817
	Fellow Subsidiaries	SQS Group Ltd., UK	-	72,161
	Fellow Subsidiaries	SQS Nederland, Nederland	4,867,721	-
	Fellow Subsidiaries	SQS Group Ltd., South Africa	10,600	-
Provision for expenses	KMP	Aarti Arvind	1,806,000	-
	KMP	N Vaidyanathan	1,370,000	-
	KMP	Dr. Martin Müller	-	3,045,085
Final dividend payable	Holding Company	SQS Software Quality Systems AG, Germany	-	115,076,020
Investments	Subsidiary	SQS BFSI Pte.Ltd., Singapore	2,658,023	2,658,023
	Subsidiary	SQS BFSI Inc., USA	4,625,400	4,625,400
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774
	Subsidiary	SQS BFSI FZE., UAE	8,696,000	8,696,000
	Subsidiary	SQS BFSI UK Ltd., UK	24,168,000	24,168,000

* includes perquisites value of motor car and other benefits as per the service contract including incentive.

Note 28: Exposure in foreign currency

a The Company, in accordance with its risk management policies and procedures enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a Bank. There are no Forward contracts pending as at the Balance Sheet date.

The Company has not entered into any other derivative instruments during the year.

b The details of foreign currency balances, which are not hedged as at the Balance Sheet date are as below:

Particulars	FCY	March 31, 2017		March 31, 2016	
		Amt in FCY	Amt in Rs.	Amt in FCY	Amt in Rs.
Trade receivables	GBP	56,580	4,576,190	330,723	31,448,403
Trade receivables	USD	1,507,726	97,760,953	1,520,680	100,866,712
Trade receivables	EUR	1,704,738	118,053,136	1,743,748	130,955,441
Trade receivables	AUD	81,079	4,033,680	255,010	12,941,758
Trade receivables	MYR	106,815	1,569,113	26,961	454,290

Notes to Standalone Financial Statements for the year ended March 31, 2017

Particulars	FCY	March 31, 2017		March 31, 2016	
		Amt in FCY	Amt in Rs.	Amt in FCY	Amt in Rs.
Trade receivables	SGD	25,933	1,206,401	27,206	1,333,646
Trade receivables	ZAR	108,252	541,261	255,420	1,126,402
Loans and advances	USD	3,036,969	196,917,052	140,380	9,311,384
Loans and advances	SGD	242,684	11,289,646	108,912	5,338,847
Loans and advances	GBP	3,256,257	263,366,071	93,005	8,843,887
Loans and advances	AUD	3,381	168,214	12,715	645,264
Loans and advances	AED	254,837	4,502,965	215,418	3,890,448
Loans and advances	EUR	45,535	3,153,302	126,018	9,463,974
Loans and advances	MYR	-	-	26,885	453,011
Other current liabilities	AED	2,908,292	51,389,521	1,077,863	19,466,204
Other current liabilities	AUD	24,313	1,209,586	40,379	2,049,250
Other current liabilities	EUR	287,750	19,926,697	254,143	19,086,104
Other current liabilities	GBP	996	80,556	65,190	6,198,953
Other current liabilities	HKD	10,101	84,343	30,549	261,194
Other current liabilities	MYR	129,770	1,906,319	110,919	1,868,980
Other current liabilities	SAR	-	-	107,667	1,904,629
Other current liabilities	SGD	702,127	32,662,939	25,201	1,235,353
Other current liabilities	USD	-	-	309,252	20,512,654
Trade payables	GBP	-	-	10,448	993,500
Trade payables	USD	-	-	74,598	4,948,061
Trade payables	SGD	-	-	300	14,706
Trade payables	AED	-	-	8,941	161,474
Trade payables	EUR	79,375	5,496,717	112,339	8,436,653
Trade payables	MYR	5,478	80,454	630	10,615
Trade payables	ZAR	2,120	10,600	-	-

Note 29: CIF value of imports

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Capital goods/software	5,593,083	7,005,403

Note 30: Earnings in foreign exchange (on accrual basis)

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Income from software services	2,346,818,892	2,449,614,531
Total	**2,346,818,892**	**2,449,614,531**

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 31

a. Expenditure in foreign currency (on cash basis)

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Travel expenses	125,205,054	114,788,276
Professional fees/ consultancy fee	91,525,527	111,241,023
Salary	164,340,378	177,849,070
Sales commission	176,065	204,437
Rent	-	1,132,005
MD Remuneration	2,148,264	11,806,018
Others	9,730,413	7,001,053
Onsite service expenses	735,184,845	657,051,486
Total	**1,128,310,546**	**1,081,073,368**

b. Dividend remitted in Foreign currency

Details of Dividend remitted during the year to Non resident

Particulars	March 31, 2017		March 31, 2016	
	Interim	Final	Interim	Final
Period	**2016-17**	**2015-16**	**2015-16**	**2014-15**
No. of Shareholders	1	1	1	1
No. of Shares	5,753,801	5,753,801	5,753,801	5,753,801
Amount Remitted per share (in Rs.)	23,015,204	115,076,020	23,015,204	115,076,020

Note 32: Dues to Micro, Small and Medium enterprises

On the basis of the information and records available with the management, there are no outstanding dues to the Micro, Small and Medium enterprises.

Other disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') are as follows:

Particulars	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
Principal amount remaining unpaid to any supplier as at the period end	-	-
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period.	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-

Note 33: Disclosure on Cash Credit Facility with Banks

The Company has a cash credit facility with bank which is secured by hypothecation of certain fixed assets and book debts of the Company both present and future. There is no outstanding amount due on this account as at the end of the year and previous year.

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 34: Disclosure of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016

Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the Table given below:

Particulars	SBNs	Other Denomination Notes	Total
	Rs.	Rs.	Rs.
Closing balance of cash as at November 8, 2016	38,000	871	38,871
Less: Deposited in Bank Account	(38,000)	-	(38,000)
Add: Withdrawal from Bank Accounts	-	20,000	20,000
Less: Permitted Payments	-	(13,615)	(13,615)
Closing balance of cash as at December 30, 2016	-	7,256	7,256

Note 35: Disclosure made in terms of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Name of the Company	Amount outstanding as on March 31, 2017	Maximum amount due at any one time during the year
a) Loans and advances			
i) Loans and advances in nature of loans made to subsidiary Company	Nil	Nil	Nil
ii) Loans and advances in nature of loans made to Associate Company	Nil	Nil	Nil
iii) Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested	Nil	Nil	Nil
b) investment by the Company			
i) in Subsidiary Company	SQS BFSI Pte.Ltd., Singapore	2,658,023	2,658,023
ii) in Subsidiary Company	SQS BFSI Inc., USA	4,625,400	4,625,400
iii) in Subsidiary Company	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774
iv) in Subsidiary Company	SQS BFSI UK Ltd., UK	24,168,000	24,168,000
v) in Subsidiary Company	SQS BFSI FZE., UAE	8,696,000	8,696,000
a) Investment by the loanee in the shares of the parent Company and subsidiary Company when the Company has made a loan or advance in the nature of Loan		Nil	Nil

Notes to Standalone Financial Statements for the year ended March 31, 2017

Note 36: Previous year figures

Previous year figures have been regrouped / reclassified so as to conform to the current year's groupings.

As per our report of even date

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn. No.003990S/S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of SQS India BFSI Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SQS India BFSI Limited, (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2017 the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs.8,268 lakhs as at March 31, 2017 total revenues of Nil and net cash flows amounting to Rs.2,829 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, we did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.97 Lakhs as at March 31, 2017 total revenues of Nil and net cash flows amounting to Rs.7 lakhs for the year ended on that date, as considered in the consolidated financial statements whose financial statement have not been audited by us. This financial statement is unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statement furnished to us by the Management. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

1. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

4. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

5. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

6. With respect to the adequacy of the internal financial controls over financial reporting of the Group excluding companies incorporated outside India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

7. With respect to the other matters to be included in the Auditor's Report on Consolidated Financial Statements in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Please refer Note 25 to the consolidated financial statements.

   ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

   iv) Based on the information and explanations provided to us, the group has provided the requisite disclosures in its financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 for the group companies in India and these are in accordance with the books of accounts maintained by the group Companies in India.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner
Membership No.027251

Place: Chennai

Date : April 27, 2017

Annexure A

Referred to in paragraph 6 on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated financial statements of SQS India BFSI Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017 we have audited the internal financial controls over financial reporting of SQS India BFSI Limited (hereinafter referred to as "the Holding Company"), which is a Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are

being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, which is a Company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

The group does not have any subsidiary, associate or jointly controlled entity which is incorporated in India other than the holding Company.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner
Membership No.027251

Place: Chennai

Date : April 27, 2017

Consolidated Balance Sheet as at March 31, 2017

Particulars	Note	March 31, 2017 Rs.	March 31, 2016 Rs.
EQUITY and LIABILITIES			
Shareholder's Funds			
Share capital	3	106,798,810	106,387,490
Reserves and Surplus	4	1,164,806,842	982,185,932
		1,271,605,652	**1,088,573,422**
Share application money pending allotment		**-**	**2,362,160**
Current Liabilities			
Trade payables			
a) Total outstanding due to Micro, Small and Medium enterprises		-	-
b) Total outstanding dues to creditors other than Micro, Small and Medium enterprises		33,147,310	34,304,034
Other current liabilities	5	304,808,028	332,378,499
Short-term provisions	6	80,333,629	361,718,965
		418,288,967	**728,401,498**
TOTAL		**1,689,894,619**	**1,819,337,080**
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	7	246,723,623	225,588,723
Intangible assets	8	19,837,585	22,349,339
Deferred tax asset (Net)	9	3,323,207	6,089,810
Long term loans and advances	10	18,928,261	26,408,126
Other Non-current assets	11	3,252,103	4,516,867
		292,064,779	**284,952,865**
Current Assets			
Trade receivable	12	424,515,845	543,897,431
Cash and bank balances	13	890,084,060	856,623,016
Short term loans and advances	10	72,299,541	118,626,410
Other current assets	11	10,930,394	15,237,358
		1,397,829,840	**1,534,384,215**
TOTAL		**1,689,894,619**	**1,819,337,080**

Summary of significant accounting policies 2

The accompanying notes are an integral parts of this Balance Sheet

As per our report of even date.

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn No. 003990S/ S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note	March 31, 2017 Rs.	March 31, 2016 Rs.
Revenue from Operations	14	2,599,481,357	2,641,617,362
Other income	15	6,614,158	64,706,784
Total Revenue		**2,606,095,515**	**2,706,324,146**
Employee benefits expense	16	1,592,034,386	1,675,715,710
Depreciation and amortization expense	17	51,956,270	40,503,661
General, administrative and other expenses	18	599,536,533	425,337,981
Finance cost	19	1,839,912	2,731,178
Total Expenses		**2,245,367,101**	**2,144,288,530**
Profit before exceptional and extraordinary items and tax		**360,728,414**	**562,035,616**
Exceptional items		-	-
Profit before extraordinary items and tax		360,728,414	562,035,616
Extraordinary items		-	-
Profit before tax		**360,728,414**	**562,035,616**
Tax expense:			
Current Tax			
Current year		127,353,476	192,614,384
Deferred Tax (Credit)		2,766,603	430,000
Profit for the year		**230,608,335**	**368,991,232**
Earnings per Equity share (Par value of Rs.10 each)	20		
Basic		21.61	34.85
Diluted		21.56	34.62

Summary of significant accounting policies 2

The accompanying notes are an integral part of this Statement of Profit and Loss
As per our report of even date.

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn No. 003990S/ S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

Statement of Consolidated Cash flow for the year ended March 31, 2017

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Cash flow from operating activities		
Net profit/(loss) before taxation	**360,728,414**	**562,035,616**
Adjustments for:		
Depreciation/amortisation	51,956,270	40,503,661
Loss/(profit) on sale of fixed assets	(269,568)	(477,539)
Unrealised forex exchange loss/(gain), net	75,630,367	(1,373,039)
Interest income	(5,995,405)	(9,072,829)
Interest expense	-	944,407
Provision for bad and doubtful debts	-	3,488,958
Operating profit before working capital changes	**482,050,078**	**596,049,235**
Increase/(Decrease) in Trade Receivables	117,644,279	12,684,252
Increase/(Decrease) in loans and advances and other current assets	(3,074,321)	(27,269,853)
Increase/(Decrease) in current liabilities and provisions	(30,757,085)	137,900,479
Cash generated from operations	**565,862,951**	**719,364,113**
Direct taxes paid (net of refunds)	(142,348,188)	(142,377,963)
Net cash from/(used in) operating activities	**423,514,763**	**576,986,150**
Cash flows from investing activities		
Purchase of fixed assets	(70,579,407)	(31,452,626)
Proceeds from sale of fixed assets	269,568	503,400
Interest received	5,833,776	11,236,903
Fixed deposits matured/(invested) during the year	(57,000,000)	126,370,918
Net cash from/(used in) investing activities	**(121,476,063)**	**106,658,595**
Cash flows from financing activities		
Proceeds from Issue of Shares/Share Application money Received	2,079,739	11,303,025
Repayment of Borrowings	-	(96,328,328)
Interest paid	-	(944,407)
Dividends paid	(255,994,504)	(253,730,136)
Tax on dividend paid	(52,114,462)	(51,653,488)
Net cash from/(used in) financing activities	**(306,029,227)**	**(391,353,334)**
Net increase (decrease) in cash and cash equivalents	**(3,990,527)**	**292,291,412**
Cash and cash equivalents at the beginning of the year	853,708,365	554,940,195
Effect of changes in exchange rate on cash and cash equivalents	(20,129,547)	6,476,759
Cash and cash equivalents at the end of the year (Ref Note 13)	**829,588,291**	**853,708,365**

Summary of significant accounting policies (Note 2)

As per our report of even date.

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn No. 003990S/ S200018

T V Balasubramanian
Partner
Membership No. : 027251

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board of Directors

David Bellin — Chairman & Director
Aarti Arvind — Managing Director
N Vaidyanathan — Executive Director & CFO
S Sampath Kumar — Company Secretary

Place : Chennai
Date : April 27, 2017

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 1:

i Background:

SQS India BFSI Limited ("SQS BFSI" or "the Company"), incorporated on June 8, 1998 as a private limited Company was converted into a public limited Company with effect from August 19, 2008. The Company made its Initial Public Offering (IPO) of its Equity Shares on September 24, 2009 (issue open date) and shares under IPO were allotted on October 14, 2009. The Company's shares are listed in National Stock exchange and Bombay Stock exchange with effect from October 26, 2009.

SQS India BFSI Limited is a subsidiary of SQS Software Quality Systems AG since April 2014.

The Company is an India based software service provider primarily delivering software validation and verification services to the banking and financial services industry worldwide. The Company has invested in five wholly owned subsidiaries in Singapore, USA, Germany, UK and UAE for market development and service delivery in the respective regions.

Name of subsidiary	Country of Incorporation	Percentage of ownership
SQS BFSI Pte.Ltd., Singapore	Singapore	100%
SQS BFSI Inc, USA	USA	100%
Thinksoft Global Services (Europe) GmbH, Germany*	Germany	100%
SQS BFSI UK Ltd., UK	UK	100%
SQS BFSI FZE., UAE	UAE	100%

* The German Subsidiary is in the process of being wound up.

ii Basis of preparation of financial statements:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles in India (GAAP), in compliance with provisions of the Companies Act, 2013 and the Accounting Standards notified under Section 133 of the Companies Act, 2013. The other Accounting Standards as issued by ICAI, not yet notified are also considered, wherever applicable, except to the extent where compliance with the other statutory promulgations override the same requiring a different treatment. The accounting policies are consistent with those used in the previous year.

iii Principles of consolidation:

The consolidated financial statements of the group are prepared in accordance with the principles and procedures for the preparation and presentation of the consolidated financial statements as laid down under AS 21- Consolidated Financial Statements. All inter group transactions and accounts are eliminated in consolidation.

The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of costs, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits/losses in full.

Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances.

The Financial Statements of the Company include figures pertaining to Head office and Branches/Places of Business located at Madras Export Processing Zone - Chennai, United Kingdom, Australia, Belgium, Hong Kong and Malaysia. The place of business in United Kingdom was closed during the previous year.

Note 2: Summary of significant accounting policies:

i Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and notes thereto and the reported amounts of revenues and expenses during the accounting period. Any revision to the accounting estimates is recognized prospectively in the current and future periods. Examples of such estimates include provision for doubtful debts, economic useful lives of fixed assets, etc. Actual results could differ from those estimates.

ii Fixed Assets and Depreciation:

Tangible Assets:

Tangible assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of qualifying fixed assets which takes

Notes to Consolidated Financial Statements for the period ended March 31, 2017

substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation on assets is provided on the straight line method on the basis of useful life which is equal to or lower than the useful life prescribed in Schedule II of the Companies Act, 2013 for all the assets. The useful life is determined on the basis of managements technical evaluation.

Asset description	Useful life (in years)
Building	20 years
Plant and equipment	3 years
Computer equipment	3 years
Furniture and fittings	3 years
Office equipment	3 years
Vehicles	4 years
Temporary partitions	Fully Depreciated
Leasehold Rights & Improvements	Tenure of lease period or 10 years whichever is less
Residual value is considered to be NIL.	

Assets individually costing Rs 5,000 or less are depreciated in full in the year of acquisition.

Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use.

iii Intangible assets:

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These assets are amortized on straight line basis over the estimated useful economic life. The amortization period and amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of Profit and loss, when the asset is derecognized.

Amortization rates currently applied are as follows:

Asset description	Useful life (in Years)
Intangible assets – Computer software	3 years
Intangible assets – Software tools	5 years
Residual value is considered to be NIL	

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as “Intangible assets under development”.

iv Impairment:

The carrying amount of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

v Investment:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, any decline, other than temporary, in the value of the investments is charged to the Statement of profit and loss account.

vi Revenue recognition:

Software service income:

a Revenue from software validation and allied services comprises revenue from time and material contracts and fixed price contracts.

b Revenue in respect of time-and-materials contracts is recognized based on time/efforts spent on and / or billed to clients as per the terms of specific contracts.

c Revenue in respect of fixed-price contracts is recognized on proportionate completion method on the basis of the work completed.

d Revenue includes reimbursement of expenses wherever billed as per the terms of contracts.

e Revenue is net of discounts, if any as per the terms of contracts.

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Interest income:

Interest on deployment of surplus funds is recognized using the time-proportion method.

Government grant:

Government grant is recognized upon confirmation of the entitlement of the grant.

vii Employee benefits:

a Employee benefits in the form of Provident Fund / Social Security payments are defined contribution schemes and the contributions made are charged to the Statement of Profit and Loss for the year. The Company has no further obligations under these plans beyond its periodic contributions.

b Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the projected unit credit method. Actuarial gains/losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the Statement of Profit & Loss as Income/ Expense.

c The Company does not allow any leave encashment except for onsite employees for the period of leave earned by them during their onsite stay. However, appropriate provision is made at the end of each financial year based on estimates for the accrued and unavailed leave entitlement which are short term in nature.

viii Taxation:

Tax expense comprises current tax, deferred tax charge or credit and Minimum Alternate Tax credit. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax laws of each country. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The Company has operations in Special Economic Zone (SEZ) – MEPZ Tambaram, from the financial year 2009-10.Income from MEPZ is fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions.

MAT Credit is measured at the amounts of Minimum Alternative Tax payable for the year, which is adjustable against regular tax payable in subsequent years and is recognized to the extent considered probable of such adjustment.

ix Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

x Foreign currency transactions and translations:

a Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Income and expenditure transactions of the foreign operations are recorded by applying the monthly weighted average exchange rate of the respective currencies.

b Conversion:

Monetary items denominated in foreign currency are reported using the closing rate. Non-monetary items are carried at historical cost.

c Exchange differences:

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences on account of conversion of

Notes to Consolidated Financial Statements for the period ended March 31, 2017

foreign operations are also recognized as income or as expenses in the year in which they arise.

d Forward contracts in foreign currency:

The Company uses, to a limited extent, foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The Company does not use the foreign currency forward contracts for trading or speculative purposes. Realized/ unrealized gains and losses on forward contracts are accounted in the profit and loss account for the period. Premium/Discount on forward contracts are accounted over the contract period.

e Classification of foreign operations as integral / non-integral:

The Company classifies all its foreign operations as integral foreign operations. Transaction of integral foreign operations are translated as if the transactions of the foreign operation are those of the Indian Operations itself.

xi Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xii Lease:

Where the Company is lessee:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account as per the terms of the agreements over the lease term.

xiii Employee stock compensation cost:

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

xiv Segment information:

The group's operations predominantly relate to software validation and verification services relating to banking and financial services industry and accordingly, this is the only primary reportable business segment.

The segmental sales information is provided on geographical basis classified as India and Rest of the World.

xv Cash flows:

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities are segregated.

Cash and cash equivalents: Cash and cash equivalents, in the statement of cash flow, comprise cash at bank and in hand and fixed deposits with original maturity of maximum 90 days.

xvi Accounting of Proposed Dividend:

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company is not required to create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. The Company has disclosed the same in notes to the financial statements.

According, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes to the financial statements.

xvii Contingent liabilities:

A contingent liability is a possible obligation that arises due to past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 3: Share capital

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Authorized		
12,000,000 equity shares (March 31, 2016 : 12,000,000) of Rs.10 each	120,000,000	120,000,000
Issued, subscribed and fully paid up		
10,679,881 equity shares (March 31, 2016 : 10,638,749) of Rs.10 each	106,798,810	106,387,490

a Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

Particulars	March 31, 2017		March 31, 2016	
	Number	Rs.	Number	Rs.
At the beginning of the year	10,638,749	106,387,490	10,545,299	105,452,990
Issued during the year	41,132	411,320	93,450	934,500
Outstanding at the end of the year	10,679,881	106,798,810	10,638,749	106,387,490

b Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

c Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

d Details of shares held by Holding Company & shareholders owing more than 5% shares in the Company

Particulars	March 31, 2017		March 31, 2016	
	Number	% Holding	Number	% Holding
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	53.88%	5,753,801	54.08%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer Note 22.

f For the year 2016-17, the Board of Directors have recommended final dividend of Rs.20 per share (in addition to interim dividend of Rs.4 per share already distributed),which is subject to the approval of the shareholders. During the previous year 2015-16, the Company had declared final dividend of Rs.20 per share (in addition to interim dividend of Rs.4 per share).

g Share application money of Rs. NIL (PY Rs.2,362,160) (Share capital of Rs.NIL (PY Rs.230,000) and share premium of Rs.NIL (PY Rs.2,132,160)) represents funds received from employees towards NIL (PY Rs.23,000) options exercised during the period for which shares are yet to be allotted as on the Balance sheet date.

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 4: Reserves and surplus

Particulars		March 31, 2017 Rs.	March 31, 2016 Rs.
Securities premium account			
Balance at the beginning of the year		185,999,365	176,215,150
Add: Additions during the year		4,030,580	9,784,215
Balance at the end of the year	**A**	**190,029,945**	**185,999,365**
General Reserve			
Balance at the beginning of the year		131,391,695	99,491,695
Add: Additions during the year		21,700,000	31,900,000
Balance at the end of the year	**B**	**153,091,695**	**131,391,695**
Surplus/(Deficit) in the Statement of Profit and Loss			
Balance as per last financial statements		664,794,872	635,089,941
Profit for the year		230,608,335	368,991,232
Less: Appropriations			
Interim dividend paid on equity shares		(42,699,524)	(42,494,157)
Proposed final equity dividend *		(520,000)	(213,104,980)
Tax on Interim equity dividend		(8,692,621)	(8,650,812)
Tax on proposed final equity dividend **		(105,860)	(43,136,352)
Transfer to general reserve		(21,700,000)	(31,900,000)
Total appropriations		(73,718,005)	(339,286,301)
Net surplus in Statement of Profit and Loss	**C**	**821,685,202**	**664,794,872**
Total Reserves and surplus	**(A+B+C)**	**1,164,806,842**	**982,185,932**

* includes Rs.520,000 (PY Rs.330,000) pertaining to previous year

** includes Rs.105,860 (PY Rs.179,629) pertaining to previous year

Note 5: Other current liabilities

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Employee benefits payable	92,871,586	113,718,452
Liabilities for other expenses	138,031,659	123,081,428
Unearned Revenue	15,698,199	30,691,136
Unpaid application money due for refund	-	72,000
Unpaid dividend	3,495,769	2,842,651
Statutory Liabilities	54,710,815	61,972,832
Total	**304,808,028**	**332,378,499**

Note 6: Short term Provisions

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Provision for Employee Benefits:		
for Leave salary	13,811,471	15,007,381
for gratuity	1,824,296	2,955,206
Proposed equity dividend	-	212,774,980
Provision for tax on proposed equity dividend	-	43,315,981
Provision for taxation (Net of prepaid taxes)	64,697,862	87,665,417
Total	**80,333,629**	**361,718,965**

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 7: Tangible assets

(in Rs.)

	Leasehold rights & Improvement	Building	Plant and equipments	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Cost or Valuation									
At Apr 1, 2015	9,504,000	232,246,899	38,220,389	99,118,863	16,720,059	14,135,812	4,170,070	597,190	414,713,282
Additions	-	-	510,589	20,926,087	1,182,946	2,227,951	88,234	-	24,935,807
Disposals	-	-	-	(350,029)	-	(28,547)	(1,623,483)	-	(2,002,059)
At Mar 31, 2016	**9,504,000**	**232,246,899**	**38,730,978**	**119,694,921**	**17,903,005**	**16,335,215**	**2,634,821**	**597,190**	**437,647,029**
Additions	-	-	13,594,318	21,989,444	21,630,015	3,126,251	2,562,969	-	62,902,997
Disposals	-	-	(508,384)	(8,539,780)	(179,571)	(662,003)	-	(52,144)	(9,941,882)
At Mar 31, 2017	**9,504,000**	**232,246,899**	**51,816,912**	**133,144,585**	**39,353,449**	**18,799,463**	**5,197,790**	**545,046**	**490,608,144**

	Leasehold rights & Improvement	Building	Plant and equipments	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Depreciation									
At Apr 1, 2015	6,188,160	30,424,869	32,935,523	78,261,622	14,916,125	12,046,735	3,002,991	597,190	178,373,215
Additions	950,400	11,612,105	5,377,220	13,288,865	1,970,624	2,087,412	374,663	-	35,661,289
Disposals	-	-	-	(324,168)	-	(28,547)	(1,623,483)	-	(1,976,198)
At Mar 31, 2016	**7,138,560**	**42,036,974**	**38,312,743**	**91,226,320**	**16,886,748**	**14,105,600**	**1,754,171**	**597,190**	**212,058,306**
Additions	950,400	11,612,105	2,909,502	17,517,780	5,818,123	2,141,188	818,999	-	41,768,097
Disposals	-	-	(508,384)	(8,539,780)	(179,571)	(662,003)	-	(52,144)	(9,941,882)
At Mar 31, 2017	**8,088,960**	**53,649,079**	**40,713,861**	**100,204,320**	**22,525,300**	**15,584,785**	**2,573,170**	**545,046**	**243,884,521**

Net Block									
At Mar 31, 2016	**2,365,440**	**190,209,925**	**418,235**	**28,468,601**	**1,016,257**	**2,229,616**	**880,650**	**-**	**225,588,723**
At Mar 31, 2017	**1,415,040**	**178,597,820**	**11,103,051**	**32,940,265**	**16,828,149**	**3,214,678**	**2,624,620**	**-**	**246,723,623**

Note 8: Intangible assets - Computer Software and Tools

(in Rs.)

	Gross Block	Amortization	Net Block
At Apr 1, 2015	68,103,807	61,464,898	
Additions	20,552,802	4,842,372	
Disposals	-	-	
At Mar 31, 2016	**88,656,609**	**66,307,270**	**22,349,339**
Additions	7,676,419	10,188,173	
Disposals	(9,078,150)	(9,078,150)	
At Mar 31, 2017	**87,254,878**	**67,417,293**	**19,837,585**

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 9: Deferred tax asset

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Opening Balance	**6,089,810**	**6,519,810**
Deferred tax credit (provision) for the year	(2,766,603)	(430,000)
Closing Balance	**3,323,207**	**6,089,810**
Break up of deferred tax asset		
on account of timing difference in claiming depreciation allowance	1,484,165	3,859,383
on account of timing difference in claiming provision for gratuity and doubtful debts	631,352	1,022,737
on account of timing difference in claiming provision for bad and doubtful debts	1,207,690	1,207,690
Total	**3,323,207**	**6,089,810**

Note 10: Loans and advances (Unsecured, considered good)

Particulars	Non-Current		Current	
	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Security deposit	**4,692,407**	**4,199,429**	**27,383,141**	**27,392,763**
Trade and Staff advances #	**-**	**-**	**9,514,192**	**22,405,136**
Due from Related Parties *	**-**	**-**	**-**	**42,790,500**
Other Loans and advances				
Prepaid expenses	-	-	20,723,922	12,689,799
MAT credit entitlement	8,869,630	16,869,630	-	-
Income tax refund due / deposits	5,366,224	5,339,067	-	-
Input tax credit	-	-	14,678,286	13,348,212
	14,235,854	22,208,697	**35,402,208**	**26,038,011**
Total	**18,928,261**	**26,408,126**	**72,299,541**	**118,626,410**

Trade and Staff advance includes NIL (PY Rs.4,755,402) towards advance for Capital Expenditure

* represents Loans given to Fellow Subsidiary. The GBP loan has been given at 4.5% interest per annum for General Corporate purposes of the Fellow Subsidiary and is Guaranteed by the Ultimate holding Company.

Note 11: Other assets (Unsecured, considered good)

Particulars		Non-Current		Current	
		March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Non-current bank balances (Note 13)		3,252,103	4,516,867	-	-
	(A)	**3,252,103**	**4,516,867**	**-**	**-**
Unbilled revenue		-	-	10,154,554	14,623,147
	(B)	**-**	**-**	**10,154,554**	**14,623,147**

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Particulars		Non-Current		Current	
		March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Others					
Interest accrued on fixed deposits		-		775,840	614,211
	(C)	**-**	**-**	**775,840**	**614,211**
Total	**(A+B+C)**	**3,252,103**	**4,516,867**	**10,930,394**	**15,237,358**

Note 12: Trade receivable (Unsecured)

Particulars		Non-Current		Current	
		March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		-	-	3,051,719	232,880
Considered doubtful		-	-	3,488,958	3,488,958
		-	-	6,540,677	3,721,838
Provision for doubtful receivables		-	-	(3,488,958)	(3,488,958)
	(A)	-	-	**3,051,719**	**232,880**
Others					
Considered good		-	-	421,464,126	543,664,551
	(B)	-	-	**421,464,126**	**543,664,551**
Total	**(A+B)**	**-**	**-**	**424,515,845**	**543,897,431**

Note 13: Cash and Bank balances

Particulars	Non-Current		Current	
	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.
Cash and cash equivalents				
Balance with bank on current accounts	-	-	824,555,102	823,687,240
Deposits with original maturity of less than three months	-	-	5,000,000	30,000,000
Cash in hand	-	-	33,189	21,125
	-	**-**	**829,588,291**	**853,708,365**
Other bank balances				
Deposits with original maturity for more than 3 months	-	-	57,000,000	-
Margin money deposits*	3,252,103	4,516,867	-	-
Unpaid application money due for refund	-	-	-	72,000
Unpaid dividend account	-	-	3,495,769	2,842,651
	3,252,103	**4,516,867**	**60,495,769**	**2,914,651**
Amount disclosed under Other non-current assets (Note 11)	(3,252,103)	(4,516,867)	-	-
Total	**-**	**-**	**890,084,060**	**856,623,016**

* Margin money deposits given towards performance/financial security

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 14: Revenue from operations

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Software services (Refer Note no. 24)	**2,599,481,357**	**2,641,617,362**

Note 15: Other income

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Interest income on bank deposits	5,995,405	9,072,829
Profit on sale of fixed assets	269,568	477,539
Net foreign exchange gain	-	54,947,588
Government grant	290,033	195,635
Miscellaneous income	59,152	13,193
Total	**6,614,158**	**64,706,784**

Note 16: Employee benefit expense

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Salaries, wages and bonus	1,482,828,261	1,572,680,212
Contribution to provident and other fund	58,092,410	56,288,416
Gratuity expense	19,869,090	9,583,129
Staff welfare expense	31,244,625	37,163,953
Total	**1,592,034,386**	**1,675,715,710**

Note 17: Depreciation and amortization expense

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Depreciation on tangible assets	41,768,097	35,661,289
Amortization of intangible assets	10,188,173	4,842,372
Total	**51,956,270**	**40,503,661**

Note 18: General, administrative and other expenses

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Travel and conveyance	219,513,437	195,864,939
Rent/ Lease	27,894,869	18,980,190
Professional fees (Including Audit Fees)	35,626,107	38,864,819
Marketing and selling expenses	24,219,789	17,666,933
Software expenses	32,067,003	29,332,008
Power and fuel	16,704,564	15,710,759
Repairs & Maintenance		
- Buildings	22,641,320	14,739,780
- Plant and machinery	482,709	1,091,463

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
- Others	3,512,567	7,226,238
Communication expenses	14,505,699	16,436,974
Sales commission	35,828,666	18,298,019
Exchange Loss	103,895,674	-
Training and recruitment	10,288,875	8,449,489
Insurance	10,288,984	8,417,250
Director sitting fees	1,340,000	1,162,302
Rates and taxes	15,777,485	19,675,873
Corporate Social Responsibility Expenses	7,340,804	5,576,843
Provision for Doubtful Debts	-	3,488,958
Donation	10,000,000	-
Miscellaneous expenses	7,607,981	4,355,144
Total	**599,536,533**	**425,337,981**

Note 19: Finance cost

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Interest	-	944,407
Bank charges	1,839,912	1,786,771
Total	**1,839,912**	**2,731,178**

Note 20: Earnings per share

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Profit for computation of basic EPS	230,608,335	368,991,232
Add/ (Less) adjustment	-	-
Profit for computation of Diluted EPS	**230,608,335**	**368,991,232**
	Number	**Number**
Number of Shares at the Beginning of the year	**10,638,749**	**10,545,299**
Add: Weighted average of shares issued during the year	31,728	43,134
Total weighted average number of equity shares for calculating basic EPS	**10,670,477**	**10,588,433**
Effect of Dilutive stock option	27,896	68,404
Weighted average number of equity shares in calculating diluted EPS	**10,698,373**	**10,656,837**
Earnings per share - Basic	**21.61**	**34.85**
Earnings per share - Diluted	**21.56**	**34.62**

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 21: Disclosure pursuant to Accounting Standard - 15

i Short term plan - Compensated Absence

There is no leave encashment facility. Provision towards leave availment in subsequent periods have been estimated and accounted as under:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Liability at the beginning of the year	**15,007,381**	**12,697,485**
Leave salary cost accounted for the year	(1,195,910)	2,309,896
Total liability as at year end	**13,811,471**	**15,007,381**

ii Defined contribution plan - Provident fund & other statutory contributions

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Employer's contribution	54,154,641	66,837,628

iii Defined Benefit Plan - Gratuity

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Change in Benefit obligation		
Liability at the beginning of the year	**66,667,550**	**55,753,674**
Interest cost	4,632,156	4,235,193
Current service cost	10,110,695	8,519,197
Past service cost (Vested benefit)	-	-
Past service cost (Non Vested benefit)	-	-
Benefit paid	(13,019,353)	(2,912,651)
Actuarial (Gain)/Loss on obligations	9,225,672	1,072,137
Liability at the end of the year	**77,616,720**	**66,667,550**
Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	**63,712,344**	**54,192,036**
Expected return on plan assets	5,416,213	4,830,592
Contributions	21,000,000	8,189,561
Benefit paid	(13,019,353)	(2,912,651)
Actuarial Gain/(Loss) on plan assets	(445,968)	(587,194)
Fair value of plan assets at the end of the year	**76,663,236**	**63,712,344**
Actual return on Plan Assets		
Expected return on plan assets	5,416,213	4,830,592
Actuarial Gain/(Loss) on plan assets	(445,968)	(587,194)
Actual return on Plan Assets	**4,970,245**	**4,243,398**
Amount recognized in the Balance Sheet		
Present value of the obligation	77,616,720	66,667,550
Fair value of plan assets	76,663,236	63,712,344
Difference (Funded status)	953,484	2,955,206
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Amount recognized in the Balance Sheet (excluding the provision of Rs 870,812 towards left employees as on 31st March 2017)	**953,484**	**2,955,206**

Notes to Consolidated Financial Statements for the period ended March 31, 2017

iii: Defined Benefit Plan - Gratuity (Contd.,)

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Expenses recognized in the income statement		
Current service cost	10,110,695	8,519,197
Interest cost	4,632,156	4,235,193
Expected return on plan assets	(5,416,213)	(4,830,592)
Net Actuarial (Gain)/Loss to be recognized	9,671,640	1,659,331
Transitional Liability recognized	-	-
Past service cost - non Vested benefits	-	-
Past service cost - vested benefits	-	-
Expense recognized in P&L (excluding the provision of Rs 870,812 towards left employees as on 31st March 2017)	**18,998,278**	**9,583,129**
Balance Sheet reconciliation		
Opening net liability as per Books	2,955,206	1,561,638
Transitional liability adjusted to opening reserves and deferred taxes	-	-
Expense as above	18,998,278	9,583,129
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Contribution paid	(21,000,000)	(8,189,561)
Amount recognized in the Balance Sheet	**953,484**	**2,955,206**
Actuarial assumptions		
Discount rate - Current	6.80%	7.70%
Expected rate of return on plan assets	8.00%	8.00%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	10.00%	10.00%
Investment details		
Funds managed by the Insurer	100%	100%

Actuarial valuation

a. Experience adjustment

Rs.

Particulars	2016-17	2015-16	2014-15	2013-14
Defined benefit obligation	77,616,720	66,667,550	55,753,674	44,954,647
Plan assets	76,663,236	63,712,344	54,192,036	44,117,281
Surplus/(Deficit)	(953,484)	(2,955,206)	(1,561,638)	(837,366)
Exp. adj. on plan liabilities	(4,234,409)	(594,906)	800,213	1,009,942
Exp. adj. on assets	(445,968)	(587,194)	(1,451,123)	(1,278,908)

Estimated contribution towards gratuity for next year - Rs.150 Lakhs.

Note 22: Employee stock option plans

The Company provides share based payment schemes to its employees. During the year ended March 31, 2017 an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

Notes to Consolidated Financial Statements for the period ended March 31, 2017

On April 29, 2011 the Board of Directors approved the equity settled ESOP scheme 2011 (Scheme 2011) for issue of stock options to the key employees and directors of the Company setting aside 10,05,100 options under this scheme. According to the scheme 2011, the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions, viz., continuing employment of 3 years. The contractual life (comprising vesting period and exercise period) of options granted is 8 years. The other relevant terms of the grant are as below:

Particulars	Options granted on October 25, 2012	Options granted on October 24, 2011
Vesting period	3 years	3 years
Exercise period	5 years	5 years
Exercise price	Rs.114.70	Rs.38.05
Market price on the date of grant	Rs.114.70	Rs.38.05

The details of activity under the Scheme 2011 are summarised below:

Particulars	March 31, 2017		March 31, 2016	
	No. of options	WAEP (Rs.)	No. of options	WAEP (Rs.)
Outstanding at the beginning of the year	74,632	111.00	177,082	113.14
Granted during the year	-	-	-	-
Forfeited during the year	-	-	9,000	114.70
Exercised during the year	41,132	107.99	93,450	114.70
Outstanding at the end of the year	33,500	114.70	74,632	111.00
Exercisable at the end of the year	33,500	114.70	74,632	111.00

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 2.69 Years (March 31, 2016: 3.76 Years). The range of exercise price for options outstanding at the end of the year is Rs.114.70 (March 31, 2016 Rs.38.05 to Rs.114.70)

The weighted average fair value of stock options granted during the year - No Options has been granted during the year (PY - NIL).

The Company measures the cost of ESOP using intrinsic value method. Had the Company used fair value model to determine compensation, its profit after tax and earning per share would have changed to the amounts indicated below:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Profit after tax as reported	230,608,335	368,991,232
Add: ESOP cost using intrinsic value method	NIL	NIL
Less: ESOP cost using fair value method	-	1,067,203
Proforma profit after tax	**230,608,335**	**367,924,029**
Earnings per share		
Basic		
As reported	21.61	34.85
Proforma	21.61	34.75
Diluted		
As reported	21.56	34.62
Proforma	21.56	34.52

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 23: Operating lease: Company as lessee

The Company has entered into commercial leases on certain buildings. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating lease are as follows:

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Within one year	24,359,153	27,155,320
After one year but not more than five years	47,491,224	46,888,840
More than five years	-	-
Total	**71,850,377**	**74,044,160**
Lease payments recognised in the Statement of Profit and Loss account	27,894,869	18,980,190

Note 24: Segment reporting

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Sales revenue by geographical market		
Within India	252,662,465	192,002,831
Outside India	2,346,818,892	2,449,614,531
Total	**2,599,481,357**	**2,641,617,362**

Note 25: Commitments and contigencies

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	4,154,743	38,930,873
Service tax related matters	7,218,676	7,218,676
Income tax related matters	55,902,233	59,612,513
Counter guarantees issued to the bank for the bank guarantee obtained	11,650,000	10,815,670

The Service Tax Authorities had made a demand for Rs.3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to December 2005. Management contends that the Company has sufficient grounds to defend its position and has filed an appeal before Customs, Excise and Service tax appellate Tribunal, furnishing the necessary explanations / responses to support its position. Tribunal has since remitted back the issue to the Commissioner of Service Tax Appeals for his reconsideration. Under the circumstances, no provision has been made in the financial statements.

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of Rs.55,902,233 for the fiscal year 2008-09, 2011-12, 2012-13 and 2013-14. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and 10AA of the Income Tax Act. For Fiscal year 2011-12, 2012-13 and 2013-14 the Company has filed appeals before CIT (Appeals). For the Fiscal year 2008-09, the matter has been remitted back to DCIT by Ho'ble Tribunal of Income Tax. Management believes that its position in respect of all the years will be upheld by the Authorities.

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 26: Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'

a Related Parties

i) Holding Company

SQS Software Quality Systems AG, Germany

ii) Key Management Personnel (KMP)

For Financial Year 2016-17

Aarti Arvind - Managing Director (w.e.f April 01, 2016)

N Vaidyanathan - Executive Director (w.e.f April 01, 2016)

For Financial Year 2015-16

Dr. Martin Müller - Managing Director (upto March 31, 2016)

iii) Fellow Subsidiaries

SQS India Infosystems Private Limited, India
SQS Software Quality Systems Egypt S.A.E, Egypt
SQS Software Quality Systems Ges.mbH, Austria
SQS Group Limited, UK
SQS Software Quality Systems (Ireland) Limited, Ireland
SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland
SQS USA Inc., USA
SQS Nederland BV, Nederland
SQS Software Quality Sytems France SASU, France
SQS Group Ltd, South Africa
SQS Portugal, Sist. DE Qalidade de Software, LDA, Portugal
Galmont Consulting LLP, USA

b Transaction with Related Parties

Particulars	Nature of relationship	Name of the related Party	March 31, 2017 Rs.	March 31, 2016 Rs.
INCOME				
Income from the service rendered				
	Holding Company	SQS Software Quality Systems AG, Germany	18,497,970	244,411
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	24,165,992	41,428,501
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH, Austria	83,856,735	30,464,941
	Fellow Subsidiaries	SQS USA Inc., USA	62,832,158	92,425,815
	Fellow Subsidiaries	SQS Group Limited, UK	198,960,518	112,392,059
	Fellow Subsidiaries	SQS Software Quality Systems (Ireland) Limited, Ireland	33,026,773	14,302,124
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	3,805,707	4,853,376

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Particulars	Nature of relationship	Name of the related Party	March 31, 2017 Rs.	March 31, 2016 Rs.
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	11,034,940	5,232,851
	Fellow Subsidiaries	Galmont Consulting LLP, USA	-	2,165,153
	Fellow Subsidiaries	SQS Nederland, Nederland	390,985	-
EXPENSES				
Managerial remuneration				
	KMP	Aarti Arvind *	12,469,548	-
	KMP	N Vaidyanathan *	12,943,362	-
	KMP	Dr. Martin Müller *	-	26,033,037
Expenses for services rendered				
	Holding Company	SQS Software Quality Systems AG, Germany	4,349,107	27,318,785
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	-	-
	Fellow Subsidiaries	SQS USA Inc., USA	2,859,841	15,282,280
	Fellow Subsidiaries	SQS Group Limited, UK	23,496,752	5,870,879
	Fellow Subsidiaries	SQS Software Quality Systems France SASU, France	-	5,700,304
	Fellow Subsidiaries	SQS Portugal, Sist. DE Qalidade de Software, LDA, Portugal	27,297,164	21,902,964
	Fellow Subsidiaries	SQS Software Quality Systems (Ireland) Limited, Ireland	1,030,593	5,098,027
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	10,717,835	3,020,383
	Fellow Subsidiaries	SQS Nederland, Nederland	5,101,100	-
OTHER TRANSACTIONS				
Proposed final dividend	Holding Company	SQS Software Quality Systems AG, Germany	-	115,076,020
Interim dividend	Holding Company	SQS Software Quality Systems AG, Germany	23,015,204	23,015,204

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Particulars	Nature of relationship	Name of the related Party	March 31, 2017 Rs.	March 31, 2016 Rs.
Cost Reimbursement Received				
	Fellow Subsidiaries	SQS Group Limited, UK	16,671,425	4,977,417
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,579,283	1,109,741
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH, Austria	4,053,348	2,590,635
	Holding Company	SQS Software Quality Systems AG, Germany	2,924,925	881,870
	Fellow Subsidiaries	SQS Software Quality Systems (Ireland) Limited, Ireland	1,440,476	2,502,592
	Fellow Subsidiaries	SQS Nederland, Nederland	351,322	28,024
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	-	-
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	-	416,323
	Fellow Subsidiaries	SQS USA Inc., USA	1,747,714	3,677,231
	Fellow Subsidiaries	Galmont Consulting LLP, USA	392,182	-
Cost Reimbursement Paid				
	Holding Company	SQS Software Quality Systems AG, Germany	826,756	1,255,525
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	2,238,093	1,621,923
	Fellow Subsidiaries	SQS USA Inc., USA	5,128,990	884,076
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	86,372	579,136
	Fellow Subsidiaries	SQS Group Ltd., UK	662,107	157,670
	Fellow Subsidiaries	SQS Group Ltd, South Africa	55,539	-
OUTSTANDING BALANCES				
Net Receivable From	Fellow Subsidiaries	SQS Group Limited, UK	10,961,560	13,846,921
	Fellow Subsidiaries	SQS Software Quality Systems (Ireland) Limited, Ireland	14,058,566	4,840,784
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Switzerland	2,808,997	9,145,362
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH - Austria	21,255,953	8,251,984

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Particulars	Nature of relationship	Name of the related Party	March 31, 2017 Rs.	March 31, 2016 Rs.
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	1,068,079	6,301,484
	Holding Company	SQS Software Quality Systems AG, Germany	8,355,180	244,411
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	-	5,161,801
	Fellow Subsidiaries	SQS Group Limited, South Africa	4,539,995	8,524,403
	Fellow Subsidiaries	SQS US Inc, USA	21,577,640	19,912,269
	Fellow Subsidiaries	Galmont Consulting LLP, USA	-	2,143,170
Net Payable to				
	Holding Company	SQS Software Quallty Systems AG, Germany	628,996	7,660,181
	Fellow Subsidiaries	SQS USA Inc., USA	5,176,776	109,445
	Fellow Subsidiaries	SQS Software Quality Systems Egypt S.A.E, Egypt	-	8,123
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	728,746	3,985,817
	Fellow Subsidiaries	SQS Portugal, Sist. de Qualidade de Software, LDA, Portugal	-	6,734,660
	Fellow Subsidiaries	SQS Group Ltd (UK)	7,395,958	4,410,012
	Fellow Subsidiaries	SQS Nederland, Nederland	4,867,721	-
	Fellow Subsidiaries	SQS Group Ltd, South Africa	10,600	-
Loans and advances (Loan Given)	Fellow Subsidiaries	SQS Group Limited, UK	-	42,790,500
Provision for expenses	KMP	Aarti Arvind	1,806,000	-
	KMP	N Vaidyanathan	1,370,000	-
	KMP	Dr. Martin Müller	-	3,045,085
Final dividend payable	Holding Company	SQS Software Quality Systems AG, Germany	-	115,076,020

* includes perquisites value of motor car and other benefits as per the service contract including incentive.

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 27: Exposure in Foreign Currency

a The Company, in accordance with its risk management policies and procedures enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a Bank. There are no Forward contracts pending as at the Balance Sheet date.

The Company has not entered into any other derivative instruments during the year.

b The details of foreign currency balances, which are not hedged as at the balance sheet date are as below:

Particulars	FCY	March 31, 2017		March 31, 2016	
		Amt in FCY	Amt in Rs.	Amt in FCY	Amt in Rs.
Trade receivables	GBP	1,154,348	93,363,705	1,163,076	110,596,882
Trade receivables	USD	2,161,769	140,169,104	2,412,835	160,043,344
Trade receivables	EUR	1,769,036	122,505,738	2,424,953	182,113,937
Trade receivables	SGD	407,990	18,979,684	166,921	8,182,488
Trade receivables	AUD	81,079	4,033,680	255,010	12,941,758
Trade receivables	MYR	106,815	1,569,113	26,961	454,290
Trade receivables	ZAR	108,252	541,261	255,420	1,126,402
Loans and advances	USD	117,977	7,649,620	174,432	11,570,104
Loans and advances	SGD	7,092	329,903	132,908	6,515,170
Loans and advances	GBP	69,280	5,603,404	573,345	54,519,357
Loans and advances	AUD	3,381	168,214	12,715	645,264
Loans and advances	AED	372,071	6,574,491	578,304	10,444,167
Loans and advances	EUR	45,800	3,171,654	126,018	9,463,974
Loans and advances	MYR	-	-	26,885	453,011
Other current liabilities	AED	543,536	9,604,285	543,536	9,604,285
Other current liabilities	AUD	24,313	1,209,586	24,313	1,209,586
Other current liabilities	EUR	285,332	19,759,259	285,332	19,759,259
Other current liabilities	GBP	530,344	42,894,259	530,344	42,894,259
Other current liabilities	HKD	10,101	84,343	10,101	84,343
Other current liabilities	MYR	129,770	1,906,319	129,770	1,906,319
Other current liabilities	SGD	140,291	6,526,352	140,291	6,526,352
Other current liabilities	USD	303,198	19,659,342	303,198	19,659,342
Trade payables	GBP	94,550	7,647,197	135,758	12,909,269
Trade payables	SGD	6,628	308,341	2,564	125,687
Trade payables	USD	91,078	5,905,522	79,655	5,283,486
Trade payables	EUR	81,035	5,611,661	123,069	9,242,495
Trade payables	AED	-	-	13,549	244,691
Trade payables	MYR	5,478	80,454	630	10,615
Trade payables	ZAR	2,120	10,600	-	-

Notes to Consolidated Financial Statements for the period ended March 31, 2017

Note 28: Disclosure on Cash Credit Facility with Banks

The Company has a cash credit facility with bank which is secured by hypothecation of certain fixed assets and book debts of the Company both present and future. There is no outstanding amount due on this account as at the end of the year and previous year.

Note 29: Particulars of Parent Company & Subsidiary Companies

Name of the entity	Net Assets, i.e., total assets minus Liabilities		Share in profit or loss	
		Rs.		Rs.
Parent	48%	614,415,955	94%	216,342,334
Subsidiaries				
Foreign				
1) SQS BFSI Pte.Ltd., Singapore	3%	41,124,620	2%	4,398,784
2) SQS BFSI Inc, USA	21%	262,755,397	5%	10,840,607
3) Thinksoft Global Services (Europe) GmbH, Germany	1%	8,635,772	0%	(729,034)
4) SQS BFSI UK Ltd., UK	27%	342,092,258	-2%	(4,339,728)
5) SQS BFSI FZE., UAE	0%	2,581,648	2%	4,095,371
Subtotal	52%	657,189,695	6%	14,266,001
Grand Total	**100%**	**1,271,605,650**	**100%**	**230,608,335**

Note 30: Previous year figures

Previous year figures have been regrouped / reclassified so as to conform to the current year's groupings.

As per our report of even date.

PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Regn. No. 003990S/ S200018

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No. : 027251

David Bellin
Chairman & Director

Aarti Arvind
Managing Director

N Vaidyanathan
Executive Director & CFO

S Sampath Kumar
Company Secretary

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

Team SQS BFSI @ Odyssey 2017

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