SQS India BFSI Limited

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Annual Report FY 2017 - 2018

Transforming the World Through Quality

Corporate information

BOARD OF DIRECTORS	Diederik Vos Chairman & Director
	Aarti Arvind Managing Director & Chief Executive Officer
	K. Ramaseshan 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 & COMPLIANCE OFFICER	S Sampath Kumar
AUDITORS	Kalyaniwalla & Mistry LLP Chartered Accountants Esplanade House, 29, Hazarimal Somani Marg, Fort, Mumbai – 400 001.
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	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road, Chennai-600 002 Tel. 044 2846 0390 / 044-40020700, email: investor@cameoindia.com, website: http://www.cameoindia.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. Diederik Vos

Diederik (Dik) Vos is the Chairman and Additional Director (Non-Executive) of SQS India BFSI Limited. He has been CEO of SQS Software Quality Systems AG since October 2012. He is responsible for the company's strategy and the management of the Group Management Board.Dik Vos was appointed to the SQS Management Board in March 2011 and started in SQS as COO, responsible for global sales and operations. In this role, he focused on driving forward company growth and improving the operational excellence of the global SQS Group. He previously held senior management positions in AT&T, Lucent Technologies, AVAYA and International Network Services.

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 20 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. Mr. K Ramaseshan

K Ramaseshan is the Executive Director and CFO of SQS India BFSI Limited. He is an Associate Member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. He has more than 23 years of professional experience and has held key positions in TVS Suzuki, WIPRO Limited and IBM India Limited. Prior to joining SQS India BFSI Limited he worked as Chief Financial Officer and Head-Business Excellence of Tata Elxsi Limited, a listed Indian entity and a member of risk management committee of the board of directors.

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.S 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 Software Quality Systems AG 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.

Mr. Diederik Vos
Chairman

Chairman's overview

Dear shareholders,

I would like to share with you the performance for the Financial Year 2017-18 of SQS India BFSI, new developments, the QA world around us and our market approach. Your company for the FY 2017-18 had a slow start in the beginning of the year but continued to build up the momentum and reported good growth across key verticals and regions. We reported an operating revenue of USD 42.84 Million as compared to USD 38.77 Million in FY 2016-17 reflecting an increase of 10%. We achieved a Net Profit Margin of 11.5%, an increase of 37.5% on year on year basis. We continue to share the profit and have recommended an overall dividend of Rs 24 per share for the year, subject to your approval at the AGM.

With an intention to stay ahead in this digital era, your parent company Software Quality Systems (SQS) AG took a strategic decision and agreed a merger with Assystem Services Deutschland GmbH, a subsidiary of Assystem Technologies (AT), backed by French PE fund Ardian. Ardian is an investor with more than two decades of successful track history and has investments of €62bn in many European and global companies. The enlarged Assystem Technologies group (AT) with combined revenues of approx €1 billion, strengthening its presence in the major European economies (particularly in Germany, France, UK, Ireland, Italy, Sweden and Switzerland), United States and India. The joining of two companies has created an opportunity to deliver a "best in class" offerings to customers based on a shared culture of technical excellence across geographies and sectors (especially in BFSI, automotive and aerospace). The customers of both, AT and SQS, are increasingly seeking to use smarter, more automated processes to boost operational efficiency, meet evolving regulatory standards and remain competitive. This has been successful and a very positive development for the Group as well as for SQS India BFSI.

The pace of change in business has never been faster. As the world's largest independent quality specialist and trusted advisor for 'Digital Change', our vision is accelerating agility to deliver faster, better, lower cost outcomes with greater certainty. Using global leading capabilities, we ensure our clients pace of change becomes a competitive advantage. We accelerate agility and performance through our:

- Focus and ability to combine business agility, management consulting and continuous quality expertise;
- Combination of local trusted relationship, global reach and industrialised managed services (iMS) to optimise value for money;
- Our Accelerators and ContinuousQ platform drive the highest value through industry best practices and IP;
- Focus on being the trusted advisor and delivering fit-for-purpose outcomes for our clients.

We firmly believe our people are our most important asset. The People Team have developed initiatives based on the pillar of being a Great Place to Work. This will allow us to attract, hire and retain the best talent in the industry. The focus on this team is to create a more collaborative work force using avenues such as Learning & Development and Communities of Practice.

The following 4 topics are the key areas this team is actively working on:

- Achieving a "Consultative Mindset": Connect, Collaborate & Consult
- Invest in upskilling of employees to meet market changes
- Investing in growing our Management Consulting and Business Agility Skills
- Extend our highly valued client engagement model

The Value Propositions and Innovation Team have developed initiatives based on the pillar of instilling a culture of Innovation and Continuous Improvement. The following outlines the core focus areas:

- Value Propositions: Developing and communicating a 'Go To Market' message outlining our value propositions
- DevOps: Establishing a DevOps service to all key accounts in all regions as part of our overall Business Agility capability
- Innovation: Creating a culture that encourages innovation

As we transit through a rapidly changing environment, we are confident that your company is rightly poised to remain at the forefront to take advantage of these changes. On behalf of Board, I would like to take this opportunity to thank our customers for their trust and business support, to our staff for their dedication and hard work and to you, our valued shareholders for your confidence and continued support.

Yours sincerely,

Diederik Vos

Chairman

Performance highlights

Decade at a Glance (Consolidated Basis) **Rs. in Millions**

Particulars	2017-18#	2016-17#	2015-16#	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Gross Revenue	2764	2599	2642	2142	1944	1614	1214	829	829	923
EBIDTA	538	424	605	389	499	326	224	61	105	179
Profit Before Tax	479	370	562	320	422	265	185	32	91	161
Profit After Tax	319	232	369	216	300	194	114	19	82	145
Fixed Assets: Gross Block	307	300	526	483	473	457	225	194	101	90
Fixed Assets: Net Block	224	267	248	243	274	312	109	112	42	33
Share Capital	107	107	106	105	103	101	101	101	101	87
Reserves and surplus	1179	1164	1239	911	980	781	655	599	592	382
Networth	1286	1271	1345	1016	1082	882	755	700	693	469
Sundry Debtors	681	424	541	567	558	413	236	229	159	239
Cash and Bank Balances	850	891	861	683	502	394	404	400	514	266
Current Assets	1633	1380	1519	1380	1157	952	899	762	789	600
Current Liabilities	626	435	490	560	290	289	263	183	149	171
Working Capital	1007	945	1029	820	867	663	636	579	640	429
Employee Strength (Nos)	1012	919	1076	907	905	782	742	661	499	538
No of Equity Shares ('000)	10710	10680	10639	10545	10268	10124	10052	10052	10052	8702
Earnings Per Share (Diluted) (Rs.)	29.9	22.3	34.6	20.6	28.7	19.0	11.3	1.9	8.8	17.6
Book Value per Share (Rs.)	120.1	119.0	126.4	96.4	105.4	87.1	75.1	69.6	68.9	53.9
Dividend - Rs. per share (Interim and Final)	24.0	24.0	24.0	24.0	9.0	6.0	5.0	1.0	1.0	1.0

EBITDA : Earnings before Interest, Depreciation,Taxes & Amortization
Figures as per Ind AS Report from the financial year 2015-16
One Million (Mn) is equal to Ten lakhs

Directors' report

Dear members

We are pleased to present the report on our business and operations for the year ended March 31, 2018.

1. Financial highlights for the year ended March 31, 2018:

(Rs. in Millions)

	Consolidated		Standalone	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Total Revenue	2,844.98	2,610.10	2,838.02	2,609.27
Employee benefits expense	1,841.18	1,580.05	1,153.57	1,045.93
Depreciation and amortization expense	55.50	51.96	55.36	51.77
General, administrative and other Expenses	466.29	605.86	1,203.38	1,164.12
Finance cost	2.87	1.96	2.87	1.96
Total Expenses	2,365.84	2,239.83	2,415.18	2,263.78
Profit/(loss) before exceptional items	479.14	370.27	422.84	345.49
Exceptional Items	-	-	6.89	-
Profit Before Tax	479.14	370.27	429.73	345.49
Tax expense	159.39	132.14	149.66	121.63
Profit After Tax	319.75	238.13	280.07	223.86
Other Comprehensive Income	(0.77)	(6.19)	(0.77)	(6.19)
Total Comprehensive Income	318.98	231.94	279.30	217.67
Earnings per Equity share (Par value of Rs. 10/- each)				
Basic (Rs.)	29.90	22.31	26.19	20.98
Diluted (Rs.)	29.90	22.26	26.19	20.92

2. Business and Operations Review:

Total operating revenue was Rs. 2,764.38 Mn for the Financial Year 2017-18 as compared to Rs. 2,599.48 Mn in the previous year, a growth of 6%.

During the year under review, repeat business from existing clients accounted for 92% of revenue, increased from 88% in the previous year. New client acquisitions contributed to 8% of revenue.

Profit after tax (after OCI) stood at Rs. 279.30 Mn, (representing 10.1% of revenues) as against Rs. 217.67 Mn (8.4% of revenues) in the previous year. Currency fluctuations resulted in a gain for the year of Rs. 53.72 Mn, compared to a loss of Rs. 84.01 Mn in the previous year.

Geographically, revenue from Europe increased by 23%. Business derived from Europe was 65.0% of our revenues (previous year 54.9%) 27.2% from India, the Middle East, Asia and Australia (previous year 35.2%) and 7.8% from US (previous year 9.9%). The proportion of onsite to offshore revenue stood at 61.3%/38.7% compared to 63.3%/36.7% in the previous year.

The revenue from Group clients for the financial year 2017-18 increased to 19% as against 17% during the previous year. On the practice front, Cards & Payment practice grew by 33.1% compared to the previous year, contributing 41.4% of revenues.

Employee strength, as on March 31, 2018, for the standalone entity was 914 (consolidated 1,012) compared to 815 (consolidated 919) in the previous year. Women employees for the standalone entity count stood at 305 (33%) compared to 240 (29%) in the previous year. For the consolidated, women employees stood at 324 (32%) compared to 255 (28%) in the previous year. The attrition rate stood at 20% for the year ended March 31, 2018 compared to 23% in the previous year.

3. Capital expenditure:

During the financial year 2017-18, we added Rs. 12.43 Mn to our gross block with capital expenditure, which comprised of Rs. 9.46 Mn on account of technology infrastructure, Rs. 2.25 Mn through physical infrastructure, and the balance Rs. 0.73 Mn through intangible asset addition.

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. 1,607.74 Mn (against Rs. 1,038.40 Mn in the previous year). Our Cash balance stood at Rs. 562.60 Mn as compared to Rs. 297.88 Mn in the previous year.

5. Share capital:

At the end of the financial year March 31, 2018, the Company's Paid-up Equity Share Capital stood at Rs. 107.10 Mn, consisting of 10,710,381 fully Paid-up Equity Shares of Rs. 10/- each. The exercise of employee stock options granted under Thinksoft ESOP Scheme, 2011, resulted in the allocation of 30,500 equity shares during the financial year 2017-18 to employees. As a result, the Company's Paid-up Equity Share capital increased from Rs. 106.80 Mn to Rs. 107.10 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/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 stood at Rs. 1,013.96 Mn as at March 31, 2018 as against Rs. 1,038.92 Mn at the end of the previous year.

7. Transfer to general reserve:

During the financial year, the Company transferred Rs. 28.00 Mn, (previous year - Rs. 21.70 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, 2018 was Rs. 181.09 Mn (previous year - Rs. 153.09 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 2017-18. The Board had also declared an interim dividend of Rs. 4/- per equity share (40% on face value of Rs. 10/- each) on October 26, 2017, which was paid on November 21, 2017.

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, 2018, similar to previous year.

9. Subsidiaries:

The Company operates internationally through four 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

The voluntary winding up of the Thinksoft Global Services (Europe) GmbH, Germany has been completed during the year. The Company has also closed the Branch office situated at Hongkong and initiated the closure proceedings in Australia. The Company has branches/place of business in Belgium and Malaysia.

The Board of Directors of the Company reviewed the affairs of the wholly owned subsidiaries of the Company for the financial year 2017-18. 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, 2018, 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 given in **Annexure III**.

11. Number of meetings of the Board:

The Board met five times during the financial year. The dates on which the said meetings were held are as follows: April 27, 2017; June 09, 2017; July 27, 2017; October 26, 2017 and January 25, 2018.

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 Company has a policy in place 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. 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 has neither given any loan to any person nor 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. The Company has the following investments in its wholly-owned subsidiaries as specified under Section 186 of the Companies Act, 2013:

Particulars	March 31, 2018	March 31, 2017
	Rs.	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
NIL (Previous year- EUR 50,000) in Thinksoft Global Services (Europe) GmbH, Germany*	-	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
600 equity shares (Previous year - 600 equity shares) of AED 1,000/- each in SQS BFSI FZE., UAE	8,696,000	8,696,000

*The voluntary winding up of the Thinksoft Global Services (Europe) GmbH, Germany has been completed during the year.

16. Particulars of contracts or arrangements with related parties:

During the year 2017-18, all 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 total value of all the transactions with M/s. SQS Software Quality Systems AG, along with its subsidiaries have exceeded the threshold limit of 10% of the previous year consolidated turnover of the Company. These transactions have been classified as "Material Transactions" as per SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015. However, the aforesaid transactions fall within the limits as approved by the Shareholders in the Annual General Meeting held on July 23, 2015. There is 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 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. The link for the same is http://www.sqs-bfsi.com/corporate-governance-policies.php. 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 is no material changes or commitments affecting the financial position of the Company, which has 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 ("IEPF"):

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the Demat account of the IEPF Authority. During the financial year 2017-18, an amount of Rs. 86,948/-, which was lying in the Interim Dividend account pertaining to the year 2009-10 of the Company was transferred to the IEPF on completion of 7 years.

Pursuant to proviso to Rule (6) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, wherein the seven years period provided under sub-section (5) of Section 124 is completed for unpaid / unclaimed dividends during September 7, 2016 to October 31, 2017, the Company had transferred 670 shares to the credit of IEPF Authority on December 7, 2017 in respect of shareholders who have not claimed their Dividend for a consecutive period 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 (Cameo Corporate Services Limited).

The details of shareholders in respect of whom the shares were transferred to IEPF Authority are available on the website and link for the same is http://www.sqs-bfsi.com/transferred-iepf.php.

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:

The Company always endeavour on the eco-friendly and go-green initiatives. The Company continues to work on reducing its carbon footprint, energy conservation and usage of alternative energy, wherever possible. Adequate measures have been taken to conserve energy by using less power consuming USFF based computers, implementations of LEDs for perimeter lighting in the MEPZ premises, VRF based Air-conditioning and sensor based lighting in all cabins and meeting rooms has significantly reduced the electricity consumption and also the carbon footprint. As a part of go-green initiatives trees planted in the MEPZ facility during the last year after the 2016 cyclone, were well maintained and additional trees have been planted during the year.

(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 80% 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 modernizing its universal test automation accelerator Auto-Q BA to be domain, technology, platform and test-tool agnostic and multi-tool capable. The Company has acquired talents to develop in-house using MEAN stack.

(ii) The Company has a rich reusable repository of test scenarios for most popular BFSI businesses such as Cards & Payments, Core Banking, Internet and Mobile Banking, Treasury and Capital Markets operations. The Company is now focusing on packaging and delivering such essence of its 17+ years of its BFSI experience into a tool called "ScriptGenie". It is a customizable and searchable test case generator that can provide tailor-made test cases for the user's choice of inputs and configurations. The test cases that are generated by the ScriptGenie are Auto-Q BA compatible for easier and quicker test automation

(iii) The Company has been incubating data services team under Data-Q service line. The Company has developed a Data services framework around Talend and the Data services offer test data management, data migration, data profiling/cleansing, data quality testing, ETL testing and other data related services. The tool partner is Talend.

(iv) The Company has been incubating Performance Engineering, Security Engineering and Continuous Integration and Continuous Deployment Testing. It has delivered the very first Performance Engineering and Continuous Integration (CI) and Continuous Deployment (CD) services to a large Cards Company in the United States. Based on the success, the Company is also working with other payments Company in the US on performance engineering and continuous integration projects. The Company has also successfully delivered numerous Vulnerability Analysis and Penetration Testing projects for its Indian customers in Banking domain.

(v) The Company has developed skills in BlockChain and distributed ledger technologies and has developed the very first BlockChain exchange PoC covering proof of work by multiple miners and also validation of such proofs of work. The PoC was developed on MEAN stack (MongoDB, Express, AngularJS and NodeJS) a popular cutting-edge technology stack for development. This is a unique way for the Company to announce its arrival in the BlockChain /SideChain/ Bitcoin space and readiness to take up projects involving such technologies.

(vi) The enhanced video conference systems of the Company by moving towards using Microsoft Skype for business as its primary business-meeting platform, with an objective of reducing travel cost has started providing results.

(vii) 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.

(viii) There is no imported technology during the last three financial years.

(C) Foreign exchange earnings and outgo:

The year 2017-18 was favorable for the Company, due to weakening of Rupee against Euro and GBP. The effects of which has contributed to a gain in foreign exchange earnings.

Foreign exchange earned during the year in terms of actual inflows was Rs. 2,310.10 Mn. Foreign exchange outgo during the year in terms of actual outflows was Rs. 760.07 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 supplement 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 links 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 Company continues to focus on supporting for development of education in rural areas, supporting the education of differently abled and promoting clean and green environment through various Corporate Social Responsibility (CSR) initiatives of the Company. The CSR initiatives are in line with the CSR policy of the Company.

The Company has since 2015-16 identified schools in Vellore and has supported for the infrastructure of those schools especially relating to sanitation, access to water and good class room conditions. The children benefitted are mostly from socially and economically backward communities who normally do not have good access to education.

During the year, the Company contributed to infrastructure facilities for a Panchayat Union Middle School in the Sinthakanavai village of Pernambet block of Vellore District through World Vision as part of Project Pragathi. The contribution was towards renovation of existing toilets for boys and girls, providing underground Water storage tank (Sump) with Motor & accessories, construction of compound walls to secure the school premises, provision of play equipment for children, conducting sessions on awareness and behavioral change communication on sanitation and hygiene. The project benefited approximately 120 boys and 80 girls belonging to socially under priviledged group.

The Company also contributed for the Anganwadi project of the World Vision. Contribution was towards providing storage bin, hand wash station, children play equipments and weighing scale to selected 45 Anganwadi running under Integrated Child Development Services (ICDS) in Vallam and Melmalayanur blocks in Gingee Taluk, Villupuram District thereby benefitting approximately 3,000 children.

The Company continued its contribution to Vidya Sagar towards an endowment fund. The contribution in the form of endowment has ensured generation of fixed income to take care of their day-to-day operational expenses over a period of time. The Company also supported the education of differently abled by contribution to the High School project of Vidya Sagar by way of salary to therapists, special educator and prevocational trainers. The project helps in providing physiotherapy, speech, alternative and augmentative communication training to the differently abled children and also help them to enroll into the National Institute of Open Schooling (NIOS) to write their 10th and 12th exams. It also helps them to acquire functional skills and life skills thereby enabling them to get opportunities to explore vocations.

The Company continued its contribution to Agastya International foundation by contribution to TechLaBike project for the second consecutive year. Under this project hands-on science sessions and multimedia sessions are conducted in the identified government schools, by the instructor, covering a wide range of topics in Physics, Chemistry and Biology. The project aims at providing access to practical, hands-on science education for economically disadvantaged government school children at Chittoor, Palamaner and Tirupati and supplements government school system with experiential science learning.

During the year the Company has contributed to Concern India Foundation towards salary for teachers, professional psychological counsellor and purchase of computers in support of education to children from tribal communities in Uthramerur – Thiruvalluvar Gurukulam, Kancheepuram District. This project trains Children on computer skills and spoken English. This project not only supports education to children from socially and economically backward communities but also provides training through social skills to lead a happy and healthy life. Through proper counselling the project aims to curtail dropout rates from schools amongst tribal children thus preventing child labor and child marriages.

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 and Recommendation 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

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

24. 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/corporate-governance-policies.php.

25. 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 have been followed along with proper explanation relating to material departures;

b. Accounting policies have 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.

26. 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 May 04, 2018, 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 January 25, 2018. 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.

27. 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

28. 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/corporate-governance-policies.php .

29. 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 updated in the Company's website at http://www.sqs-bfsi.com/corporate-governance-policies.php and also dealt with elsewhere in the Annual Report.

30. 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 top ten employees in terms of remuneration drawn during the financial year and that 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 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**.

31. Directors & Key Managerial Personnel:

Mr. N. Vaidyanathan (DIN-02636173), Executive Director, has retired from the services of the Company after attaining superannuation on September 5, 2017 and ceased to be the Executive Director of the Company from September 6, 2017. The Board placed on record their appreciation for the services rendered by Mr. N. Vaidyanathan as Executive Director & CFO (Key Managerial Personnel) in charge of Finance, Secretarial and Compliance activities all through the years and noted that Mr. N. Vaidyanathan had played his role effectively to the Company.

Mr. Diederik Vos (DIN-06744640) has been appointed as Additional Director (Non-Executive) in the Board Meeting held on October 26, 2017 and he shall hold office up to the date of the ensuing Annual General Meeting.

Ms. Aarti Arvind, (DIN-07414979) has resigned as Managing Director & CEO of the Company at the Board

Meeting held on January 25, 2018 due to personal reasons. She will continue to hold office up to July 24, 2018 after serving the notice period as per Service Agreement. The Board placed on record for her excellent contribution to the Company as Managing Director and CEO (Key Managerial Personnel) all through the years and noted that Ms. Aarti Arvind had played her role effectively to the Company.

Mr. K. Ramaseshan (DIN-03025474), CFO of the Company, has been appointed as Additional Director in the Board Meeting held on January 25, 2018 and he shall hold office up to the date of the ensuing Annual General Meeting. In the same Board Meeting, the Board has also appointed Mr. K. Ramaseshan as Executive Director (Key Managerial Personnel) with effect from January 25, 2018. The revised terms and conditions of appointment of Mr. K. Ramaseshan approved by the Board at its meeting held on May 4, 2018, with effect from April 01, 2018, which is subject to the approval of the Members in the ensuing Annual General Meeting. Mr. K. Ramaseshan was appointed as CFO (Key Managerial Personnel) by the Board of Directors at their meeting held on June 09, 2017 consequent to the resignation of Mr. N. Vaidyanathan as CFO of the Company with effect from June 09, 2017. Also, Mr. K. Ramaseshan continues to hold the position as Chief Financial Officer (Key Managerial Personnel) of the Company.

Mr. David Bellin, (DIN 06790066) Chairman and Non-Executive Director, has resigned with effect from May 04, 2018. Mr. Diederik Vos, Additional Director has been unanimously elected as the Chairman of the Board by the Board of Directors of the Company with effect from May 04, 2018. The Board record the appreciation for the services rendered by Mr. David Bellin during his tenure as a Chairman of the Board of Director (Non-Executive) of the Company.

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.

32. 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.

33. Statutory Auditors:

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai, is the Auditors of the Company. They were appointed in the 19th Annual General Meeting till the conclusion of 24th Annual General Meeting of the Company and subject to ratification by the shareholders at every Annual General Meeting.

The report issued by the Auditors to the members for the financial year ended March 31, 2018 does not contain any qualification, reservation or adverse remark or disclaimer.

34. 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 April 27, 2017 for the financial year 2017-18. 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. Further, the Company complies with the mandatory Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and notified by Ministry of Corporate Affairs (MCA).

35. Change of Registrar and Share Transfer Agent:

After the end of Financial Year, the Company has moved to M/s. Cameo Corporate Services Limited from M/s. Karvy Computershare Private Limited due to locational presence and logistics convenience.

The Company has appointed M/s. Cameo Corporate Services Limited, Chennai, Category I Registrars to the Issue and Share Transfer Agent as the Registrar and Share Transfer Agent of the Company with effect from the date of transfer of database and electronic connectivity by M/s. National Securities Depository Limited and M/s. Central Depository Services (India) Limited from M/s. Karvy Computershare Private Limited to M/s. Cameo Corporate Services Limited.

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

SEBI vide its notification dated August 7, 2017 notified 331 companies as suspected shell companies and the name of the Company was also listed as suspected shell company in the said notification. The Company had made an appeal to Securities Appellate Tribunal (SAT) against SEBI notification and obtained interim stay dated August 11, 2017 from SAT and resumed trading.

Subsequent to various representation, responses and submission of documents as required by the SEBI and the Stock Exchanges, SEBI passed the Final Order vide reference no. WTM/MPB/ISD/104/2017 dated December 8, 2017 wherein the Whole Time Member of SEBI is therefore, of the considered view that the actions envisaged in SEBI's letter dated August 7, 2017 against Company are liable to be revoked and ordered to revoke the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential actions taken by Stock Exchanges against the Company.

37. Human potential:

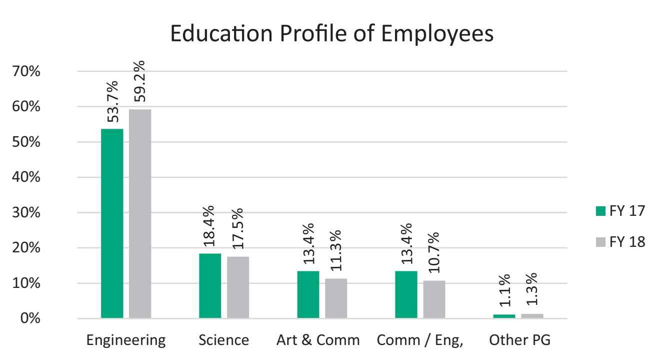
The Company continues to invest in its employees to enhance its core competence and to attain competitive market position. We strongly believe in this old Axiom "As long as you are Green you grow, the moment you ripe you rot". We focus on Domain & Products, Technical and Soft skills training for our employees to enhance capability.

We maintain a strong learning culture and provide a wide range of opportunities for employees to learn, develop and progress in their careers. In accordance with that we have launched a flagship program titled "Common Minimal Technical Training" (CMTT) which is purely self-driven and self-paced learning approach. We have extensively used in house Learning Management System (Navigate) for this purpose. Organization wide completion of CMTT stands at 91% which is a commendable achievement. The contribution of CMTT helped as to achieve 57.2 hours of average training as against industrial norm of 40 hrs.

Competency Based Interviews was included in recruitment process and this was conducted by L&D team as a value add to increase quality of hire. As a continuous venture, we encouraged employees to take up different certifications like ISTQB, Agile, Certified Scrum Master, Prince2, PMP etc.

For the financial year 2018- 2019 our main focus would be transform the organization to techno functional organization which is in alignment to our organization goal and market demand.

Employees' with more than five years' experience with the Company was at 27% (32% in the previous year). The workplace diversity was at 33%, represented by women.



38. Quality, Technology and Systems:

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

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.

The certification under ISO 27001:2013 evidences the Company's compliance with the requirements of establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented information security management system within the context of an organization's overall business risks. The Company believes that the compliance with the requirements of this certification will help to improve the confidentiality, integrity, availability and business continuity of vital corporate and customer information may be essential to maintain competitive edge.

SSAE 18 (Statement on Standards for Attestation Engagements)/ISAE 3402 (the International Standard on Assurance Engagements):

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 18 (Statement on Standards for Attestation Engagements). SSAE 18/ 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. This report has been prepared to provide information on the Application Testing services and related General Computer Controls for the services provided to Clients by SQS India BFSI Limited. The company has upgraded from SSAE 16 to SSAE 18 in the current year.

PCI-DSS (Payment Card Industry Data Security Standard): Data protection is critical for the Company in maintaining its services to clients. 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. The Company has upgraded to PCI DSS v3.2 of the standard in the current year.

39. 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.

There was no complaint received during the year.

40. Listing fees:

The Company confirms that it has paid the annual listing fees for the financial year 2017-18 to both National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

41. 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 : May 04, 2018

Mr. Diederik Vos
Chairman & Director

Annexure – I

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

Sl. 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	NIL	30,500
4	Total number of shares arising as a result of exercise of options (as of March 31, 2018)	319,800	339,000
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.)	NIL	3,498,350
8	Total number of options in force at the end of the year (granted, vested and unexercised / unvested and unexercised)	NIL	3,000
9	Employee wise details of options granted to		
	(i) Key Managerial Personnel	NIL	
	(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 in accordance with Ind AS 102 Equity Settled Accounting for share based payments transactions 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:

Rs. in Millions

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net profit as reported	279.30	217.67
Add : Stock-based employee compensation expense (intrinsic value method)	NIL	NIL
Less: Stock-based employee compensation expense (fair value method)	NIL	NIL
Pro-forma net profit	279.30	217.67
Basic earnings per share as reported	26.19	20.98
Pro-forma basic earnings per share	26.19	20.98
Diluted earnings per share as reported	26.19	20.92
Pro-forma diluted earnings per share	26.19	20.92

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

Place: Chennai

Date : May 04, 2018

Diederik Vos

Chairman & Director

Annexure – II

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 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 Millions based on standalone financials of the subsidaries)

Sl.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)
	49.64	65.04	80.62	92.28	17.71
	(SGD VS INR as on 31.03.2018)	(USD VS INR as on 31.03.2018)	(Euro VS INR as on 31.03.2018)	(GBP VS INR as on 31.03.2018)	(AED VS INR as on 31.03.2018)
Share capital (in Mn)	2.66	4.63	-	24.17	8.70
Reserves & surplus (in Mn)	73.03	77.77	-	77.47	46.25
Total Assets (in Mn.)	98.59	172.72	0.49	751.17	74.30
Total Liabilities (in Mn.)	22.90	90.33	0.49	649.54	19.35
Investments (in Mn.)	Nil	Nil	Nil	Nil	Nil
Turnover (in Mn.)	95.83	184.21	-	404.74	130.49
Profit / (Loss) before taxation (in Mn.)	13.63	17.08	(0.56)	24.97	2.52
Provision for taxation (in Mn)	0.61	6.58	-	2.53	-
Profit /(Loss) after taxation (in Mn)	13.01	10.50	(0.56)	22.44	2.52
Proposed Dividend	Nil	Nil	Nil	Nil	Nil
Extent of shareholding (in percentage)	100%	100%	NIL	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:

Thinksoft Global Services (Europe) GmbH, Germany has been liquidated during the year.

Part B: Associates and Joint Ventures:

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

The Company does not have Associate or Joint ventures for which the details are to be given under Part B of this form.

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

DIEDERIK VOS	**AARTI ARVIND**	**K. RAMASESHAN**	**S. SAMPATH KUMAR**
Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838

Place: Chennai

Date : May 04, 2018

Annexure III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[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 – 600096. Ph.044 4392 3200
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road, Chennai 600 002. Tel. 044 2846 0390 / 044-40020700, email: investor@cameoindia.com website: http://www.cameoindia.com

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:-

Sl. 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 :

Sl. 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	53.72%	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. 2720, Old Rosebud Road, Suite # 330 Lexington, KY 40509, USA	MAWAZ20030150	Subsidiary	100%	2(87)
4	Thinksoft Global Services (Europe) GmbH, Buttenweg 5, 55545 Bad Kreuznach, Germany *	MAWAZ20060016	Subsidiary	-	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)

* Liquidated during the year.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

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	53.88%	5,753,801	-	5,753,801	53.72%	-0.15%
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**5,753,801**	**-**	**5,753,801**	**53.88%**	**5,753,801**	**-**	**5,753,801**	**53.72%**	**-0.15%**
	Total A=A(1)+A(2)	**5,753,801**	**-**	**5,753,801**	**53.88%**	**5,753,801**	**-**	**5,753,801**	**53.72%**	**-0.15%**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	82,449	-	82,449	0.77%	53,000	-	53,000	0.49%	-0.28%
(b)	Financial Institutions /Banks	6,884	-	6,884	0.06%	3,125	-	3,125	0.03%	-0.04%
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Portfolio Investors	140,354	-	140,354	1.31%	220	-	220	0.00%	-1.31%
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**229,687**	**-**	**229,687**	**2.15%**	**56,345**	**-**	**56,345**	**0.53%**	**-1.62%**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	739,447	-	739,447	6.92%	786,429	-	786,429	7.34%	0.42%

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)	Individuals									
	(i) Individuals holding nominal share capital upto Rs. 1 lakh	2,758,203	2,004	2,760,207	25.84%	2,363,656	2,004	2,365,660	22.09%	-3.76%
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	925,219	-	925,219	8.66%	1,392,836	-	1,392,836	13.00%	4.34%
(c)	Others									
	CLEARING MEMBERS	17,223	-	17,223	0.16%	5,416	-	5,416	0.05%	-0.11%
	NON RESIDENT INDIANS	170,980	-	170,980	1.60%	172,827	-	172,827	1.61%	0.01%
	NON RESIDENT INDIAN NON REPATRIABLE	83,077	-	83,077	0.78%	175,122	-	175,122	1.64%	0.86%
	Trust	200	-	200	0.00%	200	-	200	0.00%	-
	NON BANKING FINANCIAL INSTITUTIONS	40	-	40	-	1,745	-	1,745	0.02%	0.02%
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**4,694,389**	**2,004**	**4,696,393**	**43.97%**	**4,898,231**	**2,004**	**4,900,235**	**45.75%**	**1.78%**
	Total B=B(1)+B(2) :	**4,924,076**	**2,004**	**4,926,080**	**46.12%**	**4,954,576**	**2,004**	**4,956,580**	**46.28%**	**0.15%**
	Total (A+B) :	**10,677,877**	**2,004**	**10,679,881**	**100.00%**	**10,708,377**	**2,004**	**10,710,381**	**100.00%**	**-**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**10,677,877**	**2,004**	**10,679,881**	**100%**	**10,708,377**	**2,004**	**10,710,381**	**100%**	**-**

(ii)Shareholding of Promoters

Sl 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	5,753,801	53.88	0.00	5,753,801	53.72	0.00	0.15
	Total :	**5,753,801**	**53.88**	**0.00**	**5,753,801**	**53.72**	**0.00**	**0.15**

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

Sl 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	53.88	-	-
2	Increase / Decrease in shareholding during the year	No change during the year		-	-
3	At the end of the year	5,753,801	53.72	-	-

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

Sl 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	Rajasthan Global Securities Private Limited	-	-	285,768	2.67
2	Kalpraj Damji Dharamshi	170,700	1.60	175,000	1.63
3	Hemang Raichand Dharamshi	100,000	0.94	150,000	1.40
4	Ravindra Raichand Dharamshi	100,000	0.94	100,000	0.93
5	Nihar Nilekani	-	-	90,134	0.84
6	Rajasthan Global Securities Private Limited	-	-	72,000	0.67
7	Harsha Hemang Dharamshi	-	-	65,000	0.61
8	Bhadra Jayantilal Shah	100,000	0.94	60,000	0.56
9	Celestina Daniel	-	-	59,657	0.56
10	Suchithra E T	-	-	58,075	0.54

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Shareholding of 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	0.54	-	-
2	Date	Increase / Decrease	Reason				
	October 26, 2017	Increase	ESOP Exercise	10,000	0.09	67,692	0.63
3	At the end of the year			67,692	0.63	-	-
	Prof. S. Rajagopalan						
1	At the beginning of the year			700	0.01	-	-
2	Date	Increase / Decrease	Reason				
	April 27, 2017	Increase	ESOP Exercise	6,000	0.06	6,700	0.06
	May 23, 2017	Decrease	Sale	5,700	0.05	1,000	0.01
3	At the end of the year			1,000	0.01	-	-

Sl No.	Shareholding of 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
	Prof. K. Kumar						
1	At the beginning of the year			1,000	0.01	-	-
2	Date	Increase / Decrease	Reason				
	January 25, 2018	Increase	ESOP Exercise	10,000	0.09	11,000	0.10
3	At the end of the year			11,000	0.10	-	-
	Other Directors						
1	At the beginning of the year			None of the other directors 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 directors holds shares in the Company			
3	At the end of the year			None of the other directors holds shares in the Company			

Sl 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 *				
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	-	-
	* Attained Superannuation on September 5, 2017.				
	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 Millions

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 Millions

Sl. No.	Particulars of Remuneration	Ms. Aarti Arvind, Managing Director & CEO	Mr. N. Vaidyanathan, Executive Director *	Mr. K. Ramaseshan, Executive Director & CFO #	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	8.21	4.31	8.07	20.59
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961**	6.96	-	-	6.96
	(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	-	-	-	
5	Others (incentives) # #	8.07	2.95	3.68	14.70
	Total (A)	**23.24**	**7.26**	**11.75**	**42.25**

* Executive Director & CFO upto June 08, 2017, Executive Director upto September 05, 2017 and attained superannuation on September 5, 2017.

\# CFO from June 09, 2017 to January 24, 2018 and Executive Director & CFO from January 25, 2018 (Date of appointment as Executive Director) to March 31, 2018.

** Includes Rs. 6.96 Million being the perquisite value of ESOP granted by SQS Software Quality Systems AG and exercised during the year ended March 31, 2018.

\# # Provision made in the books for which payment will be made during the FY 2018-19 for Ms. Aarti Arvind and Mr. K. Ramaseshan.

B. Remuneration to other Directors: **Rs. In Millions**

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	0.44	0.46	0.34	0.06	0.22	1.52
-Commission**	0.60	0.60	0.60	0.60	0.60	3.00
-Others	-	-	-	-	-	-
Total (1)	**1.04**	**1.06**	**0.94**	**0.66**	**0.82**	**4.52**
Other Non Executive Directors: **Mr.David Bellin**						
Fee for arranging Board / Committee Meetings						0.20
-Commission**						1.05
-Others						-
Total (2)						**1.25**
Total (B) = (1)+ (2)						**5.77**

** provision made in the books for which payment will be made during the FY 2018-19

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD: **Rs. In Millions**

Sl No.	Particulars of Remuneration	Mr. S. Sampath Kumar, Company Secretary & Compliance Officer
1	Gross Salary	2.59
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	-
	(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	-
5	Others	-
	Total (A)	2.59

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					
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 : May 04, 2018

Diederik Vos

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.
(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 1200 Mn. for the financial year 2017-18; From Holding to Subsidiary Company – Up to INR 1,600 Mn. for the financial year 2017-18.	From Subsidiary to holding Company – Up to INR 200 Mn. for the financial year 2017-18; From Holding to Subsidiary Company – Up to INR 300 Mn. for the financial year 2017-18.	From Subsidiary to holding Company – Up to INR 450 Mn. for the financial year 2017-18; From Holding to Subsidiary Company – Up to INR 600 Mn. for the financial year 2017-18.	From Subsidiary to holding Company – Up to INR 300 Mn. for the financial year 2017-18; From Holding to Subsidiary Company – Up to INR 100 Mn. for the financial year 2017-18.

	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)
(e)	Date(s) of approval by the Board, if any	April 23, 2015	April 27, 2017 October 26, 2017	April 27, 2017 October 26, 2017	April 27, 2017	April 27, 2017
(f)	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 : May 04, 2018

Diederik Vos
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 the financial year 2017-18, Company 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/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. 358,781,366
4	Prescribed CSR Expenditure (Two Percent of amount as in Item 3 above)	Rs. 7,175,627
5	Details of CSR spent during the financial year:	
	a. Total amount to be spent for the financial year	Rs. 7,175,627
	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)
Sl.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	-	-	20,989	37,275	37,275	Direct
2	For the areas identified - Supporting Differently Abled	**Education**	Chennai, Tamilnadu	2,554,530	2,519,789	2,519,789	Direct – Vidya Sagar (formerly The Spastics Society of India)
3	Through Endowment fund for the areas identified for Supporting Differently Abled	**Education**	Chennai, Tamilnadu	500,000	500,000	500,000	Direct – Vidya Sagar (formerly The Spastics Society of India)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl.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**	**Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads**	**Cumulative Expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
4	Pragati project	**Education**	Vellore, Tamilnadu	600,000	600,000	600,000	Implementing agency – World Vision India
5	Sinthakanavai Project	**Education**	Vellore, Tamilnadu	574,750	574,750	574,750	Implementing agency – World Vision India
6	Angarwadi Gingee Project	**Education**	Vellore, Tamilnadu	1,065,000	1,065,000	1,065,000	Implementing agency – World Vision India
7	Tribal Children Education	**Education**	Uthiramerur, Tamilnadu	570,000	570,000	570,000	Implementing agency – Concern India Foundation
8	Creative Learning	**Education**	Chittoor, Palamaner and Tirupati, Andhra Pradesh	1,174,000	1,174,000	1,174,000	Implementing agency - AGASTYA International Foundation
9	Administrative Expenses	-	-	116,108	134,813	134,813	-
	Total			**7,175,377**	**7,175,627**	**7,175,627**	

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 : May 04, 2018

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 Rupees One crore and Two lakhs

Sl. No.	Name	Designation	Remuneration in INR.	Qualification	Experience (No. of years)	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	20,376,418 ##	B.Sc, MBA	20	1/Dec/2004	43	Manager - Vanaraj & Company	0.00

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.

Includes Rs. 6.96 Million being the perquisite value of ESOP granted by SQS Software Quality Systems AG and exercised during the year end March 31, 2018 and incentives related to the FY 2016-17 which is paid during the Year

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

II. Top Ten Employees in terms of Remuneration drawn during the financial year 2017-18

Sl. No.	Name	Designation	Remuneration in INR.	Qualification	Experience (No. of years)	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	20,376,418 ##	B.Sc, MBA	20	1/Dec/2004	43	Manager - Vanaraj & Company	0.00
2	K. Ramaseshan **	Executive Director & CFO	9,575,144	B.Com., ACA., AICWA	24	8/Jun/2017	49	CFO and Head Business Excellence - Tata Elxsi Limited	0.00
3	Judson Daniel JM	QA Manager	9,460,624	B.Com, MCA	15	20/Feb/2003	39	First Employment in Thinksoft	0.00
4	Vaidyanathan N *	Executive Director	8,628,031	B.Sc. FCA	42	1/Sep/2005	65	Sr. Vice President & CFO-Polaris Software Lab Limited	0.29

Sl. No.	Name	Designation	Remuneration in INR.	Qualification	Experience (No. of years)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of Equity Shares held #
5	Phani Tangirala	Senior Director, Global Insurance Vertical	7,370,314	B A	27	23/Sep/2010	47	Project Director, SSp India Private Limitred	0.16
6	Suresh Nagarajan	Senior Director, Global Cards and Payments Vertical	6,415,889	B.Tech, MBA	22	30/Sep/2013	44	Delivery Director, Syntel Limited	0.00
7	Balaji Venkatasubramanian	Director, Practice Delivery BFS	5,911,156	B.E, PGDBM	24	4/Jul/2016	48	Vice President - Maveric Systems Ltd.	0.00
8	Srinath P	Director - IT & Infrastructure	5,357,807	B.Com., AICWA	25	2/Jun/2000	44	SAP Consultant, Maars Software International Limited	0.17
9	Meera Krishnan @	Vice President	5,253,591	M.Sc, Dip in Computer science, MS	31	11/Jun/2001	54	Deputy Manager - EID Parry India Ltd	0.06
10	Arun Ramamoorthy	Senior Principal Business Consultant	4,935,557	B.Com, PGCBM	23	2/Nov/2005	44	Retail Banking Business Analyst, American Express Bank Ltd.	0.00

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.

Includes Rs. 6.96 Million being the perquisite value of ESOP granted by SQS Software Quality Systems AG and exercised during the year end March 31, 2018 and incentives related to the FY 2016-17 which is paid during the Year

** CFO wef June 09, 2017 and Executive Director & CFO wef January 25, 2018

* Attained superannuation during the year

@ Resigned during the year

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 Rupees Eight lakhs Fifty thousand only per month

Sl. No.	Name	Designation	Remuneration in INR.	Qualification	Experience (No. of years)	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	K. Ramaseshan **	Executive Director & CFO	9,575,144	B.Com., ACA., AICWA	24	8/Jun/2017	49	CFO and Head Business Excellence - Tata Elxsi Limited	0.00
2	Vaidyanathan N *	Executive Director	8,628,031	B. Sc. FCA	42	1/Sep/2005	65	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.

** CFO wef June 09, 2017 and Executive Director & CFO wef January 25, 2018

* Attained superannuation during the year

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

Sl. No.	Name	Designation	Remuneration in INR.	Qualification	Experience (No. of years)	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 : May 04, 2018

Diederik Vos

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:

Sl.No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration*
1	Mr. David Bellin	2.09 : 1 (1 denotes Median Salary)
2	Ms. Aarti Arvind	27.25 : 1 (1 denotes Median Salary) ##
3	Mr. N. Vaidyanathan	12.15 : 1 (1 denotes Median Salary)
4	Mr. K. Ramaseshan	4.39 : 1 (1 denotes Median Salary)
5	Prof. K.Kumar	1.74 : 1 (1 denotes Median Salary)
6	Ms. Lilian Jessie Paul	1.37 : 1 (1 denotes Median Salary)
7	Prof. S. Rajagopalan	1.78 : 1 (1 denotes Median Salary)
8	Mr. Rajiv Kuchhal	1.57 : 1 (1 denotes Median Salary)
9	Mr. Ulrich Baümer	1.11 : 1 (1 denotes Median Salary)

* The working is based on payment / provision made in the books during the year.

Excludes Rs. 6.96 Million being the perquisite value of ESOP granted by SQS Software Quality Systems AG and exercised during the year end March 31, 2018.

2 Percentage increase in remuneration:

Sl.No.	Name	Designation	Percentage increase/ decrease in remuneration*
1	Mr. David Bellin	Chairman #	97% increase compared to previous year
2	Ms. Aarti Arvind	Managing Director & CEO	31% increase compared to previous year ##
3	Mr. N. Vaidyanathan	Executive Director	Not applicable. Attained superannuation during the year
4	Mr. K. Ramaseshan	Executive Director & CFO	9% increase compared to previous year for Executive Director position
5	Prof. K.Kumar	Director	28% increase compared to previous year
6	Ms. Lilian Jessie Paul	Director	29% increase compared to previous year
7	Prof. S. Rajagopalan	Director	30% increase compared to previous year
8	Mr. Rajiv Kuchhal	Director	28% increase compared to previous year
9	Mr. Ulrich Baümer	Director	19% increase compared to previous year
10	Mr. S. Sampath Kumar	Company Secretary & Compliance Officer	9% increase compared to previous year

* The working is based on payment / provision made in the books during the year.

Resigned wef May 04, 2018

Excludes Rs. 6.96 Million being the perquisite value of ESOP granted by SQS Software Quality Systems AG and exercised during the year end March 31, 2018.

3 Percentage increase in the median remuneration of employees

The percentage of increase in the Median employee remuneration is 0.1% as compared to the previous year.

4 Permanent Employees

The Number of Permanent Employees on the rolls of the Company as on March 31, 2018 is 914 employees.

5 Other details:

Sl.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 16-17, the overall salary increased to the employees around 7%
b	Percentile increase in managerial remuneration	Compared to last financial year, the Managerial remuneration increased by 7%
c	The comparison with the percentile increase in the employee remuneration with managerial remuneration and justification thereof	Employee remuneration (Excluding Managerial Remuneration) increased during the year FY 2017-18 by 9% was based on the appraisals and evaluations.
d	Any exceptional circumstances for increase in the managerial remuneration	N.A.

6 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 : May 04, 2018

Diederik Vos
Chairman & Director

Annexure - VII

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2017-18

[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, 2018 **("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, 2018 according to the provisions of:

1. The Companies Act, 2013 ('Act') and the rules made thereunder, as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;
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, as amended from time to time;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:-
   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 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 Labour and Industrial Laws specifically applicable to the Company, as listed below, as amended from time to time;

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
20. The Bombay Shops and Establishment Act, 1948

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 16, 2018

M. Alagar
FCS No. : 7488
CoP No. : 8196

'Annexure A'

To,

The Members

1. Our report of even date is to be read along with this letter.
2. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M.Alagar & Associates

M. Alagar
FCS No. : 7488
CoP No. : 8196

Place: Chennai
Date : April 16, 2018

Management discussion and analysis

Business Overview:

Financial year 2017-18 has been a year of growth where we saw revenue grow from $ 38.77 Million in FY17 to $ 42.84 Million in FY18 which was a growth of 10% in USD terms. This was aided by a steady growth in revenue from $ 9.41 Million in Q1FY 18 to $ 11.7 Million in Q4FY18.

Key drivers of the growth were from the larger existing accounts in Europe though a considerable portion of this revenue continued to be onsite. Revenue from the SQS group grew to 19% of total revenue with a substantial portion of this revenue from offshore services. Profitability was under pressure this year on the back of headwinds from specific accounts apart from our continuous investment in the US market. EBITDA was slightly lower at 16.5% but due to depreciation of the rupee against the Euro and the Pound, PBT was higher at 17.2%.

From a geographical perspective, UK and Ireland performed well and the revenue from these regions grew by over 20%. Significant investments were made in the US market which continue to be a work in progress. The Cards & Payments and Insurance verticals grew well and Banking & Financial Services (BFS) started adding new clients in the second half of the year. Over 25 clients were added across geographies during the year and this provides us with a good starting base to grow the business as we step into the next fiscal.

The Company added new digital and technical offerings for clients and some of the success with new clients was through these offerings. Competency building in automation continued to be a focus area and associates with technical skills were added during the year in addition to training existing staff.

In December 2017, the acquisition of SQS Group by Assystem Services Deutschland GmbH (subsidiary of Assystem Technologies SA) was announced and the transaction was completed on February 09, 2018. After the acquisition of more than 98% of shares, delisting of SQS group was initiated on February 21, 2018. This is a significant milestone for SQS India BFSI to become part of a Euro 1 bn revenue group. Assystem Technology will see the benefits from diversifying into BFSI by means of this acquisition as well as adding large offshore capability and capacity. This has been a successful and a very positive development for the Group as well as for SQS India BFSI.

Highlights FY 2017-18

- During the year revenue from top 5 clients grew by over 20%. This includes new clients who have the potential to become annuity accounts. Range of digital offerings to these clients was expanded. Group revenue grew well from 17% to 19%. The Company had higher revenue from UK, Ireland and Europe. Over 70% of the revenue from the Group is for offshore services which has helped to manage the onsite-offshore revenue mix and improve profitability.
- Practice wise, revenue from Cards and Payments increased to 41% of total revenue in FY 2017-18 as compared to 32% in previous year. The growth was mainly due to increased revenue from the large customer in Spain and some other marquee clients in multiple geographies. Banking revenues decreased to 36% of total revenue from 47% of total revenue in previous year primarily due to some larger project engagement finishing across geographies.
- Profitability was a challenge during the year due to lower margins in some larger clients as well as investments in the US market.
- Industrialised Management Services was implemented during the year. This was a key group wide initiative to standardize, measure, continuously improve and automate delivery for clients. The standards, measurement tools and reporting mechanisms have been implemented and focus would be on improvements in the coming year.
- With revenue growing, close to 287 staff were added during the year while 194 staff left during the same period. Focus on recruitment was on people with technical skills, domain experts, staff in Mumbai for India business and adding fresh graduates to help improve the delivery pyramid structure.
- The Company hosted a Long Service Awards Event in January 2018, for those employees who have been with the organisation for over 10 years. Approximately 120 employees were recognized and awarded.
- On the technical capability enhancement front, the Company rolled out a program called CMTT “Common Minimal Technical Training” across organization to help

and ensure that all employees were provided basic understanding of certain areas such as Automation, Agile, DevOps, Performance Testing etc. The objective of this program was to ensure that each employee across the organization is aware of these areas and have a certain level of competency.

- Interest Income increased to INR 13.4 Million in FY18 as compared to INR 6 Million in FY17. Surplus cash was managed well to ensure that the Company could get better returns on the surplus.
- The Company availed the benefits of the SEIS (Services Export from India Scheme) Scheme and realised INR 52 Million from the sales of scrip for the years 2015-16, 2016-17 and 2017-18. This also contributed to revenue and profitability during the year.
- In line with the Company's philosophy of increasing shareholder value and sharing surplus profits with shareholders, the Company proposed to pay a final dividend of Rs. 20 per share, subject to the approval during the AGM.
- SQS India BFSI received a closure report from SEBI in December 2017 with respect to its inclusion as a shell company. The report mentioned that in the absence of any prima facie evidence in any aspect there were no reasonable ground to further verify the financials of the company warranting an audit and that the actions as per SEBI's letter dated August 7, 2017 on SQS India BFSI are liable to be revoked. The Company appreciates the support and confidence reposed in us by the shareholders, board of directors, customers and employees during this challenging period.

Global Outlook & Industry Trends:

As per reports from Nelson Hall (a leading IT Market Research & Analysis firm) Specialist Testing Services are expected to grow to USD 27.9 Billion by 2021 mainly in the digital space. With the focus being on growing digital offerings the Company expects to capitalise on this growth.

Customers continue to be cautious on spends, at the same time feel the need to invest in technology which enables them to offer new digital solutions to their end customers. Even for existing applications customers are willing to spend on functional upgrades since these enable them to offer new features to their customers as well as generate new revenue streams.

Functional testing continues to be the larger portion of QA (Quality Assurance) business but digital services and non- functional testing are growing at a much faster pace. The need for Non-functional testing services such as security and performance testing are increasing manifold. In recent years security testing in specific has become critical to ensure that any threats are identified and vulnerabilities plugged before a system becomes available to users. The large amount of confidential data stored in these systems and the fact that monetary transactions can be carried out using this data makes it essential to protect these systems from hackers.

Some of the earlier trends such as Robotic Process Automation (RPA), Machine Learning & Artificial Intelligence, Agile/DevOps and Blockchain have evolved into actual offerings in the market. Some of the focus areas/trends for the future are:

- Deep Learning (AI)–Predictive Analytical Modelling (PAM) of customer's future financial needs based on financial transaction patterns. AI would foresee future usage patterns to smartly design and specifically target customers based on their needs and help customers in advance with products tailored to address their present and future needs. Testing a machine learning system is not an easy task as there is no test oracle in such systems (definite expected results) and hence deep learning applications and libraries need to be used to help customers.
- The Insurance industry has traditionally been the most conservative of all the financial domains. However, regulatory changes and customer demands are resulting in Insurance organisations investing in new technology and transformation initiatives. In India significant changes are taking place and 15 life insurers have come together to build a blockchain to store and share customer details.
- Close collaborations between Vehicle Manufacturers, Insurance and InsuTech companies on factory-mounted or after-market (insurance company led) IoT products for driver safety, assistive technologies, traffic / climate analysis, Predictive Analytical Modelling of trips, driving patterns, vehicle usage and maintenance in order to offer tailor made insurance policies and premiums that perfectly suits the customer. SQS India BFSI has expertise in IoT prototype development boards such as ESP32, ESP8266, Raspberry Pi, Arduino, ZigBee / XBee, SimBLEe among others to provide testing services for hardware, firmware and software for customers.
- Newer regulations and compliance requirements on Connected and Autonomous Vehicle (Driver-less vehicle insurance). New service offering and new

insurance products will surface up to meet the new autonomous air, surface and water borne vehicles.

- The Cards and Payments industry is fast shifting, driven by various factors like higher customer expectations/ changed behavior patterns & preferences, technological advancements introducing newer payment methods, increased competition due to the emergence of FinTechs and constantly changing regulations in the ecosystem. Payments landscape will find an array of new technologies to liberate the way payments are being done today. One such major disruptive technology is card-less / cash-less mobile payments using technologies such as NFC (Near Field Communication). Across the globe, there are many changes like the PSD2, Payments Systems Modernization which is gaining momentum.
- Banking across the globe has been going through a major transformation over the last few years. With high focus on digitization, the financial institutions of today are more oriented towards the customer to make their experience as seamless as possible. This evolution looks set to continue well into 2018 and see developments across banking industry including a more mature application of FinTech solutions, greater use of digital payments, the opening up of banking thanks to API built architectures and the harnessing of AI and RPA solutions.
- Distributed ledger technologies such as Blockchain, Sidechain and bitcoin implementations in BFSI organizations is on the rise for various benefits they drive home such as transaction integrity, non-repudiation, unbreakable security measures and highest levels of consistency and scalability.
- Data continues to be King and Digital transformation enables systems to capture massive amounts of data generated by multiple devices involved in a transaction from different locations on a real-time basis. It is used to get insights on customer behavior and transaction nature such as buyer propensity, suspicious transactions, subrogation opportunities etc., These insights are primarily used for developing new products, managing risk in real-time and improving profitability by way of targeted sales. Big data and Advanced Analytics technologies are being widely used by Banking & Financial Services organizations as part of their digital transformation initiatives.

The changes in the market are quite disruptive and the need for QA to ensure the integrity of the systems and hence financial transactions is key. With regulators becoming more stringent the financial and reputation loss due to any lapse has become huge. BFSI customers see the huge potential in new technology at the same time need to ensure that the necessary Quality Checks are done before any implementation.

Opportunities and Risks:

With changes relating to Brexit taking place over the next couple of years, financial institutions in the Europe, UK and Ireland would make the investments necessary to continue to operate across different countries. This could help future growth since SQS group and Assystem Technology are very strong in these markets. Even with oil prices increasing, business in the Middle East has not increased due to political uncertainty in the region. Investment in digital solutions by Indian financial institutions is increasing and this is a good growth market. The US continues to be a high growth market for QA service and the Company would continue to strive to improve growth in this market.

The need for QA has not changed but what is QA and the role SQS India BFSI plays has dramatically changed. A couple of years back the QA teams would be engaged towards the end of the cycle once the application had been completely deployed. Nowadays QA is integrated right from the beginning to ensure continuous quality and early detection of gaps. With Agile and Devops becoming more prevalent, the need for QA teams to have more technical skills has increased. This also throws up more opportunities for QA teams to get involved in the development cycle and take on larger roles.

Risks continue to be around increasing competition, increasing localisation and higher costs. The focus is on offering innovative solutions which involve more automation and standardization, thereby reducing costs and increasing the Company's ability to compete effectively. Enhancing the competency of staff in technical areas as well as hiring more technical skilled laterals is helping the Company develop digital offerings for the future. This coupled with deep BFSI domain expertise will help SQS India BFSI succeed.

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, 2018, 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. N. Vaidyanathan (DIN-02636173), Executive Director, has retired from the services of the Company after attaining superannuation on September 5, 2017 and ceased to be the Executive Director of the Company from September 6, 2017. The Board placed on record their appreciation for the services rendered by Mr. N. Vaidyanathan as Executive Director & CFO (Key Managerial Personnel) in charge of Finance, Secretarial and Compliance activities all through the years and noted that Mr. N. Vaidyanathan had played his role effectively to the Company.

Ms. Aarti Arvind, (DIN-07414979) has resigned as Managing Director & CEO of the Company at the Board Meeting held on January 25, 2018 due to personal reasons. She will continue to hold office up to July 24, 2018 after serving the notice period as per the Service Agreement. The Board placed on record her excellent contribution to the Company as Managing Director and CEO (Key Managerial Personnel) all through the years and noted that Ms. Aarti Arvind had played her role effectively to the Company.

Mr. Diederik Vos (DIN-06744640) was appointed as an additional Non-Executive Director by the Board in their meeting held on October 26, 2017 with effect from that date and Mr. K. Ramaseshan (DIN-03025474) was appointed as an additional Executive Director by the Board in their meeting held on January 25, 2018 with effect from that date subject to the approval of the shareholders in the ensuing Annual General Meeting.

Mr. David Bellin (DIN-06790066) has resigned as Chairman and Non-Executive Director of the Company with effect from May 04, 2018. Mr. Diederik Vos, Additional Director has been unanimously elected as the Chairman of the Board by the Board of Directors of the Company with effect from May 04, 2018. The Board placed on record the appreciation for the services rendered by Mr. David Bellin during his tenure as Chairman of the Board of Directors (Non-Executive) of the Company.

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, neither 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:

Five 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 27, 2017, June 09, 2017, July 27, 2017, October 26, 2017 and January 25, 2018.

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 2017-18			Whether attended last AGM held on July 27, 2017	No. of memberships in other Committees	No of post of Chairperson in other Committee
		Held	Held after appointment	Attended			
Mr. David Bellin	Chairman & Non-Executive Director	5	5	5	Yes	-	-
Prof. K. Kumar	Independent & Non-Executive Director	5	5	5	Yes	-	-
Ms. Aarti Arvind	Managing Director & CEO	5	5	5	Yes	-	-
Mr. N. Vaidyanathan *	Executive Director	5	5	3	Yes	-	-
Mr. K. Ramaseshan	Executive Director & CFO	5	1	1	No	-	-
Ms. Lilian Jessie Paul	Independent & Non-Executive Director	5	5	4	No	1	-
Prof. S. Rajagopalan	Independent & Non-Executive Director	5	5	5	Yes	-	-
Mr. Rajiv Kuchhal	Independent & Non-Executive Director	5	5	5	Yes	-	-
Mr. Diederik Vos	Non-Executive Director	5	2	2	No	-	-
Mr. René Gawron	Non-Executive Director	5	5	5	Yes	-	-
Mr. Ulrich Bäumer	Independent & Non-Executive Director	5	5	2	No	-	-

* Attained superannuation on September 05, 2017

Notes:

a. None of the Directors, holds directorships in any other Indian Public Limited Companies and hold Membership/ Chairmanship of any Committee(s) in other Indian Public Limited Companies (listed and unlisted) apart from the details given above.

b. For the purpose of Membership in Committees, the Membership in Audit Committee and Stakeholders Relationship Committee are only considered.

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

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

e. 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, 2018 are:

Sl.No	Name	Shares
1	Prof. K. Kumar	11,000
2	Prof. S. Rajagopalan	1,000
3	Mr. Rajiv Kuchhal	67,692
	TOTAL	**79,692**

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/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
  - Modified opinion(s) 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 Chief Financial Officer (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 Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. Accordingly, the Audit Committee consists 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.

Five Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 26 & 27, 2017, June 09, 2017, July 26 & 27, 2017, October 26, 2017 and January 24 & 25, 2018.

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 2017-18	
		Held	Attended
Prof. K. Kumar	Chairman	5	5
Prof. S. Rajagopalan	Member	5	5
Mr. Rajiv Kuchhal	Member	5	5
Mr. René Gawron	Member	5	5

Prof. K. Kumar, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on July 27, 2017.

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 Key Managerial Personnel ("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 Nomination and 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 of Directors 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 of Directors;
- 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 of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;
- 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, recommend the same to the Board for its consideration and 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 two Non-Executive Director.

Five Nomination and Remuneration Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 26 & 27, 2017, June 09, 2017, July 26 & 27, 2017, October 26, 2017 and January 24, 2018.

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 2017-18		
		Held	Held after Appointment	Attended
Prof. K. Kumar	Chairman	5	5	5
Prof. S. Rajagopalan	Member	5	5	5
Mr. Rajiv Kuchhal	Member	5	5	5
Mr. René Gawron	Member	5	3	3
Mr. David Bellin	Member	5	5	5

Mr. David Bellin, has resigned as Chairman and Non-Executive Director, with effect from May 04, 2018. Mr. Diederik Vos, Additional Director has been unanimously elected as the Chairman of the Board by the Board of Directors of the Company with effect from May 04, 2018. Mr. Diederik Vos was also appointed as the member of Nomination and Remuneration Committee in the meeting held on May 04, 2018.

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 to remuneration of Whole time Directors
- Policy relating to remuneration of Non-Executive / Independent Directors
- Policy relating to remuneration of Key Managerial Personnel and Senior Management Personnel. The evaluation criteria is provided elsewhere in the Annual Report.

II. Details of Remuneration for the year ended March 31, 2018:

The disclosure on the remuneration of directors as required under Schedule V (C) (5) 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	1,050,000	200,000	1,250,000
Prof. K. Kumar	600,000	440,000	1,040,000
Ms. Lilian Jessie Paul	600,000	220,000	820,000
Prof. S. Rajagopalan	600,000	460,000	1,060,000
Mr. Rajiv Kuchhal	600,000	340,000	940,000
Mr. Diederik Vos	-	-	-
Mr. René Gawron	-	-	-
Mr. Ulrich Bäumer	600,000	60,000	660,000

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, 2018 are as under:

S.No	Name	Shares Held	Stock Option
1	Prof. K. Kumar	11,000	Nil
2	Prof. S. Rajagopalan	1,000	Nil
3	Mr. Rajiv Kuchhal	67,692	Nil
	TOTAL	**79,692**	Nil

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 and the same were exercised by the Independent Directors.

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 and commission.

d. Remuneration of Executive Director:

Compensation to Ms. Aarti Arvind, Managing Director & CEO and Mr. N Vaidyanathan, Executive Director are paid as per the Service Agreements entered with them subject to the limits specified as per the provisions of the Companies Act, 2013. Compensation for Mr. K. Ramaseshan appointed as Executive Director at the Board Meeting held on January 25, 2018 is subject to the approval of the Members at the ensuing Annual General Meeting.

Amount in Rs.

Sl. No.	Particulars of Remuneration	Ms. Aarti Arvind, MD & CEO	Mr. N Vaidyanathan, ED (up to September 5, 2017) and ED & CFO (up to June 08, 2017)	Mr. K. Ramaseshan, ED & CFO (from January 25, 2018) and CFO (from June 09, 2017)
1	Gross Salary	15,164,567**	4,312,618	8,075,144
2	Stock Options	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
5	Others (Incentives)	8,068,071*	2,945,812	3,677,103*
	Total	**23,232,638**	**7,258,430**	**11,752,247**

** Includes Rs. 6,956,712 being the perquisite value of ESOP granted by SQS Software Quality Systems AG and exercised during the year ended March 31, 2018.

* Includes provision made in the books for which payment will be made during financial year 2018-19.

Other Incentives given in Point 5 above include the Performance based incentive for the financial year 2017-18, which were based on the achievement of a set of parameters as framed by the Nomination and Remuneration Committee and decided by the Board of Directors of the Company from time to time. These parameters consist of both quantitative as well as qualitative achievements.

The agreement with the Managing Director & CEO has been entered into for a period of 3 years, w.e.f. April 1, 2016. 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 is entitled for severance pay subject to the provisions contained in Section 202 of the Companies Act, 2013.

During the year, Mr. N. Vaidyanathan, Executive Director attained superannuation on September 05, 2017 and was relieved from the services of the Company.

The agreement has to be entered into by the Company with Mr. K. Ramaseshan, Executive Director & CFO for his appointment upon approval by the Members in the ensuing Annual General Meeting.

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 26, 2017, July 26, 2017, October 26, 2017 and January 24, 2018.

The Committee consists of three Independent Directors. The Chairman of the Committee is an 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 2017-18	
		Held	Attended
Prof. S Rajagopalan	Chairman	4	4
Prof. K Kumar	Member	4	4
Ms. Lilian Jessie Paul	Member	4	3

Mr. S. Sampath Kumar, Company Secretary 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*	13
Number of Complaints resolved during the year	13
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Complaints pending as on March 31, 2018	NIL

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

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 17, 2017, July 10, 2017, October 23, 2017 and January 12, 2018.

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 2017-18	
		Held	Attended
Prof. S Rajagopalan	Chairman	4	4
Prof. K Kumar	Member	4	3
Ms. Lilian Jessie Paul	Member	4	4

8. Independent Directors' Meeting:

The meeting of Independent Directors of the Company was held on January 25, 2018. All the Independent Directors of the Company have 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 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.
Annual General Meeting 2016-17	July 27, 2017	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:

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

19th Annual General Meeting for the year 2016-17 held on July 27, 2017 - 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 presentations made to the analysts are also placed on the website of the Company.

11. General Shareholder Information:

I. Annual General Meeting Date, Time and Venue:

20th Annual General Meeting

Date and Time: July 26, 2018 at 3.30 pm

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

II. Financial calendar:

Tentative Financial Calendar for the year 2018-19

Financial Year	April 1, 2018 to March 31, 2019
First Quarter Results	On or before August 14, 2018
Half Yearly Results	On or before November 14, 2018
Third Quarter Results	On or before February 14, 2019
Fourth Quarter and Annual Results	On or before May 30, 2019

III. Date of book closure:

July 21, 2018 to July 26, 2018 (both days inclusive)

IV. Dividend payment date:

The Board of Directors recommended a final dividend of Rs. 20/- per equity share of the face value of Rs.10/- each for the financial year ended March 31, 2018. If approved by the Members at the ensuing Annual General Meeting to be held on July 26, 2018, it will be paid on or before August 25, 2018 to those Members whose names appear in the Company's Register of Members as of the close of business hours on July 20, 2018.

Interim dividend declared during the year was paid on November 21, 2017.

V. Listing of Stock Exchanges and Stock Code:

10,710,381 equity shares of Rs.10/- each is listed at

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

The Company has paid the annual listing fees for the year 2017-18 to both the above Stock Exchanges.

VI. Market Price data:

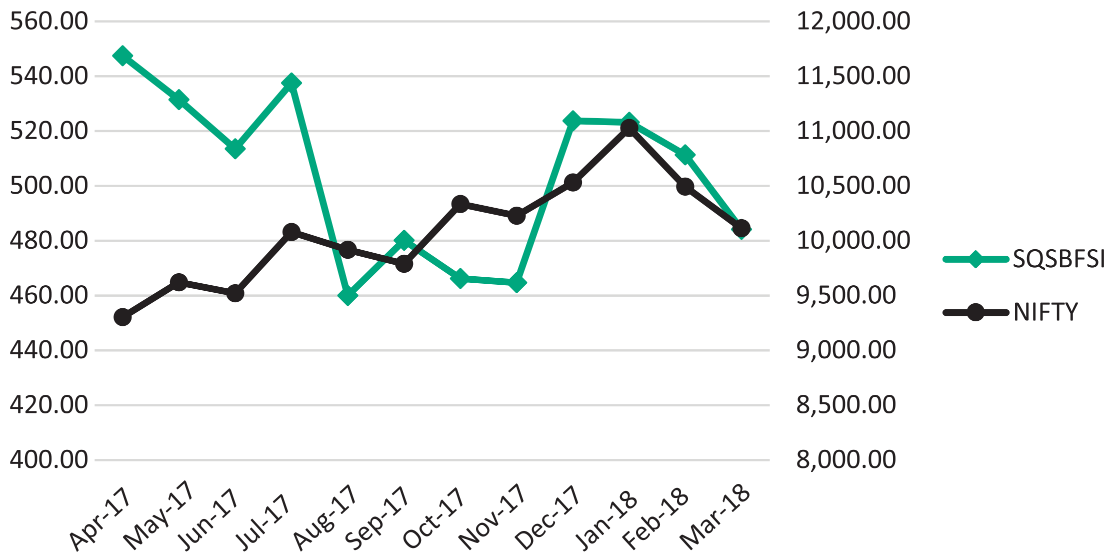
The closing market price of equity shares on March 28, 2018 (last trading day of the year) was Rs.484.10 on NSE and Rs. 486.20 on BSE.

VII. Monthly share price movement during 2017-18 at NSE & BSE:

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

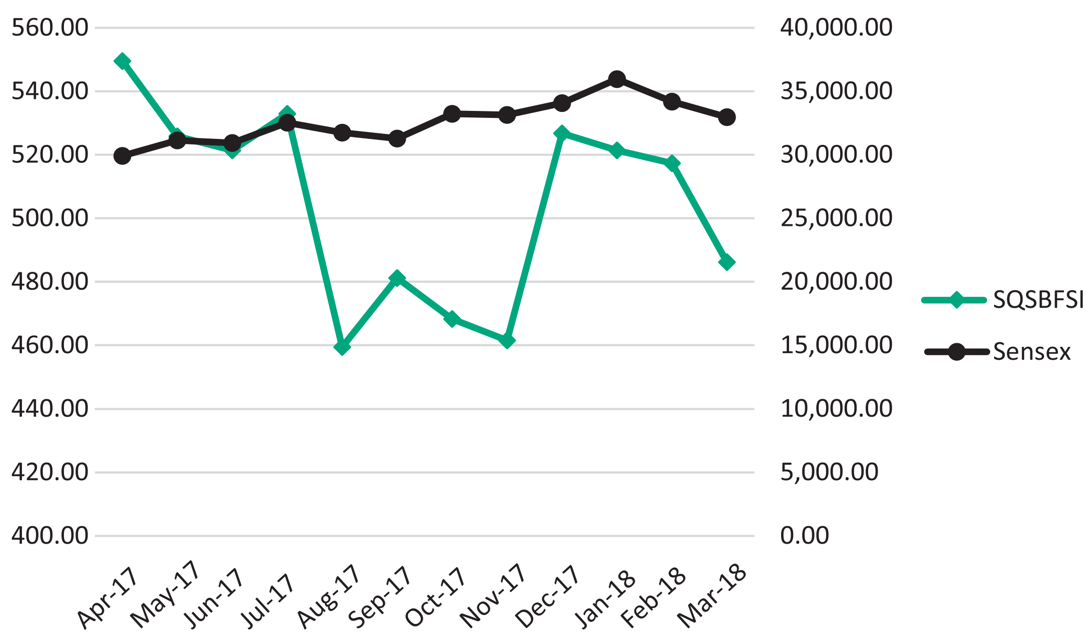
MONTH	NSE			BSE		
	HIGH (Rs.)	LOW (Rs.)	VOLUME	HIGH (Rs.)	LOW (Rs.)	VOLUME
April, 2017	584.00	532.20	354,705	581.25	531.95	55,430
May, 2017	575.95	516.55	266,076	573.00	517.75	37,680
June, 2017	581.95	501.00	192,581	579.90	502.45	42,989
July, 2017	560.00	512.00	283,266	566.95	512.15	69,030
August, 2017	543.80	405.00	471,084	536.95	403.00	151,124
September, 2017	506.65	451.00	155,437	508.30	452.10	60,828
October, 2017	500.00	462.00	182,280	524.90	460.00	36,263
November, 2017	505.90	430.00	345,516	503.00	427.15	40,387
December, 2017	653.70	440.05	819,933	651.00	445.10	146,159
January, 2018	573.90	520.00	682,861	571.00	520.00	95,643
February, 2018	544.00	490.05	183,098	546.90	490.00	31,140
March, 2018	520.40	476.00	153,289	515.95	475.05	22,521
TOTAL			**4,090,126**			**789,194**

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



	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
SQSBFSI	547.40	531.45	513.45	537.45	459.90	480.10	466.20	464.70	523.65	523.10	511.35	484.10
NIFTY	9,304.05	9,621.25	9,520.90	10,077.10	9,917.90	9,788.60	10,335.30	10,226.55	10,530.70	11,027.70	10,492.85	10,113.70

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



	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
SQSBFSI	549.50	525.85	521.40	532.90	459.50	481.20	468.30	461.55	526.70	521.35	517.35	486.20
Sensex	29,918.40	31,145.80	30,921.61	32,514.94	31,730.49	31,283.72	33,213.13	33,149.35	34,056.83	35,965.02	34,184.04	32,968.68

IX. Registrar and Share Transfer Agents:

After the end of Financial Year, the Company has moved to M/s. Cameo Corporate Services Limited from M/s. Karvy Computershare Private Limited due to locational presence and logistics convenience.

The Company has appointed M/s. Cameo Corporate Services Limited, Chennai, Category I Registrars to the Issue and Share Transfer Agent as the Registrar and Share Transfer Agent of the Company with effect from the date of transfer of database and electronic connectivity by M/s. National Securities Depository Limited and M/s. Central Depository Services (India) Limited from M/s. Karvy Computershare Private Limited to M/s. Cameo Corporate Services Limited.

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	M/s. Cameo Corporate Services Limited Subramanian Building, No.1, Club House Road, Chennai 600 002
Tel	+91 044 2846 0390 / 044-40020700
E-mail ID	investor@cameoindia.com
Website	http://www.cameoindia.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, 2018:

Category (Amount)	No. of Shareholders	% of Shareholders	No. of shares held	Amount (Rs.)	% of Amount
1-5000	13,973	93.55	1,026,045	10,260,450	9.58
5001- 10000	428	2.87	329,961	3,299,610	3.08
10001- 20000	224	1.50	335,015	3,350,150	3.13
20001- 30000	91	0.61	225,980	2,259,800	2.11
30001- 40000	45	0.30	160,369	1,603,690	1.50
40001- 50000	45	0.30	204,175	2,041,750	1.91
50001- 100000	68	0.46	505,827	5,058,270	4.72
100001& Above	62	0.42	7,923,009	79,230,090	73.98
Total	**14,936**	**100.00**	**10,710,381**	**107,103,810**	**100.00**

Shareholding Pattern as on March 31, 2018:

SI.No	Category	Number of Shares	% of holding
1	Promoters	5,753,801	53.72
2	Mutual Funds	53,000	0.49
3	Foreign Portfolio Investors	220	0.00

Sl.No	Category	Number of Shares	% of holding
4	Bodies Corporate	786,429	7.34
5	Non-Resident Indians	172,827	1.61
6	Public and Others	3,944,104	36.84
	Total	**10,710,381**	**100.00**

XII. Dematerialization of securities and liquidity:

As on March 31, 2018, 10,708,377 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. The Company do not hedge for any future payments / receipts in foreign currency, albeit hedging at times for smaller tranches, on proposed receipts form clients. 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 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 2017-18, an amount of Rs. 86,948/- which was lying in the Interim Dividend 2009-10 account of the Company was transferred 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
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
Final Dividend	2016-17	27-Jul-17	01-Sep-24
Interim Dividend	2017-18	26-Oct-17	01-Dec-24

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:

S. Sampath Kumar, Company Secretary and Compliance Officer
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 2017-18 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 639.40 Mn. for April 01, 2017 to March 31, 2018. The Percentage of transaction value with previous year consolidated Turnover is 24.60%.	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/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/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/corporate-governance-policies.php.

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

VIII. Compliances under SEBI (LODR) Regulations.

The Company is regularly complying with the SEBI (LODR) Regulations as stipulated under SEBI (LODR) Regulations. Information, certificates and returns as required under the provisions of SEBI (LODR) Regulations are sent to the stock exchanges within the prescribed time.

The Company has also complied with all the mandatory requirements of SEBI (LODR) Regulations. Further, the Company has also adopted voluntary requirement of the SEBI (LODR) Regulations relating to the "Separate posts of Chairperson and Chief Executive Officer".

IX. Reporting of Internal Auditor.

The internal auditor may report directly to the Audit Committee.

X. CEO and CFO Certification.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company has certified the annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) read with Part B of Schedule II of the Listing Regulations.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) has certified the financial results quarterly while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

The annual certificate given by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) is given below followed by the certificate as per Regulation 17(8)

XI. Disclosure of Compliance with Corporate Governance Requirements specified in Regulation 17 to 27 and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations.

The Company has complied with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including Regulation 17 to 27 and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company submits a quarterly compliance report on corporate governance signed by the Compliance Officer to the Stock Exchange within 15 (fifteen) days from the close of every quarter. Such quarterly compliance reports on corporate governance are also posted on the website of the Company.

Compliance of the Conditions of Corporate Governance has also been certified by the Statutory Auditors of the Company. After being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is attached to this report and the same will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF SQS INDIA BFSI LIMITED

We have examined the compliance of conditions of Corporate Governance by SQS India BFSI Limited ("the Company") for the year ended March 31, 2018, as stipulated in Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

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 KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355

Place: Chennai
Date : May 04, 2018

CEO & CFO Certification

We, Aarti Arvind, Managing Director & Chief Executive Officer and K. Ramaseshan, 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, 2018 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, 2018 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	**Aarti Arvind**	**K. Ramaseshan**
Date : May 04, 2018	Managing Director & CEO	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, 2018, 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, 2018.

Place: Chennai
Date : May 04, 2018

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

To the Members of SQS India BFSI Limited

We have examined the books of account and other relevant records of SQS India BFSI Limited having its Registered 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 explanations 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 Resolutions passed by the Company at the Annual General Meetings held on July 29, 2011 and July 25, 2012.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355

Place: Chennai
Date : May 04, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SQS INDIA BFSI LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **SQS INDIA BFSI LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 included in these Standalone Ind AS Financial Statements, are based on the previously issued statutory Standalone Financial Statements prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP') audited by the predecessor auditor whose reports for the year ended March 31, 2017 and March 31, 2016 dated April 27, 2017 and April 28, 2016 respectively expressed an unmodified opinion on those Standalone Financial Statements, as adjusted for the differences in accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

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 in terms of Section 143(11) of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 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 (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 – Refer Note 37 to the Standalone Financial Statements;

ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2018.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA

Partner

Membership Number 127355

Place: Chennai

Date: May 04, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2018.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016:

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

(b) As explained to us, the Company has a programme for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is in the business of rendering software testing service and does not have any inventory and hence the provisions of paragraph 3 (ii) of the Order are not applicable.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clauses (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.

iv. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of investments made have been complied with by the Company. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans to the persons covered under Section 185 and Section 186 of the Act or given guarantees or granted securities under Section 186 of the Act.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public and hence the directives issues by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are not applicable.

vi. According to the information and explanations given to us, the maintenance of cost records under sub section (1) of Section 148 of the Act is not applicable to the Company under the Companies (Cost Records and Audit) Rules, 2014.

vii. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax (GST) and any other statutory dues with the appropriate authorities, wherever applicable and there are no such outstanding dues as at March 31, 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value added tax and Goods and Service Tax on account of any dispute other than the following:

Sl. No.	Name of the statute	Amount (Rs. in Millions)	Financial Year (F.Y.) to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	33.53	2008-09	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	10.49	2011-12	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	1.59	2012-13	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	5.30	2013-14	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us and based on the documents and records produced to us, the Company does not have loans or borrowings from financial institutions, banks, government or debenture holders.

ix. According to the information and explanations given to us, the Company has not taken any term loans nor raised money through initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the year.

xi. According to the information and explanations given to us and the records examined by us, the managerial remuneration paid by the Company is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company, hence the provisions of paragraph 3(xii) of the Order are not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS Financial Statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the directors or persons connected with them. Hence the provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence the provisions of paragraph 3 (xvi) of the Order are not applicable.

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA

Partner

Membership Number 127355

Place: Chennai

Date : May 04, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended March 31, 2018.

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, 2018 in conjunction with our audit of the Standalone Ind AS 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 (the "Guidance Note") 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 Act.

Auditors' 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 was 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Standalone Ind AS 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, 2018, 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 KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA

Partner

Membership Number 127355

Place: Chennai

Date : May 04, 2018

Standalone Balance Sheet as at March 31, 2018

Rs. In Millions

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	4	212.79	246.60	225.41
Intangible Assets	4	10.69	19.84	22.37
Financial Assets				
(i) Investments in Subsidiaries	5	40.15	42.86	42.86
(ii) Loans	6	8.67	18.71	14.26
(iii) Other Non-Current Financial Assets	7	0.38	2.00	0.29
Deferred Tax Assets	8	16.94	12.57	24.03
Income Tax Assets (Net)	9	24.73	21.99	22.75
Other Non-Current Assets	10	4.60	4.19	6.38
Total Non-Current Assets		**318.95**	**368.76**	**358.35**
Current Assets				
Financial Assets				
(i) Trade Receivables	11	1,045.14	740.52	615.36
(ii) Cash and Cash Equivalents	12	307.80	236.13	542.49
(iii) Bank Balances other than (ii) above	13	254.80	61.75	7.14
(iv) Loans	14	11.51	4.80	8.96
(v) Other Current Financial Assets	15	40.53	10.93	15.23
Other Current Assets	16	36.14	32.47	34.71
Total Current Assets		**1,695.92**	**1,086.60**	**1,223.89**
TOTAL ASSETS		**2,014.87**	**1,455.36**	**1,582.24**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	17	107.10	106.80	106.39
Other Equity	18	906.86	932.12	1,020.56
Total Equity		**1,013.96**	**1,038.92**	**1,126.95**
LIABILITIES				
Current Liabilities				
Financial Liabilities				
(i) Trade Payables	19	594.19	107.19	80.15
(ii) Other Current Financial Liabilities	20	237.78	179.96	192.20
Other Current Liabilities	21	58.73	38.11	67.82
Provisions	22	16.01	14.42	15.56
Current Tax Liabilities (Net)	23	94.20	76.76	99.56
Total Current Liabilities		**1,000.91**	**416.44**	**455.29**
TOTAL EQUITY AND LIABILITIES		**2,014.87**	**1,455.36**	**1,582.24**
Significant Accounting Policies	2			

The accompanying notes form an integral part of the Standalone Financial Statements.

As per our Report of even date

Signatures to the Standalone Balance Sheet and Notes to Standalone Financial Statements

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 04, 2018

For and on behalf of the Board

DIEDERIK VOS
Chairman & Director
DIN : 06744640

AARTI ARVIND
Managing Director & CEO
DIN : 07414979

K. RAMASESHAN
Executive Director & CFO
DIN : 03025474

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Place : Chennai
Date : May 04, 2018

Standalone Statement of Profit and Loss for the year ended March 31, 2018

Rs. In Millions

Particulars	Note No.	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
INCOME			
Revenue from Operations	24	2,764.38	2,599.48
Other Income	25	73.64	9.79
Total Income		**2,838.02**	**2,609.27**
EXPENSES			
Employee Benefit Expense	26	1,153.57	1,045.93
Finance Costs	27	2.87	1.96
Depreciation and Amortization Expense	4	55.36	51.77
Other Expenses	28	1,203.38	1,164.12
Total Expenses		**2,415.18**	**2,263.78**
Profit before exceptional items and tax		**422.84**	**345.49**
Exceptional Items	29	6.89	-
Profit Before Tax		**429.73**	**345.49**
Tax Expense			
Current Tax	8(b)	153.62	114.88
Deferred Tax	8(a)	(3.96)	6.75
Profit for the Year		**280.07**	**223.86**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plan		(1.18)	(9.47)
Income tax relating to items that will not be reclassified to profit or loss	8(c)	0.41	3.28
Items that will be reclassified to profit or loss		**-**	**-**
Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the Year		**279.30**	**217.67**
Earnings per Equity Share (Face value Rs. 10/- per share)			
Basic (Rs.)	30	26.19	20.98
Diluted (Rs.)	30	26.19	20.92
Significant Accounting Policies	2		

The accompanying notes form an integral part of the Standalone Financial Statements.

As per our Report of even date.

Signatures to the Standalone Statement of Profit & Loss and Notes to Standalone Financial Statements

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W/W100166

For and on behalf of the Board

FARHAD M. BHESANIA	**DIEDERIK VOS**	**AARTI ARVIND**	**K. RAMASESHAN**	**S. SAMPATH KUMAR**
Partner	Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
Membership Number 127355	DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838

Place : Chennai
Date : May 04, 2018

Place : Chennai
Date : May 04, 2018

Standalone Statement Of Changes In Equity for the year ended March 31, 2018

(a) Equity Share Capital

Rs. In Millions

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
106.39	0.41	106.80

Rs. In Millions

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
106.80	0.30	107.10

(b) Other Equity

Rs. In Millions

Particulars	Share Application Money Pending Allotment	Employee Stock Compensation Reserve	Reserves and Surplus			Total
			Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2016	2.36	-*	186.00	131.39	700.81	**1,020.56**
Profit for the year	-	-	-	-	223.86	**223.86**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	-	(6.19)	**(6.19)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**217.67**	**217.67**
Dividend (Including Dividend Tax)	-	-	-	-	(308.11)	**(308.11)**
Transfer to General Reserve	-	-	-	21.70	(21.70)	**-**
Share application money adjusted on allotment towards equity share capital and securities premium	(2.36)	-	2.13	-	-	**(0.23)**
Securities premium received on issue of shares on exercise of employee stock options during the year	-	-	1.90	-	-	**1.90**
Employee stock option compensation cost	-	0.33	-	-	-	**0.33**
Balance as at March 31, 2017	**-**	**0.33**	**190.03**	**153.09**	**588.67**	**932.12**
Profit for the year	-	-	-	-	280.07	**280.07**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	-	(0.77)	**(0.77)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**279.30**	**279.30**
Dividend (Including Dividend Tax)	-	-	-	-	(308.73)	**(308.73)**
Transfer to General Reserve	-	-	-	28.00	(28.00)	**-**
Securities premium received on issue of shares on exercise of employee stock options during the year	-	-	3.19	-	-	**3.19**
Employee stock option compensation cost	-	0.98	-	-	-	**0.98**
Balance as at March 31, 2018	**-**	**1.31**	**193.22**	**181.09**	**531.24**	**906.86**

* Denotes amounts less than Rs. 5,000/-.

Standalone Statement Of Changes In Equity for the year ended March 31, 2018

As per our Report of even date.

Signatures to the Standalone Statement of Change in Equity and Notes to Standalone Financial Statements

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355

Place : Chennai
Date : May 04, 2018

For and on behalf of the Board

DIEDERIK VOS	AARTI ARVIND	K. RAMASESHAN	S. SAMPATH KUMAR
Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838

Place : Chennai
Date : May 04, 2018

Standalone Statement of Cash flow for the year ended March 31, 2018

Rs. In Millions

Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
A. Cash flow from operating activities		
Profit before tax	**429.73**	**345.49**
Adjustment for:		
Depreciation and Amortization Expense	55.36	51.77
(Profit) on sale of Property, Plant and Equipment	(0.15)	(0.28)
Exceptional Items	(6.89)	-
Provision for doubtful debts (written back)	(3.49)	(3.11)
Unrealized forex exchange loss/(gain) (Net)	(41.44)	75.64
Interest income	(12.35)	(5.50)
ESOP Compensation Cost	0.98	0.33
Allowance for credit loss	0.67	3.11
Unwinding of discount on security deposits	(1.04)	(0.90)
Operating profit before working capital changes	**421.38**	**466.55**
Adjustment for:		
(Increase) / Decrease in Trade Receivables	(275.87)	(174.17)
(Increase) / Decrease in Loans	4.36	(1.83)
(Increase) / Decrease in Other Current Financial Assets	(26.39)	4.46
(Increase) / Decrease in Other Current Assets	(4.15)	(0.17)
(Increase) / Decrease in Other Non-Current Assets	(0.41)	2.18
Increase / (Decrease) in Trade Payables	486.92	27.04
Increase / (Decrease) in Other Current Financial Liabilities	58.27	(13.90)
Increase / (Decrease) in Other Current Liabilities	20.60	(29.70)
Increase / (Decrease) in Provisions	0.41	(10.61)
Cash generated from operations	**685.12**	**269.85**
Direct taxes paid (net of refunds)	(138.92)	(128.92)
Net cash flow from operating activities (A)	**546.20**	**140.93**
B. Cash flow from investing activities		
Investment in Fixed deposits having maturity greater than 3 months	(431.77)	(58.14)
Proceeds from maturity of Fixed Deposits	240.34	1.82
Payments for purchase of Property, Plant and Equipment and Intangible Assets	(12.43)	(70.43)
Proceeds from sale of Property, Plant and Equipment	0.18	0.28
Interest received on deposit with banks	9.13	5.34
Proceeds from liquidation of subsidiary	9.61	-
Net cash flow (used in) investing activities (B)	**(184.94)**	**(121.13)**
C. Cash Flow from financing activities		
Proceeds from Issue of Shares / Share Application money Received	3.50	2.08
Dividends paid	(256.51)	(255.99)
Tax on dividend paid	(52.22)	(52.12)
Net cash flow (used in) financing activities (C)	**(305.23)**	**(306.03)**
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	**56.03**	**(286.23)**
Effect of changes in exchange rate on cash and cash equivalents	15.64	(20.13)
Cash & cash equivalents at the beginning of the year	236.13	542.49
Cash and cash equivalents at the end of the year (Refer Note 12)	**307.80**	**236.13**

Notes : The above Statement of Cash Flows includes Rs. 7.18 Million (Previous Year March 31, 2017 : Rs. 7.34 Million) towards Corporate Social Responsibility (CSR) Activities (Refer Note 41).

Standalone Statement of Cash flow for the year ended March 31, 2018

The accompanying notes form an integral part of the Standalone Financial Statements.

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP	For and on behalf of the Board			
Chartered Accountants Firm Regn. No. 104607W/W100166				
FARHAD M. BHESANIA Partner	**DIEDERIK VOS** Chairman & Director	**AARTI ARVIND** Managing Director & CEO	**K. RAMASESHAN** Executive Director & CFO	**S. SAMPATH KUMAR** Company Secretary & Compliance Officer
Membership Number 127355	DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838
Place : Chennai **Date** : May 04, 2018	**Place** : Chennai **Date** : May 04, 2018			

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note: 1

Company Overview:

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 on the 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, Germany.

The Company is an India based software service provider primarily delivering software validation and verification services to the banking, financial services and insurance 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, Thinksoft Global Services (Europe) GmbH has been liquidated during the year.

The financial statements of the Company for the year ended March 31, 2018 were authorized for issue in accordance with the resolution of the Board of Directors on May 4, 2018.

Note: 2

Significant Accounting Policies:

a) Basis of preparation of financial statements:

(i) Compliance with Ind AS:

The Financial Statements of the Company comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016, the Companies (Indian Accounting Standards) Amendment Rules, 2017 and other relevant provisions of the Act, as applicable.

The financial statements up to the year ended March 31, 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provisions of the Act as applicable.

These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. An explanation of how the transition to Ind AS has affected the Company's financial position, financial performance and cash flow is provided in Note 44.

ii) Historical Cost Convention:

The Standalone Ind AS Financial Statements have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair value.

a. Certain financial assets and liabilities that are measured at fair values

b. Defined benefit plans - plan assets and share based payments measured at fair value.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

The Financial Statements include figures pertaining to Head office and Branches/Places of Business located at Madras Export Processing Zone – Chennai, Australia, Belgium, Hong Kong and Malaysia. The places of business in Hong Kong has been closed in the Financial Year 2017-18.

b) Critical Accounting Estimates:

While preparing the financial statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the balance sheet date and the reported amount of income and expenses for the reporting period. Future events rarely develop exactly as forecasted and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized prospectively.

Notes to Standalone Financial Statements for the year ended March 31, 2018

i) Revenue Recognition:

The Company uses percentage of completion method for it's fixed-price contracts. The use of percentage of completion method requires the Company to estimate the efforts or costs expended to date as a proportion to total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii) Determination of the estimated useful lives and residual values of tangible assets:

Useful lives of tangible assets are based on the life prescribed in the Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on management's technical evaluation taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacements. Assumptions are also made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

The estimation of residual value of the asset is based on the management's judgement about the condition of such asset at the point of sale of asset.

iii) Recognition and measurement of defined benefit obligation:

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, attrition rate and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

iv) Recognition of deferred tax assets

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary difference, depreciation carry forwards and unused tax credits could be utilised.

v) Leave Encashment:

Leave encashment 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.

vi) Income Tax:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

vii) Impairment of Investments:

The Company reviews its carrying value of investments in subsidiaries at cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

viii) Expected credit losses on financial assets:

On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's credit-worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

ix) Provisions and Contingent Liabilities:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

x) Discounting of long term financial assets/ liabilities:

All financial assets/ liabilities are required to be measured at fair value on initial recognition. In case of financial assets/ liabilities which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

Notes to Standalone Financial Statements for the year ended March 31, 2018

c) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Software service income:

(i) The Company derives revenue from software services which involve primarily delivering software validation and verification services to the banking, financial services and insurance industry worldwide. Arrangements with customers are on a fixed-price or a time-and-material basis.

(ii) 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 as there is a direct relationship between input and productivity.

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

(iv) Revenue includes reimbursement of expenses, wherever billed, as per the terms of the contracts.

(v) Revenue is net of discounts, if any, as per the terms of the contract.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue.

The revenue is presented net of Goods and Service Tax in the Statement of Profit & Loss.

Interest Income:

Interest Income is recognised using the effective interest rate method.

Dividend Income:

Dividend income is recognized when the right to receive payment is established.

Other Income:

Other Income is recognized when the right to receive is established.

d) Government Grants:

Grants from the government are recognised when there is reasonable assurance that:

i) the Company will comply with the conditions attached to them; and

ii) the grant will be received.

Export incentives

Revenue from export incentives are accounted for on export of services from India, if the entitlements can be estimated with reasonable assurance and conditions precedent to the claim are fulfilled.

e) Property, Plant and Equipment:

Property, plant and equipment 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 it's 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 management's 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 and Improvements	Tenure of lease period or 10 years, whichever is less.
Residual Value is considered to be NIL.	

In the view of the management, assets individually costing Rs. 5,000/- or less have a useful life of one year and are hence depreciated in full in the year of acquisition.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less costs to sell.

f) Intangible Assets:

Intangible Assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible Assets are amortized over their respective individual estimated useful lives on a straight line basis, from the date they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end. If the estimated useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for it's intended use.

Gains 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.	

In the view of the management, intangible assets individually costing Rs. 5,000/- or less have a useful life of one year and are hence fully amortized in the year of acquisition.

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

g) Financial Instruments:

i) Initial Recognition:

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii) Subsequent Measurement:

a) Non-derivative financial instruments:

(i) Financial instruments measured at amortized cost:

A financial instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The computation of amortized cost is done using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.

Notes to Standalone Financial Statements for the year ended March 31, 2018

(ii) Financial Assets at fair value through other comprehensive income:

A financial instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on it's business model, for it's investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial Assets at fair value through profit or loss:

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) Financial Liabilities:

Financial Liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries:

Investment in subsidiaries is carried at cost in the separate financial statements.

b) Share Capital:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary equity shares are recognized as a deduction from equity, net of any tax effects.

c) Derivatives:

Derivatives include foreign currency forward contracts. It is measured at fair value. Fair value of foreign currency forward contracts are determined using the fair value reports provided by the respective banks.

iii) Derecognition of financial instruments:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial assets and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

h) Impairment:

i) Financial Assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the profit or loss.

ii) Non-financial assets:

Intangible assets and property, plant and equipment:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are required to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated

Notes to Standalone Financial Statements for the year ended March 31, 2018

recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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

i) Fair value of financial instruments:

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Refer Note 32 in the Financial Statements for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

j) Provisions and Contingencies:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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.

Onerous Contracts:

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent Liabilities are disclosed in the notes to accounts. 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 it's existence in the financial statements.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Contingent assets are not recognised but their existence is disclosed in the financial statements.

k) Foreign Currency:

Functional Currency:

The functional currency of the Company is the Indian Rupee. These standalone financial statements are presented in Indian Rupees.

Transactions and Translations:

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which transaction is settled. Exchange differences on account of conversion of foreign operations are also recognized as income or as expense in the year in which they arise. Revenue and expense items pertaining to foreign operations denominated in foreign currencies are translated into the relevant functional currencies using the monthly weighted average exchange rate of the respective currencies.

l) Earnings per share:

Basic earnings per equity share are computed by dividing the net profit / (loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

m) Income taxes:

Income tax expense comprises of current and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss for items recognized in the Statement of Profit and Loss. Income tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss (either in Other Comprehensive Income (OCI) or in Equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Current Tax:

Current income tax for current and prior periods (including Minimum Alternate Tax (MAT)) is recognized at the amount expected to be paid to or recovered from the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted, at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognized amounts; and

b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Tax:

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that

Notes to Standalone Financial Statements for the year ended March 31, 2018

includes the enactment or substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

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 fulfillment of certain conditions.

MAT Credit is measured at the amounts of Minimum Alternate 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.

n) Employee Benefits:

i) Short term employee benefits:

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leave Encashment:

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.

ii) Post Employment obligations:

(a) Defined contribution plans:

Employee benefits in the form of Provident Fund / Social Security payments are defined contribution schemes and contributions made are charged to the Statement of Profit and Loss for the year. The Company has no further obligations under these plans beyond it's periodic contributions. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(b) Defined benefit plan:

Gratuity:

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering all its employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liability with regard to the gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Net interest expense / (income) on the net defined liability / (assets) is computed by applying the discount rate, used to measure the net defined benefit liability / (asset). Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

o) Share based compensation:

The Company recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 Share-Based Payment. The estimated fair value of awards is charged to income on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

p) Statement of Cash Flow:

The Statement of Cash Flows has been prepared under the 'Indirect method' as set out in Ind AS 7, 'Statement of Cash Flows', whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Cash and cash equivalents in the Statement of Cash Flows comprise cash at bank and in hand and fixed deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q) Dividends:

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

r) Lease:

Where the company is a lessee:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in the Statement of Profit and Loss over the lease term as per the terms of the agreement.

s) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's operations predominantly relate to software validation and verification services relating to banking, financial services and insurance industry and accordingly, this is the only primary reportable business segment. The segment sales information is provided on a geographical basis classified as India and the rest of the world.

t) Recent accounting pronouncements - Standard issued but not effective:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign Currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

As per notification dated March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendments Rules, 2018, notifying Ind AS-115 relating to "Revenue from Contracts with Customers" and related amendments to other standards on account of notification of Ind AS 115. The effective date of adoption of this standard is annual periods beginning on or after April 01, 2018 onwards. The Company is currently evaluating the effect of the above amendments.

Note: 3

First time adoption of Ind AS:

The Standalone Financial Statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards with April 1, 2016 as the transition date and Indian GAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Previous GAAP as of the Transition Date have been recognized directly in equity at the Transition Date. The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's Balance Sheet and the Statement of Profit and Loss and voluntary exemptions and mandatory exceptions availed on the first-time adoption of Ind AS in accordance with Ind AS 101 have been set out in Note 44.

Notes to Standalone Financial Statements as at March 31, 2018

Note 4: Property, Plant & Equipment and Intangible Assets

Rs. In Millions

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
	As at April 1, 2017	Additions during the year	Deductions during the year	As at March 31, 2018	Upto March 31, 2017	For the Year	Deductions	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
a) Property, Plant & Equipment										
Buildings	190.21	-	-	190.21	11.61	11.61	-	23.22	166.99	178.60
Leasehold Rights and Improvements	2.37	-	-	2.37	0.95	0.95	-	1.90	0.47	1.42
Plant and Equipment	13.52	0.96	-	14.48	2.40	5.05	-	7.45	7.03	11.12
Office Equipment	4.68	0.88	0.11	5.45	1.46	1.81	0.11	3.16	2.29	3.22
Furniture and Fittings	22.46	0.41	0.29	22.58	5.64	7.24	0.29	12.59	9.99	16.82
Computer Equipment	41.68	9.46	0.26	50.88	8.88	17.80	0.22	26.46	24.42	32.80
Vehicles	3.44	-	1.07	2.37	0.82	1.02	1.07	0.77	1.60	2.62
Total Property, Plant & Equipment	**278.36**	**11.71**	**1.73**	**288.34**	**31.76**	**45.48**	**1.69**	**75.55**	**212.79**	**246.60**
b) Intangible Assets										
Computer Software and Tools	20.95	0.73	2.54	19.14	1.11	9.88	2.54	8.45	10.69	19.84
Total Intangible Assets	**20.95**	**0.73**	**2.54**	**19.14**	**1.11**	**9.88**	**2.54**	**8.45**	**10.69**	**19.84**

Rs. In Millions

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
	As at April 1, 2016 (Refer Note 4.1 below)	Additions during the year	Deductions during the year	As at March 31, 2017	Upto April 1, 2016	For the Year	Deductions	Upto March 31, 2017	As at March 31, 2017	As at April 1, 2016
a) Property, Plant & Equipment										
Buildings	190.21	-	-	190.21	-	11.61	-	11.61	178.60	190.21
Leasehold Rights and Improvements	2.37	-	-	2.37	-	0.95	-	0.95	1.42	2.37
Plant and Equipment	0.42	13.61	0.51	13.52	-	2.91	0.51	2.40	11.12	0.42
Office Equipment	2.27	3.04	0.63	4.68	-	2.09	0.63	1.46	3.22	2.27
Furniture and Fittings	1.01	21.63	0.18	22.46	-	5.82	0.18	5.64	16.82	1.01
Computer Equipment	28.25	21.93	8.50	41.68	-	17.38	8.50	8.88	32.80	28.25
Vehicles	0.88	2.56	-	3.44	-	0.82	-	0.82	2.62	0.88
Total Property, Plant & Equipment	**225.41**	**62.77**	**9.82**	**278.36**	**-**	**41.58**	**9.82**	**31.76**	**246.60**	**225.41**
b) Intangible Assets										
Computer Software and Tools	22.37	7.66	9.08	20.95	-	10.19	9.08	1.11	19.84	22.37
Total Intangible Assets	**22.37**	**7.66**	**9.08**	**20.95**	**-**	**10.19**	**9.08**	**1.11**	**19.84**	**22.37**

Notes to Standalone Financial Statements as at March 31, 2018

Note 4.1: The Company has availed the deemed cost exemption in relation to the property, plant and equipment and intangible assets on the date of the transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value & accumulated depreciation on April 01, 2016 under the Previous GAAP.

Deemed cost as on April 01, 2016

Rs. In Millions

Particulars	Gross Block (At Cost) as on April 01, 2016	Accumulated Depreciation and Amortization till March 31, 2016	Net Block treated as deemed cost upon transition
a) Property, Plant & Equipment			
Buildings	232.25	42.04	190.21
Leasehold Rights and Improvements	9.50	7.13	2.37
Plant and Equipment	38.73	38.31	0.42
Office Equipment	15.90	13.63	2.27
Furniture and Fittings	17.90	16.89	1.01
Computer Equipment	118.82	90.57	28.25
Vehicles	2.63	1.75	0.88
Temporary Partitions	0.60	0.60	-
Total Property, Plant & Equipment	**436.33**	**210.92**	**225.41**
b) Intangible Assets			
Computer Software and Tools	88.68	66.31	22.37
Total Intangible Assets	**88.68**	**66.31**	**22.37**

Notes to Standalone Financial Statements as at March 31, 2018

Note 5: Investments in Subsidiaries

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Investments in Equity Instruments (Unquoted)			
In wholly owned subsidiaries (Fully Paid Up):			
100,000 equity shares (Previous Year March 31, 2017: 100,000 equity shares; April 1, 2016: 100,000 equity shares) of SGD 1/- each in SQS BFSI Pte. Ltd., Singapore	2.66	2.66	2.66
3,000 equity shares (Previous Year March 31, 2017: 3,000 equity shares; April1, 2016: 3,000 equity shares) of USD 0.01/- each in SQS BFSI Inc., USA	4.62	4.62	4.62
NIL/- (Previous Year March 31, 2017: EUR 50,000/-; April 01, 2016: EUR 50,000/-) in Thinksoft Global Services (Europe) GmbH, Germany (Refer Note 29)	-	2.71	2.71
350,000 equity shares (Previous Year March 31, 2017: 350,000 equity shares; April 01, 2016: 350,000 equity shares) of GBP 1/- each of SQS BFSI UK Ltd., UK	24.17	24.17	24.17
600 equity shares (Previous Year March 31, 2017: 600 equity shares; April 01, 2016: 600 equity shares) of AED 1,000/- each in SQS BFSI FZE., UAE	8.70	8.70	8.70
Total	**40.15**	**42.86**	**42.86**
Aggregate Value of Unquoted Investments	40.15	42.86	42.86

The Company has adopted the carrying amount as per Previous GAAP as at April 01, 2016 as it's deemed cost of investments in subsidiaries.

Note 6: Loans

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered Good			
Security Deposit	8.67	18.71	14.26
Considered Doubtful			
Security Deposit	2.44	2.44	-
Less: Provision for Doubtful Advances	(2.44)	(2.44)	-
	-	-	-
Total	**8.67**	**18.71**	**14.26**

Note 7: Other Non-Current Financial Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered good			
Fixed Deposits with remaining maturity of more than 12 months (Refer Note 7.1 below)	0.38	2.00	0.29
Total	**0.38**	**2.00**	**0.29**

Note 7.1: Under lien with bank towards guarantees issued by the bank on behalf of the Company amounting to Rs. 0.38 Million (Previous Year March 31, 2017: Rs. Nil; April 01, 2016: Rs. 0.29 Million).

Notes to Standalone Financial Statements as at March 31, 2018

Note 8: Deferred Tax Assets

a) Movement in Deferred Tax Balances

Rs. In Millions

Particulars	Net Balance as at March 31, 2017	Movement during the year		As at March 31, 2018	
		Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Net	Deferred Tax Asset
Deferred Tax Assets/ (Liabilities)					
Property, Plant and Equipment	1.48	4.28	-	5.76	5.76
Employee Benefits	0.64	(0.10)	0.41	0.95	0.95
Allowance for Expected Credit Loss	1.44	(0.97)	-	0.47	0.47
Impact of Fair Valuation of Security Deposit	0.03	(0.03)	-	-	-
Unused Tax Credits	8.87	-	-	8.87	8.87
Long term Capital gain	-	0.89	-	0.89	0.89
ESOP Compensation Expense	0.11	(0.11)	-	-	-
Deferred Tax Assets/ (Liabilities)	**12.57**	**3.96**	**0.41**	**16.94**	**16.94**

Rs. In Millions

Particulars	Net Balance as at April 1, 2016	Movement during the year			As at March 31, 2017	
		Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Tax Credits Utilised	Net	Deferred Tax Asset
Deferred Tax Assets/ (Liabilities)						
Property, Plant and Equipment	3.86	(2.38)	-	-	1.48	1.48
Employee Benefits	1.02	(3.67)	3.28	-	0.64	0.64
Allowance for Expected Credit Loss	2.28	(0.84)	-	-	1.44	1.44
Impact of Fair Valuation of Security Deposit	-	0.03	-	-	0.03	0.03
Unused Tax Credits	16.87	-	-	(8.00)	8.87	8.87
ESOP Compensation Expense	-	0.11	-	-	0.11	0.11
Deferred Tax Assets/ (Liabilities)	**24.03**	**(6.75)**	**3.28**	**(8.00)**	**12.57**	**12.57**

b) Amounts recognised in Profit and Loss

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Income Tax	153.62	114.88
Deferred Tax Asset (Net)		
Origination and reversal of Tax on Temporary Differences	(3.96)	6.75
Tax expense for the year	**149.66**	**121.63**

Notes to Standalone Financial Statements as at March 31, 2018

c) Amounts recognised in Other Comprehensive Income

Rs. In Millions

Particulars	For the year ended March 31, 2018			For the year ended March 31, 2017		
	Before Tax	(Tax) / Benefit	Net of Tax	Before Tax	(Tax) / Benefit	Net of Tax
Remeasurement of Defined Benefit Liability	(1.18)	0.41	(0.77)	(9.47)	3.28	(6.19)
Total	**(1.18)**	**0.41**	**(0.77)**	**(9.47)**	**3.28**	**(6.19)**

d) Reconciliation of Income Tax expense and the accounting profit multiplied by India's tax rate

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit Before Tax	**429.73**	**345.49**
Indian statutory income tax rate	34.608%	34.608%
Expected income tax expense	**148.72**	**119.57**
Tax effect of adjustments to reconcile expected Income Tax Expense		
Tax effect of Non deductible expenses to reported Income Tax Expense	4.34	3.68
Tax effect of Tax holidays (Refer Note (e) below)	(5.60)	(2.77)
Tax effect of Tax paid at a lower rate in foreign countries	3.58	1.36
Tax effect of Income not subject to tax	(0.05)	0.04
Income chargeable at lower rate of tax	(1.31)	-
Others	(0.02)	(0.25)
Total Income Tax Expense	**149.66**	**121.63**

e) SQS India BFSI Limited benefits from the tax holiday available for unit set up under the Special Economic Zone Act, 2005. The unit set up under SEZ will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profit or gains for another period of five years subject to fulfilment of certain conditions. This is the ninth year of deduction u/s 10AA of the Income Tax Act, 1961. From April 1, 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

f) The Company offsets tax assets & liabilities if and only if it has a legally enforceable right to set off current tax assets & current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets.

g) The recoverability of deferred income tax assets is based on the estimate of taxable income in the tax jurisdiction in which the entity operates and the period over which deferred income tax assets will be recovered.

h) As on March 31, 2018, the tax liability with respect to the dividends proposed is Rs. 43.61 Million (Previous Year March 31, 2017: Rs. 43.51 Million; April 01, 2016: Rs. 43.14 Million).

i)

Rs. In Millions

Tax Credits Carried forward	As at March 31, 2018	Expiry Date	As at March 31, 2017	Expiry Date	As at March 31, 2016	Expiry Date
F.Y 2008-09	-*	March 31, 2024	-*	March 31, 2024	-*	March 31, 2024
F.Y 2009-10	8.87	March 31, 2025	8.87	March 31, 2025	16.87	March 31, 2025

* Denotes an amount less than Rs. 5000/-.

Notes to Standalone Financial Statements as at March 31, 2018

Note 9: Income Tax Assets (Net)

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance Tax and Tax Deducted at Source (Net)	24.73	21.99	22.75
Total	**24.73**	**21.99**	**22.75**

(Refer Note 8 for Tax Reconciliations)

Note 10: Other Non-Current Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred Rent	0.57	1.63	1.62
Prepaid Expenses	4.03	2.56	-
Capital Advances	-	-	4.76
Total	**4.60**	**4.19**	**6.38**

Note 11: Trade Receivables

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered Good (Refer Note 11.1 below)	1,045.14	740.52	615.36
Considered Doubtful	1.34	4.16	6.60
Less: Allowances for credit loss	(1.34)	(4.16)	(6.60)
	-	**-**	**-**
Total	**1,045.14**	**740.52**	**615.36**

Note 11.1: Includes dues from subsidiaries Rs. 597.14 Million (Previous Year March 31, 2017: Rs. 470.09 Million; April 01, 2016: Rs. 270.85 Million) (Refer Note 43).

Note 12: Cash and Cash Equivalents

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances With Banks			
in Current Accounts	307.78	231.10	512.47
in Deposit Accounts with original maturity of less than 3 months	-	5.00	30.00
Cash On Hand	0.02	0.03	0.02
Total	**307.80**	**236.13**	**542.49**

There are no repatriation restrictions with regard to Cash and Cash equivalents as at the end of the reporting period and prior periods.

Note 13: Other Bank Balances

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances With Banks			
Deposits with remaining maturity of more than 3 months but less than 12 months (Refer Note 13.1 below)	250.87	58.25	4.23
Unpaid application money due for refund	-	-	0.07
Earmarked Balances with Banks - Unpaid Dividend	3.93	3.50	2.84
Total	**254.80**	**61.75**	**7.14**

Note 13.1: Includes deposits under lien with bank towards guarantee issued by the bank on behalf of the Company Rs. 1.17 Million (Previous Year March 31, 2017 : Rs. 3.25 Million; April 01, 2016 : Rs. 4.23 Million).

Notes to Standalone Financial Statements as at March 31, 2018

Note 14: Loans (Current)

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered Good			
Security Deposits	11.51	4.80	8.96
Total	**11.51**	**4.80**	**8.96**

Note 15: Other Current Financial Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest accrued on fixed deposits	3.99	0.77	0.61
Export Incentive Receivables	16.00	-	-
Unbilled Revenue	20.54	10.16	14.62
Total	**40.53**	**10.93**	**15.23**

Note 16 : Other Current Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Considered Good			
Prepaid Expenses	13.04	15.77	11.92
Balances with Government Authorities	16.57	11.94	12.22
Advances to employees	4.16	2.75	8.57
Advances to vendors	1.32	0.95	1.19
Deferred Rent	1.05	1.06	0.81
Total	**36.14**	**32.47**	**34.71**

Note 17 : Equity Share Capital

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Authorised			
12,000,000 Equity Shares of Rs. 10/- each	120.00	120.00	120.00
	120.00	**120.00**	**120.00**
b) Issued, Subscribed and Paid Up			
10,710,381 Equity Shares (Previous Year March 31, 2017: 10,679,881 Equity Shares; April 1, 2016: 10,638,749 Equity Shares) of Rs. 10/- each fully paid-up	107.10	106.80	106.39
Total	**107.10**	**106.80**	**106.39**

c) During the year, the Company has issued 30,500 Equity Shares (Previous Year March 31, 2017: 41,132 equity shares: April 01, 2016: 93,450 equity shares) under the Employee Stock Option Scheme, 2011.

Notes to Standalone Financial Statements as at March 31, 2018

d) Reconciliation of number of shares outstanding at the beginning and end of the year

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. In Millions	No. of shares	Rs. In Millions
Equity Shares				
Outstanding at the beginning of the year	10,679,881	106.80	10,638,749	106.39
Issued during the year	30,500	0.30	41,132	0.41
Outstanding at the end of the year	**10,710,381**	**107.10**	**10,679,881**	**106.80**

e) Shareholding Information

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	No. of shares	No. of shares	No. of shares
Equity Shares are held by			
SQS Software Quality Systems AG, Germany (Holding Company)	5,753,801	5,753,801	5,753,801

f) Rights, preferences and restrictions 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 held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the Annual General Meeting except in case of interim dividend. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

g) Shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	%	No. of shares	%	No. of shares	%
Equity Shares						
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	53.72	5,753,801	53.88	5,753,801	54.08

As per the 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.

h) Equity 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 34 (a).

Notes to Standalone Financial Statements as at March 31, 2018

Note 18: Other Equity

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Securities Premium (Refer Note 18.1 below)		
Opening Balance	190.03	186.00
Addition during the year	3.19	4.03
Closing Balance	**193.22**	**190.03**
(b) General Reserve (Refer Note 18.2 below)		
Opening Balance	153.09	131.39
Transferred from Retained Earnings	28.00	21.70
Closing Balance	**181.09**	**153.09**
(c) Retained Earnings		
Opening Balance	588.67	700.81
Profit for the year	280.07	223.86
Transfer to General Reserve	(28.00)	(21.70)
Other Comprehensive Income	(0.77)	(6.19)
Dividends (including Dividend Distribution Tax)	(308.73)	(308.11)
Closing Balance	**531.24**	**588.67**
(d) Employee Stock Compensation Reserve (Refer Note 18.3 below)		
Opening Balance	0.33	-*
Addition during the year	0.98	0.33
Closing Balance	**1.31**	**0.33**
(e) Share Application Money Pendind Allotment		
Opening Balance	-	2.36
Transferred to share Capital on allotment of shares	-	(2.13)
Transferred to Securities Premium on allotment of shares	-	(0.23)
Closing Balance	-	-
Total	**906.86**	**932.12**

* Denotes an amount less than Rs. 5,000/-.

Note 18.1: Securities Premium

The Securities Premium Account has been created on account of premium on issue of Equity shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Note 18.2: General Reserve

The Company has transferred a portion of the net profit of the Company to general reserve, on a voluntary basis.

Note 18.3: Employee Stock Option Reserve

The Employee Stock Option Reserve is used to recognise the grant date fair value of options issued under Group (SQS Software Quality Systems AG) stock based payment arrangement to an employee of the Company under the employee stock option plan (Refer Note 34 (b) for details on ESOP issued to the employee).

Notes to Standalone Financial Statements as at March 31, 2018

Note 18.4: Dividend Recommended by the Board

For the Financial Year 2017-18, the Board of Directors have recommended a final dividend of Rs. 20/- per share (Previous Year March 31, 2017: Rs. 20/- per share) amounting to Rs. 214.21 Million (Previous Year March 31, 2017: Rs. 213.72 Million) which is subject to the approval of the shareholders. Further, the same is subject to dividend distribution tax at the applicable rate which amounts to Rs. 43.61 Million (Previous Year March 31, 2017: Rs. 43.51 Million).

Note 19 : Trade Payables

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Dues to Micro and Small Enterprises (Refer Note 38)	-	-	-
Others (Refer Note 19.1 below)	594.19	107.19	80.15
Total	**594.19**	**107.19**	**80.15**

Note 19.1: Includes dues to subsidiaries of Rs. 563.32 Million (Previous Year March 31, 2017: Rs. 88.01 Million; April 01, 2016: Rs. 58.29 Million) (Refer Note 43).

Note 20 : Other Current Financial Liabilities

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employee benefits payable	71.42	72.91	92.87
Liabilities for other expenses	162.43	103.55	96.42
Unpaid application money due for refund	-	-	0.07
Unclaimed dividend (Refer Note 20.1 below)	3.93	3.50	2.84
Total	**237.78**	**179.96**	**192.20**

Note 20.1: There are no amounts due for payment to the Investor Education and Protection Fund as at the end of the current year, previous year ended March 31, 2017 and as at April 01, 2016.

Note 21 : Other Current Liabilities

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Statutory Dues	41.07	22.41	37.13
Unearned Revenue	17.66	15.70	30.69
Total	**58.73**	**38.11**	**67.82**

Note 22 : Provisions

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Employee Benefits			
Gratuity	2.71	1.82	2.96
Compensated Absences	13.30	12.60	12.60
Total	**16.01**	**14.42**	**15.56**

Note 23 : Current Tax Liabilities (Net)

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Tax (Net)	94.20	76.76	99.56
Total	**94.20**	**76.76**	**99.56**

(Refer Note 8 for Tax Reconciliations)

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 24 : Revenue from Operations

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Services		
Software services	2,712.33	2,599.48
Other Operating Revenue		
Export Incentives (Net)	52.05	-
Total	**2,764.38**	**2,599.48**

Note 25 : Other Income

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income		
On Fixed deposits	12.35	5.50
On Other financial assets carried at amortized cost	1.03	0.90
On Income Tax Refund	2.90	-
Profit on Sale of Property Plant and Equipment	0.15	0.28
Provision no longer required written back	3.49	3.11
Net foreign exchange gain	53.72	-
Total	**73.64**	**9.79**

Note 26 : Employee Benefit Expense

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	1,069.90	968.74
Contribution to provident and other funds (Refer Note 31 (ii) (a))	54.14	50.75
Gratuity expense (Refer Note 31 (ii) (b))	13.19	10.40
ESOP Compensation Cost	0.98	0.33
Staff welfare expense	15.36	15.71
Total	**1,153.57**	**1,045.93**

Note 27 : Finance Cost

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on Income Tax	2.87	1.96
Total	**2.87**	**1.96**

Note 28 : Other Expenses

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Travel and conveyance	153.98	187.57
Net Foreign Exchange Loss	-	84.01
Sales commission	0.34	2.10
Consultancy charges	30.72	12.90
Onsite Service Expenses	812.65	666.61
Professional fees	38.81	29.64
Software expenses	32.00	27.69
Rent including lease rent	25.81	26.59

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 28 : Other Expenses

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Marketing and selling expenses	6.84	3.35
Repairs & Maintenance		
Buildings	14.87	22.62
Plant and machinery	0.66	0.47
Others	5.09	3.50
Power and fuel	15.19	16.70
Rates and taxes	7.08	15.32
Communication expenses	13.86	13.57
Commission to Non-Executive directors	4.80	2.84
Insurance	8.49	9.06
Training and recruitment	10.06	9.74
Donation	-	10.00
Corporate Social Responsibility Expense (Refer Note 41)	7.18	7.34
Audit fees (Refer Note 39)	2.31	1.65
Directors sitting fees	1.72	1.34
Allowance for credit loss	0.67	0.67
Bad Debts	2.47	-
Miscellaneous expenses	7.78	8.84
Total	**1,203.38**	**1,164.12**

Note 29 : Exceptional Item

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Proceeds from liquidation of subsidiary (Refer Note 29.1 below)	6.89	-
Total	**6.89**	**-**

Note 29.1: Thinksoft Global Services (Europe) GmbH, Germany (a wholly owned subsidiary) has been liquidated during the current Financial Year and an amount of Rs. 6.89 Million representing the amount realised over original investment value is disclosed as an exceptional item.

Note 30 : Earnings Per Share (EPS)

a) Basic Earnings Per Share

The calculation of Basic Earnings Per Share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding.

(i) Profit attributable to equity shareholders (basic)

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
Profit for the year, attributable to equity shareholders of the company	280.07	223.86
Total	**280.07**	**223.86**

(ii) Weighted average number of equity shares (basic)

Particulars	March 31, 2018	March 31, 2017
Number of equity shares at the beginning of the year	10,679,881	10,638,749
Add: Weighted average of shares issued during the year	13,618	31,728
Total weighted average number of equity shares for calculating basic EPS	**10,693,499**	**10,670,477**
Earnings per Share - Basic (in Rs.) (Face value Rs. 10/- per share)	**26.19**	**20.98**

Notes to Standalone Financial Statements for the year ended March 31, 2018

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders and weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares.

(i) Profit attributable to equity shareholders (diluted)

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
Profit for the year, attributable to equity shareholders of the company	280.07	223.86
Total	**280.07**	**223.86**

(ii) Weighted average number of equity shares (diluted)

Particulars	March 31, 2018	March 31, 2017
Weighted average number of equity shares outstanding (basic)	10,693,499	10,670,477
Add: Effect of dilutive stock options	2,314	27,896
Weighted average number of equity shares for calculating diluted EPS	**10,695,813**	**10,698,373**
Earnings per Share - Diluted (in Rs.) (Face value Rs. 10/- per share)	**26.19**	**20.92**

Note 31 : Disclosure as required under Ind AS 19 - Employee Benefits

(i) Short term plan - Compensated Absences

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

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
Liability at the beginning of the year	**12.60**	**12.60**
Leave salary cost accounted for the year (Net)	0.70	-
Total liability at the end of the year	**13.30**	**12.60**

(ii) Post-employment obligations

a) Defined contribution plan - Provident fund & Social Security Schemes

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
Employer's Contribution accounted for the year (includes EDLI Charges and Employer's Contribution to Employees' Pension Scheme, 1995) (Refer Note 26)	54.14	50.75
Total	**54.14**	**50.75**

b) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee’s last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC) as per New Group Gratuity Cash Accumulation Plan for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority (IRDA) Regulations. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Defined Benefit Plan - Gratuity

Rs. In Millions

Particulars	**March 31, 2018**	**March 31, 2017**
i) Change in Present value of Defined Benefit Obligation		
Present value of Defined Benefit Obligation at the beginning of the year	77.61	66.66
Interest cost	4.70	4.63
Current service cost	10.69	10.11
Benefit paid	(17.01)	(13.02)
Past Service Cost	4.56	-
Actuarial (Gain) / Loss on obligations- due to change in demographic assumptions	(0.98)	-
Actuarial (Gain) / Loss on obligations- due to change in financial assumptions	(2.13)	4.99
Actuarial (Gain) / Loss on obligations- due to change in experience	4.65	4.24
Present value of obligation as at end of the year	**82.09**	**77.61**
ii) Change in fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	76.66	63.71
Expected return on plan assets	5.01	5.21
Contributions	10.90	21.00
Benefit paid	(17.01)	(13.02)
Remeasurements		
Return on plan assets excluding amounts included in interest expense / (income)	0.36	(0.24)
Fair value of plan assets at the end of the year	**75.92**	**76.66**
iii) Amount recognized in the Balance Sheet		
Present value of the obligation as at end of the year	82.09	77.61
Fair value of plan assets as at end of the year	75.92	76.66
Net obligation as at end of the year	6.17	0.95
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. Nil towards left employees as on March 31, 2018; Previous Year March 31, 2017: Rs. 0.87 Million) (Refer Note (iii) below).	**6.17**	**0.95**
Net asset / (liability) recognized - Current	6.17	0.95
Net asset / (liability) recognized - Non current	-	-
(Refer Note (i) below)		
iv) Expenses recognized in the Statement of Profit and Loss for the year		
Current service cost	10.69	10.11
Past service cost	4.56	-
Net Interest on Net Defined benefit obligations	(0.31)	(0.58)
Total expense included in employee benefit expenses (excluding the provision of Rs. Nil towards left employees as on March 31, 2018; Previous Year March 31, 2017: Rs. 0.87 Million) .	**14.94**	**9.53**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
v) Recognized in Other Comprehensive Income for the year		
Actuarial (Gain) / Loss on obligations- due to change in demographic assumptions	0.98	-
Actuarial (Gain) / Loss on obligations- due to change in financial assumptions	2.13	4.99
Actuarial (Gain) / Loss on obligations- due to change in experience	(4.65)	4.24
Return on plan assets excluding amount included in interest income	0.36	0.24
Recognized in Other Comprehensive Income	**(1.18)**	**9.47**
vi) Actuarial assumptions		
Discount rate - Current	7.34%	6.80%
Expected rate of return on plan assets	7.34%	6.80%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	18.00%	10.00%
vii) Sensitivity Analysis		
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:		
Impact on defined benefit obligation		
Delta effect of +0.5% Change in Rate of discounting	80.21	74.77
Delta effect of -0.5% Change in Rate of discounting	84.05	80.68
Delta effect of +0.5% Change in Rate of Salary Escalation	84.08	79.92
Delta effect of -0.5% Change in Rate of Salary Escalation	80.15	75.36
Delta effect of +0.5% Change in Rate of Employee turnover	82.05	77.86
Delta effect of -0.5% Change in Rate of Employee turnover	82.12	77.34
Methodology adopted for asset liability management (ALM)	Projected Unit Credit Method	Projected Unit Credit Method
(Refer note (ii) below)		

viii) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10 years. The expected maturity analysis of gratuity is as follows:

Rs. In Millions

Projected benefits payables in future years from the date of reporting	For the year ended March 31, 2018	For the year ended March 31, 2017
1st Following year	13.83	7.65
2nd Following year	12.95	8.53
3rd Following year	12.14	7.71
4th Following year	11.14	7.72
5th Following year	9.89	7.98
Sum of year 6 to 10 years	28.37	32.65

ix) Category of Plan assets

Funds managed by the Insurer	100%	100%

x) Risk exposure

This does not apply to the company since our investment is in traditional plan of LIC, for which the underlying assets are not known to the policy holders.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Refer Note:

(i) The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans based on short term expected payouts in line with the actuary's recommendations.

(ii) Usefulness & methodology adopted for sensitivity analysis
Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not to be true on different count. This only signifies the change in the liability if the difference between assumed & the actual is not following the parameters of the sensitivity analysis.

(iii) The net benefit liability towards gratuity as at March 31, 2018 as per actuarial valuation excludes an amount of Rs. 3.46 Million contributed by the Company but not considered by LIC in it's fund movement as at March 31, 2018. The Company has reduced the amount paid to LIC of Rs. 3.46 Million while providing for the liability towards gratuity as at March 31, 2018 as reflected in Note 22.

Note 32: Financial Instruments - Fair Values and Risk Management

(a) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Rs. In Millions

As at March 31, 2018	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	8.67	8.67	-	8.67	-	8.67
Bank deposits	-	-	0.38	0.38	-	-	-	-
Trade receivables	-	-	1,045.14	1,045.14	-	-	-	-
Cash and cash equivalents	-	-	307.80	307.80	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	254.80	254.80	-	-	-	-
Security deposits - current	-	-	11.51	11.51	-	-	-	-
Interest accrued on fixed deposits	-	-	3.99	3.99	-	-	-	-
Export Incentives Receivable	-	-	16.00	16.00	-	-	-	-
Unbilled Revenue	-	-	20.54	20.54	-	-	-	-
Total	**-**	**-**	**1,668.83**	**1,668.83**	**-**	**8.67**	**-**	**8.67**
Financial Liabilities:								
Trade payables	-	-	594.19	594.19	-	-	-	-
Other current financial liabilities	-	-	237.78	237.78	-	-	-	-
Total	**-**	**-**	**831.97**	**831.97**	**-**	**-**	**-**	**-**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Rs. In Millions

As at March 31, 2017	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	18.71	18.71	-	18.71	-	18.71
Bank deposits	-	-	2.00	2.00	-	-	-	-
Trade receivables	-	-	740.52	740.52	-	-	-	-
Cash and cash equivalents	-	-	236.13	236.13	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	61.75	61.75	-	-	-	-
Security deposits - current	-	-	4.80	4.80	-	-	-	-
Interest accrued on fixed deposits	-	-	0.77	0.77	-	-	-	-
Unbilled Revenue	-	-	10.16	10.16	-	-	-	-
Total	**-**	**-**	**1,074.84**	**1,074.84**	**-**	**18.71**	**-**	**18.71**
Financial Liabilities:								
Trade payables	-	-	107.19	107.19	-	-	-	-
Other current financial liabilities	-	-	179.96	179.96	-	-	-	-
Total	**-**	**-**	**287.15**	**287.15**	**-**	**-**	**-**	**-**

Rs. In Millions

As at April 1, 2016	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	14.26	14.26	-	14.26	-	14.26
Bank deposits	-	-	0.29	0.29	-	-	-	-
Trade receivables	-	-	615.36	615.36	-	-	-	-
Cash and cash equivalents	-	-	542.49	542.49	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	7.14	7.14	-	-	-	-
Security deposits - current	-	-	8.96	8.96	-	-	-	-
Interest accrued on fixed deposits	-	-	0.61	0.61	-	-	-	-
Unbilled Revenue	-	-	14.62	14.62	-	-	-	-
Total	**-**	**-**	**1,203.73**	**1,203.73**	**-**	**14.26**	**-**	**14.26**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Rs. In Millions

As at April 1, 2016	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities:								
Trade payables	-	-	80.15	80.15	-	-	-	-
Other current financial liabilities	-	-	192.20	192.20	-	-	-	-
Total	**-**	**-**	**272.35**	**272.35**	**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

(b) Measurement of Fair Value

The Company uses Discounted Cash Flow valuation technique (in relation to Fair Value of asset measured at amortized cost) which involves determination of present value of expected receipt / payment discounted using appropriate discounting rates. The fair value so determined are classified as Level 2.

(c) Financial Risk Management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit and liquidity, which may impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

(i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk of existing customer is controlled by continuous monitoring of the collection trend of each customer on a periodical basis. With respect to new customer, the Company uses external/internal sources to assess the potential customer's credit quality.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Company generally invest in Fixed deposits with banks with high credit ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 1,668.83 Million (Previous Year March 31, 2017: Rs. 1,074.84 Million; April 01, 2016: Rs. 1,203.73 Million), being the total of the carrying amount of loans, trade receivables, cash and cash equivalents, other balances with banks, loans and other financial assets.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Trade Receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

The following table gives the details in respect of the amount and percentage of trade receivables from major customers:

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade Receivables from major customers	767.99	530.14	342.81
Percentage of Trade Receivables from major customers	73%	71%	55%

The movement in the expected credit loss allowance is as follows:

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	4.16	6.60
Impairment loss created/ (reversed)	0.67	(2.44)
Amounts written off	(3.49)	-
Balance at the end of the year	**1.34**	**4.16**

(ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD, Euro and GBP against the respective functional currency of SQS India BFSI Limited. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Exposure in Foreign Currency (FCY) - Unhedged

Particulars	FCY	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
		Amount in FCY (In Millions)	Amount (Rs. In Millions)	Amount in FCY (In Millions)	Amount (Rs. In Millions)	Amount in FCY (In Millions)	Amount (Rs. In Millions)
Trade Receivables	GBP	5.95	549.41	4.89	394.92	2.69	256.25
Trade Receivables	USD	1.86	120.42	1.72	111.12	2.21	146.48
Trade Receivables	EUR	3.53	284.53	1.70	118.05	1.74	130.96
Cash and Cash Equivalents	GBP	1.14	105.60	0.06	5.19	0.68	64.41
Cash and Cash Equivalents	USD	0.88	57.21	0.39	25.18	2.11	140.20
Cash and Cash Equivalents	EUR	1.05	84.43	2.26	156.50	2.07	155.79
Loans	USD	-	-	-	-	0.03	1.99
Other Current Financial Assets	USD	0.27	17.56	0.05	2.97	0.09	5.67
Other Current Financial Assets	GBP	-	-	-	-	0.04	3.75
Other Current Assets	EUR	0.03	2.75	0.04	3.15	0.03	2.25
Trade Payables	GBP	5.00	461.37	-	-	0.01	0.99
Trade Payables	USD	0.09	5.60	-	-	0.07	4.95
Trade Payables	EUR	0.12	9.63	0.08	5.50	0.12	9.34
Other Current Financial Liabilities	GBP	-*	0.21	-*	0.19	-*	0.17
Other Current Financial Liabilities	EUR	0.35	28.22	0.13	8.77	0.14	10.60
Other Current Liabilities	EUR	0.66	53.53	0.34	23.98	0.54	40.80
Other Current Liabilities	USD	0.02	0.98	-*	0.32	-	-

* Denotes amounts in the respective foreign currency less then 5,000/-.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Rs. In Millions

Particulars	Impact on profit after tax		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
GBP Sensitivity			
INR/GBP - Increased by 5%*	9.67	20.00	16.16
INR/GBP - Decreased by 5%*	(9.67)	(20.00)	(16.16)
USD Sensitivity			
INR/USD - Increased by 5%*	9.43	6.95	14.47
INR/USD - Decreased by 5%*	(9.43)	(6.95)	(14.47)
EUR Sensitivity			
INR/EUR - Increased by 5%*	14.02	11.97	11.41
INR/EUR - Decreased by 5%*	(14.02)	(11.97)	(11.41)

* Holding all other variables constant

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to investments which are primarily short-term fixed deposits, which do not expose it to significant interest rate risk.

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Rs. In Millions

As at March 31, 2018	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	594.19	594.19	594.19	-	-	-
Other Current Financial Liabilities	237.78	237.78	237.78	-	-	-

Rs. In Millions

As at March 31, 2017	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	107.19	107.19	107.19	-	-	-
Other Current Financial Liabilities	179.96	179.96	179.96	-	-	-

Notes to Standalone Financial Statements for the year ended March 31, 2018

Rs. In Millions

As at April 1, 2016	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	80.15	80.15	80.15	-	-	-
Other Current Financial Liabilities	192.20	192.20	192.20	-	-	-

Note 33: Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders. The Company is not subject to any externally imposed capital requirements.

Note 34 : Employee Stock Option Plan

a) The Company provides share based payment schemes to its employees. During the year ended March 31, 2018 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 1,005,100 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
Vesting period	3 years
Exercise period	5 years
Exercise price	Rs. 114.70
Market price on the date of grant	Rs. 114.70

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

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price (WAEP) (Rs.)	Number of options	Weighted Average Exercise Price (WAEP) (Rs.)
Outstanding at the beginning of the year	33,500	114.70	74,632	111.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	30,500	114.70	41,132	107.99
Outstanding at the end of the year	3,000	114.70	33,500	114.70
Exercisable at the end of the year	3,000	114.70	33,500	114.70

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 2.57 Years (Previous Year March 31, 2017: 2.69 Years; April 01, 2016: 3.76 years). The exercise price for options outstanding at the end of the year is Rs. 114.70 (Previous Year March 31, 2017: Rs. 114.70). The range of exercise price for options outstanding as at April 01, 2016 is Rs. 38.05 to Rs. 114.70.

The weighted average fair value of stock options granted during the year - No Options have been granted during the year or the previous year ended March 31, 2017.

Total expenses arising from share based payment transaction recognised in the Statement of Profit and Loss as part of employee benefit expense is Rs. Nil (Previous Year March 31, 2017: Rs. Nil).

Notes to Standalone Financial Statements for the year ended March 31, 2018

b) The Holding company, SQS Software Quality Systems AG (SQS AG), Germany had granted 20,000 stock options to senior employees of the Group in March, 2016. These options shall vest over a period of four years from the date of the grant i.e. March 18, 2016 and can be exercised within five years from the end of the vesting period i.e. May 31, 2025. The Holding Company does not charge any cost for this benefit.

During the Financial Year 2017-18, the shares of SQS Software Quality Systems AG, got acquired by Assystem Services Deutschland GmbH including the stock options. This has resulted in vesting of these options on an accelerated basis and the stock options have been exercised and settled in the current year. There were no outstanding options at the end of the year and hence there was no contractual life of options outstanding at the end of March 31, 2018.

The details of pertaining to number of options, weighted average price and assumptions considered for fair value are disclosed below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price	Number of options
	in Rs.	in Nos.	in Rs.	in Nos.
Options outstanding at the beginning of the year	418.27	20,000	418.27	20,000
Options granted/transferred during the year	NIL	NIL	NIL	NIL
Exercised during the year	744.98	20,000	NIL	NIL
Lapsed during the year	NIL	NIL	NIL	NIL
Options outstanding at the end of the year	NIL	NIL	418.27	20,000
Options vested and exercisable at the end of the year	NIL	NIL	NIL	NIL

Share options outstanding at the end of the year have the following expiry dates and exercise prices.

Grant year	Expiry year	Exercise price	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		(in Rs.)	(in Nos)	(in Nos)	(in Nos)
March 18, 2016	May 31, 2025	744.98	NIL	20,000	20,000

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	(in years)	(in years)	(in years)
Weighted average remaining contractual life of options outstanding at end of the year	NIL	4.97	5.96

Fair Value of options granted

The fair value of the option at the grant date of Rs. 65.14 (GBP 0.685) has been determined as the difference between the weighted average of the share price at the date of grant as reduced by the exercise price.

The Exercise price of the stock option at the date of grant by SQS Software Quality Systems AG, Germany is an amount that shall be determined as follows:

The Option Price is based on the average (mean) of the closing prices for Depositary Interests of the Company (ISIN DE 005493514) on the AIM segment of the London Stock Exchange (hereinafter referred to as the “AIM Trading”) determined in British Pound (“GBP”) on the last 20 trading days preceding the day of the offer to subscribe (“Reference Price”), minus a deduction of 15% from the Reference Price.

Notes to Standalone Financial Statements for the year ended March 31, 2018

These stock options have been accounted for as an equity settled share based payment transaction in the financial statements of the Company in accordance with Ind AS 102 'Share Based Payments'.

The model inputs for the options granted during the year ended March 31, 2018 and March 31, 2017 are as below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		in Rs.	in Rs.
Fair value of the options at the grant date	NIL	65.14	65.14
Weighted average share price at the grant date		48.30	48.30
Exercise Price		418.27	418.27
Reference price		49.21	49.21
Expected volatility (%)		20%	20%
Expected life of the options		6 years	6 years
Risk free interest rate (%)		1.15%	1.15%
Vesting period		4 years	4 years
Option Term		9 years	9 years
Expected dividend (%)		2.20%	2.20%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price for expected periods between 90 and 180 days.

Note 35 : Asset pledged as security

The company has a cash credit facility with a bank is secured by hypothecation of book debts of the Company, both present and future. There is no outstanding amount due on this account as at the end of the current year, the previous year ended March 31, 2017 and as at April 01, 2016.

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Financial Assets			
First Charge			
Current Financial Assets - Trade Receivables	449.34	274.58	351.11
Total assets pledged as security	**449.34**	**274.58**	**351.11**

Note 36 : 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. Future minimum rentals payable under non-cancellable operating lease are as follows:

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not later than 1 year	25.11	24.22	25.42
Later than 1 year and not later than 5 years	23.62	47.49	46.89
Later than 5 years	-	-	-
Total	**48.73**	**71.71**	**72.31**
Lease payments recognized in the Statement of Profit and Loss	25.81	26.59	

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 37 : Contingent Liabilities and Commitments

Rs. In Millions

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	0.18	4.15	38.93
Service tax related matters	-	7.22	7.22
Income tax related matters	51.17	55.90	59.61
Counter guarantees issued to the bank for the bank guarantee obtained	5.85	11.65	10.82

The Service Tax Authorities had made a demand for Rs. 3.61 Million 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. During the current year, the Customs, Excise and Service Tax Appellate Tribunal has passed an order in favour of the Company, and hence, it is not considered in the contingent liability mentioned above for the year ended March 31, 2018.

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of Rs. 55.90 Million for the financial years 2008-09 and 2011-12 to 2013-14. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A/ 10AA of the Income Tax Act, 1961 and also on account of other expenses being disallowed. The Company has filed appeals before CIT (Appeals). The Company has also paid an amount of Rs. 13.41 Million towards the outstanding demand (under protest). The Management believes that its position in respect of all the years will be upheld by the Authorities.

Note 38 : Micro and Small Enterprises

Disclosure of trade payables and other liabilities is based on the information available with the company regarding the status of the suppliers as defined under the “Micro, Small & Medium Enterprises Development Act, 2006”. There is no amount overdue to Micro & Small Enterprises on account of principal amount together with interest.

Rs. In Millions

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
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 MSMEDA, 2006.	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-	-

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 39 : Amounts paid to Auditors

Rs. In Millions

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017***
Statutory Audit **	1.10	0.95
Audit under Other Statutes	-	0.30
Certification	0.14	0.04
Taxation Matters	-	0.26
Reimbursement of expenses	0.40	-
Others	0.67	0.10
Total	**2.31**	**1.65**

* Amounts paid to the erstwhile Statutory Auditor.

** Includes Rs. 0.15 Million paid to the erstwhile Statutory Auditor.

Note 40 : Foreign Exchange Difference

The amount of exchange gain/ (loss) included in the Statement of Profit & Loss is Rs. 53.72 Million (Previous Year March 31, 2017: Rs. (84.01) Million).

Note 41 : Corporate Social Responsibility

The company has spent Rs. 7.18 Million during the current financial year (Previous Year March 31, 2017: Rs. 7.34 Million) as per the provisions of Section 135 of the Companies Act, 2013 towards Corporate Social Responsibility (CSR) activities grouped under 'Other Expenses'.

a) Gross amount required to be spent by the Company during the year Rs. 7.18 Million (Previous Year March 31, 2017: Rs. 7.34 Million).

b) Amount spent during the year on:

Rs. In Millions

Particulars	**Amount spent in cash**	**Amount yet to be paid in cash**	**Total Amount**
Year ended March 31, 2018			
(i) Construction/ Acquisition of any Asset	-	-	-
(ii) On purposes other than (i) above	7.18	-	7.18
Total	**7.18**	**-**	**7.18**
Year ended March 31, 2017			
(i) Construction/ Acquisition of any Asset	-	-	-
(ii) On purposes other than (i) above	7.34	-	7.34
Total	**7.34**	**-**	**7.34**

Note 42 : Segment Information

The Company publishes these Standalone Financial Statements along with the Consolidated Financial Statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the Consolidated Financial Statements.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 43 : Related Party Disclosures

a) Related Parties and their relationship

i) Ultimate Holding Entities:

Assystem SA, France

Ardian LBO Fund VI B, France

ii) Holding Company:

SQS Software Quality Systems AG, Germany

iii) Subsidiaries:

Name of Subsidiary	Country	% Holding as at March 31, 2018	% Holding as at March 31, 2017	% Holding as at April 1, 2016
SQS BFSI Pte. Ltd.	Singapore	100%	100%	100%
SQS BFSI Inc.	United States of America	100%	100%	100%
Thinksoft Global Services (Europe) GmbH.	Germany	-*	100%	100%
SQS BFSI UK Ltd.	United Kingdom	100%	100%	100%
SQS BFSI FZE.	United Arab Emirates	100%	100%	100%

***** The wholly owned subsidiary, Thinksoft Global Services (Europe) GmbH has been liquidated during the year.

iv) Key Management Personnel (KMP):

Aarti Arvind - Managing Director (w.e.f. April 01, 2016)

K. Ramaseshan - Executive Director and CFO (Executive Director w.e.f. January 25, 2018 & CFO w.e.f. June 09, 2017)

N. Vaidyanathan - Executive Director (upto September 05, 2017)

David Bellin, Chairman & Non - Executive Director

Prof. K. Kumar, Independent Director

Prof. S. Rajagopalan, Independent Director

Lilian Jessie Paul, Independent Director

Rajiv Kuchhal, Independent Director

Rene Gawron, Non - Executive Director

Diederik Vos, Non - Executive Director

Ulrich Bäumer, Independent Director

v) 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 Systems France SASU, France

SQS Group Ltd., South Africa

SQS Group Ltd., (Belfast)

SQS North America, LLC

Notes to Standalone Financial Statements for the year ended March 31, 2018

b) The Related Party Transactions are as under:

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
Income				
Income from Service rendered	Subsidiary	SQS BFSI Inc., USA	217.15	257.52
	Subsidiary	SQS BFSI Pte. Ltd., Singapore	161.47	110.55
	Subsidiary	SQS BFSI UK Ltd., UK	1,334.15	668.76
	Holding Company	SQS Software Quality Systems AG, Germany	65.59	18.50
	Fellow Subsidiary	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	9.79	24.17
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	115.23	83.86
	Fellow Subsidiary	SQS Group Limited, UK	-	41.34
	Fellow Subsidiary	SQS Software Quality Systems (Ireland) Limited, Ireland	75.62	33.03
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	0.95	3.81
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E, Egypt	-	11.03
	Fellow Subsidiary	SQS Nederland, Nederland	-	0.39
	Fellow Subsidiary	SQS Group Ltd, South Africa	37.95	-
	Fellow Subsidiary	SQS Group Limited, (Belfast)	4.41	-
Expenses	KMP	Aarti Arvind **	23.23	12.47
Managerial Remuneration*	KMP	K. Ramaseshan	11.75	-
	KMP	N. Vaidyanathan	7.26	12.94
Director's Sitting Fees and Commission	KMP	Prof. S Rajagopalan	1.06	0.81
	KMP	Prof. K. Kumar	1.04	0.81
	KMP	Rajiv Kuchhal	0.94	0.73
	KMP	David Bellin	1.25	0.63
	KMP	Ulrich Bäumer	0.66	0.55
	KMP	Lilian Jessie Paul	0.82	0.63
Expenses in respect of services rendered	Subsidiary	SQS BFSI Pte. Ltd., Singapore	103.71	77.21
	Subsidiary	SQS BFSI Inc., USA	184.21	188.19
	Subsidiary	SQS BFSI UK Ltd., UK	849.50	209.04
	Subsidiary	SQS BFSI FZE., UAE	130.49	192.16

Notes to Standalone Financial Statements for the year ended March 31, 2018

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	11.09	5.74
	Holding Company	SQS Software Quality Systems AG, Germany	-	0.61
	Fellow Subsidiary	SQS Group Limited, UK	-	0.22
	Fellow Subsidiary	SQS Nederland, Nederland	8.63	5.10
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	3.59	-
Other Transactions				
Interim dividend	Holding Company	SQS Software Quality Systems AG, Germany	23.02	23.02
Final dividend paid	Holding Company	SQS Software Quality Systems AG, Germany	230.15	-
Cost Reimbursement Received	Holding Company	SQS Software Quality Systems AG, Germany	15.24	2.44
	Fellow Subsidiary	SQS Group Limited, UK	-	8.42
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	0.45	1.58
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH, Austria	10.14	4.05
	Fellow Subsidiary	SQS software Quality Systems (Ireland) Limited, Ireland	0.05	0.47
	Fellow Subsidiary	SQS Nederland, Nederland	-	0.35
	Fellow Subsidiary	SQS USA Inc., USA	-	0.44
	Fellow Subsidiary	SQS Group Ltd, South Africa	4.47	-
Cost Reimbursement Paid				
	Subsidiary	SQS BFSI Inc., USA	29.28	14.08
	Subsidiary	SQS BFSI UK Ltd., UK	56.77	47.33
	Subsidiary	SQS BFSI FZE, UAE	-	0.09
	Holding Company	SQS Software Quality Systems AG, Germany	-	0.83
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	5.38	1.13
	Fellow Subsidiary	SQS Group Ltd, South Africa	-	0.06

Notes to Standalone Financial Statements for the year ended March 31, 2018

c) Outstanding Balances

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Amounts Receivable from	Subsidiary	SQS BFSI Pte. Ltd., Singapore	10.16	11.29	-
	Subsidiary	SQS BFSI UK Ltd., UK	535.08	263.45	225.24
	Subsidiary	SQS BFSI Inc, USA	46.59	190.85	45.61
	Subsidiary	SQS BFSI FZE, UAE	5.31	4.50	-
	Holding Company	SQS Software Quality Systems AG, Germany	21.24	7.87	0.24
	Fellow Subsidiary	SQS Group Limited, UK	-	-	0.36
	Fellow Subsidiary	SQS Software Quality Systems (Ireland) Limited, Ireland	7.02	13.09	4.84
	Fellow Subsidiary	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	-	2.81	9.15
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH - Austria	14.87	21.26	8.25
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	0.38	1.07	6.30
	Fellow Subsidiary	SQS USA Inc., USA	-	0.01	0.41
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E.	-	-	5.16
	Fellow Subsidiary	SQS Group Ltd, South Africa	10.16	4.54	8.52
Amounts Payable to	Subsidiary	SQS BFSI Pte. Ltd., Singapore	40.06	32.84	13.83
	Subsidiary	SQS BFSI FZE., UAE	62.03	54.35	43.57
	Subsidiary	SQS BFSI UK Ltd, UK	461.23	-	-
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	-	0.82	0.89
	Holding Company	SQS Software Quality Systems AG, Germany	-	0.63	7.66
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	7.18	-	3.99
	Fellow Subsidiary	SQS Group Ltd., UK	-	-	0.07
	Fellow Subsidiary	SQS Nederland, Nederland	4.65	4.87	-
	Fellow Subsidiary	SQS Group Ltd, South Africa	-	0.01	-
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH - Austria	3.63	-	-

Notes to Standalone Financial Statements for the year ended March 31, 2018

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for expenses	KMP	Aarti Arvind	4.66	1.81	-
	KMP	K. Ramaseshan	2.18	-	-
	KMP	N. Vaidyanathan	-	1.37	-
	KMP	Prof. S Rajagopalan	0.60	0.47	0.76
	KMP	Prof. K. Kumar	0.60	0.47	0.76
	KMP	Rajiv Kuchhal	0.60	0.47	0.76
	KMP	David Bellin	1.05	0.47	0.76
	KMP	Ulrich Bäumer	0.60	0.47	0.76
	KMP	Lilian Jessie Paul	0.60	0.47	0.76
Investments	Subsidiary	SQS BFSI Pte. Ltd., Singapore	2.66	2.66	2.66
	Subsidiary	SQS BFSI Inc., USA	4.62	4.62	4.62
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	-	2.71	2.71
	Subsidiary	SQS BFSI FZE., UAE	8.70	8.70	8.70
	Subsidiary	SQS BFSI UK Ltd., UK	24.17	24.17	24.17

* Managerial Remuneration comprises of short term employment benefits and includes perquisite value of motor car and other benefits as per the service contract including incentive.

** Includes Rs. 6.96 Million being the perquisite value of ESOP granted by SQS software Quality Systems AG and exercised during the year ended the March 31, 2018.

Note 44: First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101 using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS that are effective for the first Ind AS financial statements for the year ended March 31, 2018, be applied consistently and retrospectively for all fiscal years presented.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of the opening Ind AS balance sheet as at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in the financial statements prepared in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act (previous GAAP or Indian GAAP).

All applicable Ind AS have been applied consistently and retrospectively, wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Previous GAAP as of the transition date have been recognized directly in equity at the transition date.

In preparing this financial statements, the Company has availed itself of the certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

Notes to Standalone Financial Statements for the year ended March 31, 2018

a) Optional Exemptions from retrospective application availed

i) Property, Plant and Equipment Exemption

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 'Intangible Assets'.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii) Share-based payment exemption

Ind AS 101 permits a first-time adopter not to apply the requirements of Ind AS 102 to equity instruments vested before transition date. But it requires to disclose the information required by Ind AS 102 for all grants of equity instruments to which Ind AS 102 has not been applied.

The Company has elected to apply this exemption and it has disclosed the information for equity instruments vested prior to the date of transition as required by Ind AS 102.

iii) Investments in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of it's investment in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all it's investments in subsidiaries at their previous GAAP carrying value.

b) Mandatory exceptions from retrospective application

i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date as listed below:

- Impairment of financial assets based on expected credit loss model.
- Fair valuation of financial assets and liabilities excluding derivatives.

ii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively for the transaction occurring on or after the date of transition to Ind AS.

iii) Classification and measurement of financial assets

As required under Ind AS 101, the Company has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

Notes to Standalone Financial Statements for the year ended March 31, 2018

c) Transition to Ind AS Reconciliations

The following reconciliations provide the explanations and quantifications of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition April 1, 2016

Rs. In Millions

Particulars	Notes	Regrouped IGAAP*	Measurement - Ind AS	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		225.41	-	225.41
Other Intangible Assets		22.37	-	22.37
Financial Assets				
(i) Investments		42.86	-	42.86
(ii) Loans	1	16.70	(2.44)	14.26
(iii) Other Non-Current Financial Assets		0.29	-	0.29
Deferred Tax Assets (Net)	2 & 3	22.96	1.07	24.03
Income Tax Assets (Net)		22.75	-	22.75
Other Non-Current Assets	1	4.76	1.62	6.38
Total Non-Current Assets		**358.10**	**0.25**	**358.35**
Current Assets				
Financial Assets				
(i) Trade Receivables	4	618.47	(3.11)	615.36
(ii) Cash and Cash Equivalents		542.49	-	542.49
(iii) Bank Balances other than (ii) above		7.14	-	7.14
(iv) Loans		8.96	-	8.96
(v) Other Current Financial Assets		15.23	-	15.23
Other Current Assets	1	33.90	0.81	34.71
Total Current Assets		**1,226.19**	**(2.30)**	**1,223.89**
TOTAL ASSETS		**1,584.29**	**(2.05)**	**1,582.24**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital		106.39	-	106.39
Other Equity	5 & 6	766.52	254.04	1,020.56
Total Equity		**872.91**	**254.04**	**1,126.95**
LIABILITIES				
Current Liabilities				
Financial Liabilities				
(i) Trade Payables		80.15	-	80.15
(ii) Other Current Financial Liabilities		192.20	-	192.20
Other Current Liabilities		67.82	-	67.82
Provisions	5	271.65	(256.09)	15.56
Current Tax Liabilities (Net)		99.56	-	99.56
Total Current Liabilities		**711.38**	**(256.09)**	**455.29**
TOTAL EQUITY AND LIABILITIES		**1,584.29**	**(2.05)**	**1,582.24**

* As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Reconciliation of equity as at March 31, 2017

Rs. In Millions

Particulars	Notes	Regrouped IGAAP*	Measurement - Ind AS	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		246.60	-	246.60
Other Intangible Assets		19.84	-	19.84
Financial Assets				
(i) Investments		42.86	-	42.86
(ii) Loans	1 & 3	21.48	(2.77)	18.71
(iii) Other Non-Current Financial Assets		2.00	-	2.00
Deferred Tax Assets (Net)	2 & 3	12.20	0.37	12.57
Income Tax Assets (Net)		21.99	-	21.99
Other Non-Current Assets	1	2.56	1.63	4.19
Total Non-Current Assets		**369.53**	**(0.77)**	**368.76**
Current Assets				
Financial Assets				
(i) Trade Receivables	4	741.19	(0.67)	740.52
(ii) Cash and Cash Equivalents		236.13	-	236.13
(iii) Bank Balances other than (ii) above		61.75	-	61.75
(iv) Loans		4.80	-	4.80
(v) Other Current Financial Assets		10.93	-	10.93
Other Current Assets	1	31.41	1.06	32.47
Total Current Assets		**1,086.21**	**0.39**	**1,086.60**
TOTAL ASSETS		**1,455.74**	**(0.38)**	**1,455.36**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital		106.80	-	106.80
Other Equity	6	932.50	(0.38)	932.12
Total Equity		**1,039.30**	**(0.38)**	**1,038.92**
LIABILITIES				
Current Liabilities				
Financial Liabilities				
(i) Trade Payables		107.19	-	107.19
(ii) Other Current Financial Liabilities		179.96	-	179.96
Other Current Liabilities		38.11	-	38.11
Provisions		14.42	-	14.42
Current Tax Liabilities (Net)		76.76	-	76.76
Total Current Liabilities		**416.44**	**-**	**416.44**
TOTAL EQUITY AND LIABILITIES		**1,455.74**	**(0.38)**	**1,455.36**

* As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Reconciliation of total comprehensive income for the year ended March 31, 2017

Rs. In Millions

Particulars	Notes	Regrouped IGAAP*	Effects of Transition to Ind AS	Ind AS
INCOME				
Revenue from Operations		2,599.48	-	2,599.48
Other Income	1 & 4	5.78	4.01	9.79
Total Income		**2,605.26**	**4.01**	**2,609.27**
EXPENSES				
Employee Benefit Expense	7 & 8	1,055.07	(9.14)	1,045.93
Finance Costs		1.96	-	1.96
Depreciation and Amortization Expense		51.77	-	51.77
Other Expenses	1 & 4	1,162.48	1.64	1,164.12
Total Expenses		**2,271.28**	**(7.50)**	**2,263.78**
Profit Before Tax		**333.98**	**11.51**	**345.49**
Tax Expense				
Current Tax		114.88	-	114.88
Deferred Tax	2	2.77	3.98	6.75
Profit for the Year		**216.33**	**7.53**	**223.86**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Remeasurement of the defined benefit plan	8 & 9	-	(9.47)	(9.47)
Income tax relating to items that will not be reclassified to profit or loss	2 & 9	-	3.28	3.28
Total Comprehensive Income for the Year		**216.33**	**1.34**	**217.67**

* As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS.

Impact of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017

Rs. In Millions

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	141.60	(0.67)	140.93
Net cash flow (used in) investment activities	(121.80)	0.67	(121.13)
Net cash flow (used in) financing activities	(306.03)	-	(306.03)
Net (decrease) in cash and cash equivalents	(286.23)	-	(286.23)
Cash and cash equivalents as at April 1, 2016	542.49	-	542.49
Effects of exchange rate changes on cash and cash equivalents	(20.13)	-	(20.13)
Cash and cash equivalents as at March 31, 2017	236.13	-	236.13

Notes to Standalone Financial Statements for the year ended March 31, 2018

Notes to the reconciliations:

1. **Security deposits**

   Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Deferred rent is recognised as an expense on a straight line basis over the period of lease with corresponding recognition of interest income on the outstanding amount.

2. **Deferred Taxes**

   Deferred Tax has been recognised on the adjustments made on transition to Ind AS.

3. **MAT Credit Entitlement**

   Under Previous GAAP, MAT Credit entitlement under the Income Tax Act, 1961 was disclosed as a non-current assets under Long-term Loans and Advances. As per Ind AS 12, all tax credits are required to be disclosed as deferred tax asset. The adjustments to deferred tax asset includes the tax impact of the transition date & comparative period Ind Adjustments and classification of MAT Entitlement as deferred tax asset.

4. **Expected Credit Loss**

   Represents impact on account of creating additional (allowance) / reversal of provision on trade receivables based on the requirements of Ind AS 109 Financial Instruments.

5. **Proposed dividend - Short Term Provisions**

   Prior to the commencement of the Companies (Accounting Standards) Amendment Rules, 2016, dividend recommended by the board of directors after the balance sheet date but before the approval of the financial statements was considered as an adjusting event. Accordingly, provision for proposed dividend was recognised as an liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has increased.

6. **Retained earnings**

   Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

7. **Employee Stock Option Plan (ESOP)**

   Employee Stock Compensation Cost for Stock option granted to an employee by the Holding Company, SQS Software Quality Systems AG, Germany accounted in the books of the Company as an equity-settled share-based payment transaction as per the requirements of Ind AS 102 Share-based Payments.

8. **Re-measurements of post-employment benefit obligations**

   Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. There is no impact on the total equity and profit.

9. **Other Comprehensive Income**

   Both under Indian GAAP and Ind AS, the Company recognised costs related to post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, actuarial gains and losses are charged to the Statement of Profit and Loss, however in Ind AS, the actuarial gain and losses are recognised through Other Comprehensive Income.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 45 : Open Public Offer

Assystem Services Deutschland GmbH ("Acquirer") and SQS Software Quality Systems AG ("Person Acting in Concert") have made an Open Offer for acquisition of up to 2,785,480 fully paid-up Equity Shares of face value of Rs. 10/- each, representing 26% of the voting share capital, at a price of Rs. 482.95 per share from the eligible shareholders of the Company. The date of commencement and closure of Tendering Period is: Thursday, May 03, 2018 to Wednesday, May 16, 2018 (both days inclusive).

Note 46 : 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, 2018	Maximum amount of outstanding 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 loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil	Nil	Nil

Note 47 : Disclosure u/s 186(4) of the Companies Act, 2013

Details of investments made are disclosed under Note 5. There are no loans or guarantees given by the company.

Note 48 : Previous Year Figures

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

Signatures to the Notes to Standalone Financial Statements.

For and on behalf of the Board

DIEDERIK VOS	AARTI ARVIND	K. RAMASESHAN	S. SAMPATH KUMAR
Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838

Place: Chennai

Date : May 04, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SQS INDIA BFSI LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of **SQS INDIA BFSI LIMITED** ("the Holding Company") and it's subsidiaries, (the Holding Company and its subsidiaries collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of 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 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the Companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provision 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. While conducting the 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 controls 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 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 and based on the consideration of the report of other auditors on the separate financial statements and on the other financial information of the subsidiaries, 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 (financial position) of the Group as at March 31, 2018, and their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

1. We did not audit the financial statements of four subsidiaries incorporated outside India included in the Consolidated Financial Statements, whose financial statements reflect total assets of Rs. 1,096.81 Million as at March 31, 2018 and net assets of Rs. 314.67 Million as at March 31, 2018, total revenues of Rs. 815.53 Million and net cash outflows amounting to Rs. 297.69 Million 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.

   These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India (Indian Accounting Standards 'Ind AS'). We have audited these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of the other auditors and the conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

2. The German subsidiary, Thinksoft Global Services (Europe) GmbH has been liquidated during the current financial year. We did not audit the financial statements of this subsidiary which reflect the Group's share of total assets Rs. 0.49 Million and net assets of Rs. Nil as at March 31, 2018, total revenues of Rs. Nil and net cash outflows amounting to Rs. 8.36 Million for the year ended on that date, as considered in the Consolidated Financial Statements. This financial statement is unaudited and has been furnished to us by the Management and our opinion in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. 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 above Consolidated Financial Statements and our report on Other Legal & 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 statement certified by the management.

3. The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 included in these Consolidated Ind AS Financial Statements, are based on the previously issued statutory Consolidated Financial Statements prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP') audited by the predecessor auditor whose reports for the year ended March 31, 2017 and March 31, 2016 dated April 27, 2017 and April 28, 2016 respectively expressed an unmodified opinion on those Consolidated Financial Statements, as adjusted for the differences in accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us.

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on the separate financial statements and the other financial information of the subsidiaries, as noted in the 'other matters' paragraph, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.

   b) 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 report of the other auditor.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity 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.

   d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on March 31, 2018 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 Holding Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**"; and

   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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph:

      i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 35 to the Consolidated Financial Statements.

      ii. The Group did not have any material forseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2018.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2018.

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA

Partner

Membership Number 127355

Place: Chennai

Date : May 04, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 1 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Consolidated Ind AS Financial Statements for the year ended March 31, 2018.

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** (hereinafter referred to as "the Holding Company"), as at March 31, 2018 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company 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 (the "Guidance Note") 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 Holding 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 was 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Holding 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 Holding 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, 2018, based on the internal control over financial reporting criteria established by the Holding 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 KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA

Partner

Membership Number 127355

Place: Chennai

Date : May 04, 2018

Consolidated Balance Sheet as at March 31, 2018

Rs. In Millions

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	4	212.93	246.72	225.57
Intangible Assets	4	10.69	19.84	22.37
Financial Assets				
(i) Loans	5	8.67	18.71	14.26
(ii) Other Non-Current Financial Assets	6	0.38	2.00	0.29
Deferred Tax Assets	7	16.94	12.57	24.03
Income Tax Assets (Net)	8	24.73	21.99	22.75
Other Non-Current Assets	9	4.60	4.19	6.38
Total Non-Current Assets		**278.94**	**326.02**	**315.65**
Current Assets				
Financial Assets				
(i) Trade Receivables	10	681.36	423.84	540.79
(ii) Cash and Cash Equivalents	11	595.21	829.59	853.71
(iii) Bank Balances other than (ii) above	12	254.80	61.75	7.14
(iv) Loans	13	17.25	10.59	57.68
(v) Other Current Financial Assets	14	40.53	10.93	15.23
Other Current Assets	15	43.45	43.41	44.50
Total Current Assets		**1,632.60**	**1,380.11**	**1,519.05**
TOTAL ASSETS		**1,911.54**	**1,706.13**	**1,834.70**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	16	107.10	106.80	106.39
Other Equity	17	1,178.85	1,164.43	1,238.60
Total Equity		**1,285.95**	**1,271.23**	**1,344.99**
LIABILITIES				
Current Liabilities				
Financial Liabilities				
(i) Trade Payables	18	77.91	33.15	34.30
(ii) Other Current Financial Liabilities	19	338.18	234.40	239.71
Other Current Liabilities	20	94.76	70.41	92.66
Provisions	21	17.51	15.63	17.97
Current Tax Liabilities (Net)	22	97.23	81.31	105.07
Total Current Liabilities		**625.59**	**434.90**	**489.71**
TOTAL EQUITY AND LIABILITIES		**1,911.54**	**1,706.13**	**1,834.70**
Significant Accounting Policies	2			

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our Report of even date
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 04, 2018

Signatures to the Consolidated Balance Sheet and Notes to Consolidated Financial Statements
For and on behalf of the Board

DIEDERIK VOS
Chairman & Director
DIN : 06744640

AARTI ARVIND
Managing Director & CEO
DIN : 07414979

K. RAMASESHAN
Executive Director & CFO
DIN : 03025474

S. SAMPATH KUMAR
Company Secretary & Compliance Officer
ICSI Membership No. F3838

Place : Chennai
Date : May 04, 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

Rs. In Millions

Particulars	Note No.	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
INCOME			
Revenue from Operations	23	2,764.38	2,599.48
Other Income	24	80.60	10.62
Total Income		**2,844.98**	**2,610.10**
EXPENSES			
Employee Benefit Expense	25	1,841.18	1,580.05
Finance Cost	26	2.87	1.96
Depreciation and Amortization Expense	4	55.50	51.96
Other Expenses	27	466.29	605.86
Total Expenses		**2,365.84**	**2,239.83**
Profit Before Tax		**479.14**	**370.27**
Tax Expense			
Current Tax	7(b)	163.35	125.39
Deferred Tax	7(a)	(3.96)	6.75
Profit for the Year		**319.75**	**238.13**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plan		(1.18)	(9.47)
Income tax relating to items that will not be reclassified to profit or loss	7(c)	0.41	3.28
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**318.98**	**231.94**
Attributable to:			
Owners of the parent		318.98	231.94
Non-controlling interests		-	-
Of the Total Comprehensive Income above,			
Profit for the year attributable to:			
Owners of the Parent		319.75	238.13
Non-controlling interests		-	-
Of the Total Comprehensive Income above,			
Other Comprehensive income attributable to:			
Owners of the Parent		(0.77)	(6.19)
Non-controlling interests		-	-
Earnings per Equity Share (Face value Rs. 10/- per share)			
Basic (Rs.)	28	29.90	22.31
Diluted (Rs.)	28	29.90	22.26
Significant Accounting Policies	2		

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our Report of even date

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355
Place : Chennai
Date : May 04, 2018

Signatures to the Consolidated Statement of Profit & Loss and Notes to Consolidated Financial Statements

For and on behalf of the Board

DIEDERIK VOS	AARTI ARVIND	K. RAMASESHAN	S. SAMPATH KUMAR
Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838

Place : Chennai
Date : May 04, 2018

Consolidated Statement of changes in Equity for the year ended March 31, 2018

(a) Equity Share Capital

Rs. In Millions

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
106.39	0.41	106.80

Rs. In Millions

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
106.80	0.30	107.10

(b) Other Equity

Rs. In Millions

Particulars	Share Application Money Pending Allotment	Employee Stock Compensation Reserve	Reserves and Surplus			Attributable to owners of the parent	Non-controlling interests	Total
			Securities Premium	General Reserve	Retained Earnings			
Balance as at April 1, 2016	2.36	-*	186.00	131.39	918.85	1,238.60	-	**1,238.60**
Profit for the year	-	-	-	-	238.13	238.13	-	**238.13**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	-	(6.19)	(6.19)	-	**(6.19)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**231.94**	**231.94**	**-**	**231.94**
Dividend (Including Dividend Tax)	-	-	-	-	(308.11)	(308.11)	-	**(308.11)**
Transfer to General Reserve	-	-	-	21.70	(21.70)	-	-	**-**
Share application money adjusted on allotment towards equity share capital and securities premium	(2.36)	-	2.13	-	-	(0.23)	-	**(0.23)**
Securities premium received on issue of shares on exercise of employee stock options during the year	-	-	1.90	-	-	1.90	-	**1.90**
Employee stock option compensation cost	-	0.33	-	-	-	0.33	-	**0.33**
Balance as at March 31, 2017	**-**	**0.33**	**190.03**	**153.09**	**820.98**	**1,164.43**	**-**	**1,164.43**

Rs. In Millions

Particulars	Share Application Money Pending Allotment	Employee Stock Compensation Reserve	Reserves and Surplus			Attributable to owners of the parent	Non-controlling interests	Total
			Securities Premium	General Reserve	Retained Earnings			
Balance as at March 31, 2017	**-**	**0.33**	**190.03**	**153.09**	**820.98**	**1,164.43**	**-**	**1,164.43**
Profit for the year	-	-	-	-	319.75	319.75	-	**319.75**
Remeasurement of post employment benefit obligation, net of tax (OCI)	-	-	-	-	(0.77)	(0.77)	-	**(0.77)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**318.98**	**318.98**	**-**	**318.98**
Dividend (Including Dividend Tax)	-	-	-	-	(308.73)	(308.73)	-	**(308.73)**
Transfer to General Reserve	-	-	-	28.00	(28.00)	-	-	**-**
Share application money adjusted on allotment towards equity share capital and securities premium	-	-	-	-	-	-	-	**-**
Securities premium received on issue of shares on exercise of employee stock options during the year	-	-	3.19	-	-	3.19	-	**3.19**
Employee stock option compensation cost	-	0.98	-	-	-	0.98	-	**0.98**
Balance as at March 31, 2018	**-**	**1.31**	**193.22**	**181.09**	**803.23**	**1,178.85**	**-**	**1,178.85**

* Denotes amounts less than Rs. 5,000/-.

As per our Report of even date

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Regn. No. 104607W/W100166

FARHAD M. BHESANIA
Partner

Membership Number 127355

Place : Chennai
Date : May 04, 2018

Signatures to the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements

For and on behalf of the Board

DIEDERIK VOS	**AARTI ARVIND**	**K. RAMASESHAN**	**S. SAMPATH KUMAR**
Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838

Place : Chennai
Date : May 04, 2018

Consolidated Statement of Cash Flows for the year ended March 31, 2018

Rs. In Millions

Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
A. Cash flow from operating activities		
Profit before tax	**479.14**	**370.27**
Adjustment for:		
Depreciation and Amortization Expense	55.50	51.96
(Profit) on sale of Property, Plant and Equipment	(0.15)	(0.28)
Provision for doubtful debts (written back)	(3.49)	(3.11)
Unrealized forex exchange loss/(gain) (Net)	(41.58)	75.63
Interest income	(12.35)	(6.00)
ESOP Compensation Cost	0.98	0.33
Allowance for credit loss	0.67	3.11
Unwinding of discount on security deposits	(1.03)	(0.90)
Operating profit before working capital changes	**477.69**	**491.01**
Adjustment for:		
(Increase) / Decrease in Trade Receivables	(228.62)	67.95
(Increase) / Decrease in Loans	4.41	41.10
(Increase) / Decrease in Other Current Financial Assets	(26.39)	4.47
(Increase) / Decrease in Other Current Assets	(0.52)	(1.33)
(Increase) / Decrease in Other Non-Current Assets	(0.41)	2.18
Increase / (Decrease) in Trade Payables	44.77	(1.16)
Increase / (Decrease) in Other Current Financial Liabilities	104.15	(6.98)
Increase / (Decrease) in Other Current Liabilities	24.33	(22.24)
Increase / (Decrease) in Provisions	0.69	(11.81)
Cash generated from operations	**400.10**	**563.19**
Direct taxes paid (net of refunds)	(150.18)	(140.39)
Net cash flow from operating activities (A)	**249.92**	**422.80**
B. Cash flow from investing activities		
Investment in Fixed deposits having maturity greater than 3 months	(431.77)	(58.14)
Proceeds from maturity of Fixed Deposits	240.34	1.82
Payments for purchase of Property, Plant and Equipment and Intangible Assets	(12.59)	(70.58)
Proceeds from sale of Property, Plant and Equipment	0.18	0.31
Interest received on deposit with banks	9.13	5.83
Net cash flow (used in) investing activities (B)	**(194.71)**	**(120.76)**
C. Cash Flow from financing activities		
Proceeds from Issue of Shares / Share Application money Received	3.50	2.08
Dividends paid	(256.51)	(255.99)
Tax on dividend paid	(52.22)	(52.12)
Net cash flow (used in) financing activities (C)	**(305.23)**	**(306.03)**
Net (Decrease) in cash & cash equivalents (A+B+C)	**(250.02)**	**(3.99)**
Effect of changes in exchange rate on cash and cash equivalents	15.64	(20.13)
Cash & cash equivalents at the beginning of the year	829.59	853.71
Cash and cash equivalents at the end of the year (Refer Note 11)	**595.21**	**829.59**

Notes :

The above Statement of Cash Flows includes Rs. 7.18 Million (Previous Year March 31, 2017 : Rs. 7.34 Million) towards Corporate Social Responsibility (CSR) Activities.

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP	For and on behalf of the Board			
Chartered Accountants				
Firm Regn. No. 104607W/W100166				
FARHAD M. BHESANIA	**DIEDERIK VOS**	**AARTI ARVIND**	**K. RAMASESHAN**	**S. SAMPATH KUMAR**
Partner	Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
Membership Number 127355	DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838
Place : Chennai	**Place** : Chennai			
Date : May 04, 2018	**Date** : May 04, 2018			

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note: 1

Company Overview:

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 it's Initial Public Offering (IPO) of it's Equity Shares on September 24, 2009 (issue open date) and shares under IPO were allotted on October 14, 2009. The Company's shares were listed on the 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.

The Company is an India based software service provider primarily delivering software validation and verification services to the banking, financial services and insurance 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, Thinksoft Global Services (Europe) GmbH has been liquidated during the year.

Name of Subsidiary	Country of Incorporation	Percentage of ownership
SQS BFSI Pte. Ltd., Singapore	Singapore	100%
SQS BFSI Inc., USA	USA	100%
SQS BFSI UK Ltd., UK	UK	100%
SQS BFSI FZE., UAE	UAE	100%

SQS BFSI India Limited together with its subsidiaries is hereinafter referred to as "the Group".

The financial statements of the Group for the year ended March 31, 2018 were authorized for issue in accordance with the resolution of the Board of Directors on May 4, 2018.

Note: 2

Significant Accounting Policies

a) Basis of preparation of financial statements:

i) Compliance with Ind AS:

The Consolidated Financial Statements of the Group comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016, the Companies (Indian Accounting Standards) Amendment Rules, 2017 and other relevant provisions of the Act, as applicable.

The Consolidated Financial Statements upto the year ended March 31, 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provisions of the Act as applicable.

These Consolidated Financial Statements are the Group's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. An explanation of how the transition to Ind AS has affected the Group's financial position, financial performance and cash flow is provided in Note 40.

ii) Principles of consolidation:

The Company consolidates entities which it owns or controls. The Consolidated Financial Statements comprise the Financial Statements of the Company and it's subsidiaries. Control exists when the parent has power over the entity, or is exposed or has rights, to variable returns from it's involvement with the entity and has the ability to affect those returns by using it's power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The Financial Statements of the Subsidiaries are consolidated 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.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

The Financial Statements include figures pertaining to Head office and Branches / Places of Business located at Madras Export Processing Zone – Chennai, Australia, Belgium, Hong Kong and Malaysia and the following wholly owned subsidiaries:

1. SQS BFSI Inc., USA
2. SQS BFSI UK Ltd., UK
3. SQS BFSI Pte. Ltd., Singapore
4. SQS BFSI FZE., UAE
5. Thinksoft Global Services (Europe) GmbH, Germany (liquidated during the year).

The Branches / Places of Business in Hong Kong has been closed during the Financial Year 2017-18.

iii) Historical Cost Convention:

These Consolidated Ind AS Financial Statements have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair value:

a. Certain financial assets and liabilities measured at fair value

b. Defined benefit plans - plan assets and share based payments measured at fair value.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

b) Critical Accounting Estimates:

While preparing the Financial Statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective & complex judgments. These judgments affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosures of contingent liabilities at the balance sheet date and reported amount of income and expenses for the reporting period. Future events rarely develop exactly as forecasted and the best estimates require adjustments as actual results may differ from these estimates under different assumptions or conditions.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

Judgments, estimates and assumptions are required for:

i) Revenue Recognition:

The Group uses percentage of completion method for it's fixed-price contracts. The use of percentage of completion method requires the Group to estimate the efforts or costs expended to date as a proportion to total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii) Determination of the estimated useful lives and residual values of tangible assets:

Useful lives of tangible assets are based on the life prescribed in the Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on management's technical evaluation taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacements. Assumptions are also made, when the Group assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

The estimation of residual value of the asset is based on the management's judgment about the condition of such asset at the point of sale of asset.

iii) Recognition and measurement of defined benefit obligation:

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, attrition rate and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

iv) Recognition of deferred tax assets:

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary difference, depreciation carry forwards and unused tax credits could be utilised.

v) Leave Encashment:

Leave encashment 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.

vi) Income Tax:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

vii) Expected credit losses on financial assets:

On application of Ind AS 109, the impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history of collections, customer's credit-worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

viii) Provisions and Contingent Liabilities:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

ix) Discounting of long term financial assets/ liabilities:

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

c) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Software service income:

(i) The Group derives revenue from software services which involve primarily delivering software validation and verification services to the banking, financial services and insurance industry worldwide. Arrangements with customers are on a fixed-price or a time-and-material basis.

(ii) 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 as there is a direct relationship between input and productivity.

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

(iv) Revenue includes reimbursement of expenses, wherever billed, as per the terms of the contracts.

(v) Revenue is net of discounts, if any, as per the terms of the contract.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue.

The revenue is presented net of Goods and Service Tax in the Statement of Profit & Loss.

Interest Income:

Interest Income is recognised using the effective interest rate method.

Dividend Income:

Dividend income is recognized when the right to receive payment is established.

Other Income:

Other Income is recognized when the right to receive is established.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

d) Government Grants:

Grants from the government are recognised when there is reasonable assurance that:

(i) the Company will comply with the conditions attached to them; and

(ii) the grant will be received.

Export incentives:

Revenue from export incentives are accounted for on export of services from India, if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

e) Property, Plant and Equipment:

Property, plant and equipment 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 it's 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 management's technical evaluation.

Asset description	Useful life (in years)
Buildings	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 and Improvements	Tenure of lease period or 10 years, whichever is less
Residual Value is considered to be NIL.	

In the view of the management, assets individually costing Rs. 5,000/- or less have a useful life of one year and are hence depreciated in full in the year of acquisition.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date are classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the Financial Statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

f) Intangible Assets:

Intangible Assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible Assets are amortized over their respective individual estimated useful lives on a straight line basis, from the date they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end. If the estimated useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for it's intended use.

Gains 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.	

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

In the view of the management, intangible assets individually costing Rs. 5,000/- or less have a useful life of one year and are hence fully amortized in the year of acquisition.

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

g) Financial Instruments:

i) Initial Recognition:

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii) Subsequent Measurement:

a) Non-derivative financial instruments:

(i) Financial instruments measured at amortized cost:

A financial instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The computation of amortized cost is done using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.

(ii) Financial Assets at fair value through other comprehensive income:

A financial instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on it's business model, for it's investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial Assets at fair value through profit or loss:

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) Financial Liabilities:

Financial Liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b) Share Capital:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary equity shares are recognized as a deduction from equity, net of any tax effects.

c) Derivatives:

Derivatives include foreign currency forward contracts. It is measured at fair value. Fair value of foreign currency forward contracts are determined using the fair value reports provided by the respective banks.

iii) Derecognition of financial instruments:

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial assets and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

iv) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

h) Impairment:

i) Financial Assets:

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized as an impairment gain or loss in the profit or loss.

ii) Non-financial assets:

Intangible assets and property, plant and equipment:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are required to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit or Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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

i) Fair value of financial instruments:

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Refer Note 30 in the Consolidated Financial Statements for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

j) Provisions and Contingencies:

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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.

Onerous Contracts:

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Contingent Liabilities are disclosed in the notes to the Consolidated Financial Statements. 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 Group 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 Group does not recognize a contingent liability but discloses it's existence in the Consolidated Financial Statements.

Contingent assets are not recognised but their existence is disclosed in the Consolidated Financial Statements.

k) Foreign Currency:

Functional Currency:

The functional currency of the Group is the Indian Rupee. These consolidated financial statements are presented in Indian Rupees.

Transactions and Translations:

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which transaction is settled. Exchange differences on account of conversion of foreign operations are also recognized as income or as expense in the year in which they arise. Revenue and expense items pertaining to foreign operations denominated in foreign currencies are translated into the relevant functional currencies using the monthly weighted average exchange rate of the respective currencies.

l) Earnings Per Share:

Basic earnings per equity share are computed by dividing the net profit attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

m) Income taxes:

Income tax expense comprises of current and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss for items recognized in the Statement of Profit and Loss. Income tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss (either in Other Comprehensive Income (OCI) or in Equity). Current tax items are recognized in

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

correlation to the underlying transaction either in OCI or directly in equity.

Current Tax:

Current income tax for current and prior periods (including Minimum Alternate Tax (MAT)) is recognized at the amount expected to be paid to or recovered from the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted, at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

a) has a legally enforceable right to set off the recognized amounts; and

b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Tax:

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

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 fulfillment of certain conditions.

MAT Credit is measured at the amounts of Minimum Alternate 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.

n) Employee Benefits:

i) Short term employee benefits:

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leave Encashment:

The Group 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.

ii) Post Employment obligations:

(a) Defined contribution plans:

Employee benefits in the form of Provident Fund / Social Security payments are defined contribution schemes and contributions made are charged to the Statement of Profit and Loss for the year. The Group has no further obligations under these plans beyond it's periodic contributions. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(b) Defined benefit plan:

Gratuity:

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Liability with regard to the gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Net interest expense / (income) on the net defined liability / (assets) is computed by applying the discount rate, used to measure the net defined benefit liability / (asset). Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

o) Share based compensation:

The Group recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 Share-Based Payment. The estimated fair value of awards is charged to income on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

p) Statement of Cash Flows:

The Statement of Cash Flows has been prepared under the 'Indirect method' as set out in Ind AS 7, 'Statement of Cash Flows', whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

Cash and cash equivalents in the Statement of Cash Flows comprise cash at bank and in hand and fixed deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q) Dividends:

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Holding Company's Board of Directors.

r) Leases:

Where the company is a lessee:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in the Statement of Profit and Loss over the lease term as per the terms of the agreement.

s) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group operations predominantly relate to software validation and verification services relating to banking, financial services and insurance industry and accordingly, this is the only primary reportable business segment. The segment sales information is provided on a geographical basis classified as India and the rest of the world.

t) Recent accounting pronouncements - Standard issued but not effective:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign Currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

As per notification dated March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendments Rules, 2018, notifying "Ind AS-115 relating to Revenue from Contracts with Customers" and related amendments to other standards on account of notification of Ind AS 115. The effective date of adoption of this standard is annual periods beginning on or after April 01, 2018 onwards. The Group is currently evaluating the effect of the above amendment.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note 3: First time adoption of Ind AS:

The Consolidated Financial Statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Group has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Previous GAAP as of the Transition Date have been recognized directly in equity at the Transition Date. The accounting policies set out in Note 2 have been applied in preparing the Consolidated Financial Statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's Balance Sheet and the Statement of Profit and Loss and voluntary. Exemptions and mandatory exceptions availed on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in Note 40.

Notes to the Consolidated Financial Statements as at March 31, 2018

Note 4 : Property, Plant & Equipment and Intangible Assets

Rs. In Millions

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
	As at April 1, 2017	Additions during the year	Deductions during the year	As at March 31, 2018	Upto March 31, 2017	For the Year	Deductions	Upto March 31, 2018	As at March 31, 2018	As at March 31, 2017
a) Property, Plant & Equipment										
Buildings	190.19	-	-	190.19	11.59	11.61	-	23.20	166.99	178.60
Leasehold Rights and Improvements	2.37	-	-	2.37	0.95	0.95	-	1.90	0.47	1.42
Plant and Equipment	13.50	0.96	-	14.46	2.40	5.05	-	7.45	7.01	11.10
Office Equipment	4.69	0.95	0.28	5.36	1.48	1.85	0.28	3.05	2.31	3.21
Furniture and Fittings	22.47	0.40	0.29	22.58	5.64	7.23	0.29	12.58	10.00	16.83
Computer Equipment	41.92	9.56	0.67	50.81	8.98	17.92	0.64	26.26	24.55	32.94
Vehicles	3.44	-	1.07	2.37	0.82	1.02	1.07	0.77	1.60	2.62
Total Property, Plant & Equipment	**278.58**	**11.87**	**2.31**	**288.14**	**31.86**	**45.63**	**2.28**	**75.21**	**212.93**	**246.72**
b) Intangible Assets										
Computer Software and Tools	20.97	0.72	2.54	19.15	1.13	9.87	2.54	8.46	10.69	19.84
Total Intangible Assets	**20.97**	**0.72**	**2.54**	**19.15**	**1.13**	**9.87**	**2.54**	**8.46**	**10.69**	**19.84**

Rs. In Millions

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
	As at April 1, 2016 (Refer Note 4.1 below)	Additions during the year	Deductions during the year	As at March 31, 2017	Upto April 1, 2016	For the Year	Deductions	Upto March 31, 2017	As at March 31, 2017	As at April 1, 2016
a) Property, Plant & Equipment										
Buildings	190.19	-	-	190.19	-	11.59	-	11.59	178.60	190.19
Leasehold Rights and Improvements	2.37	-	-	2.37	-	0.95	-	0.95	1.42	2.37
Plant and Equipment	0.42	13.59	0.51	13.50	-	2.91	0.51	2.40	11.10	0.42
Office Equipment	2.23	3.12	0.66	4.69	-	2.14	0.66	1.48	3.21	2.23
Furniture and Fittings	1.02	21.63	0.18	22.47	-	5.82	0.18	5.64	16.83	1.02
Computer Equipment	28.46	22.00	8.54	41.92	-	17.52	8.54	8.98	32.94	28.46
Vehicles	0.88	2.56	-	3.44	-	0.82	-	0.82	2.62	0.88
Total Property, Plant & Equipment	**225.57**	**62.90**	**9.89**	**278.58**	**-**	**41.75**	**9.89**	**31.86**	**246.72**	**225.57**
b) Intangible Assets										
Computer Software and Tools	22.37	7.67	9.07	20.97	-	10.20	9.07	1.13	19.84	22.37
Total Intangible Assets	**22.37**	**7.67**	**9.07**	**20.97**	**-**	**10.20**	**9.07**	**1.13**	**19.84**	**22.37**

Notes to the Consolidated Financial Statements as at March 31, 2018

Note 4.1: The Group has availed the deemed cost exemption in relation to the property, plant and equipment and intangible assets on the date of the transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value & accumulated depreciation on April 01, 2016 under the Previous GAAP.

Deemed cost as on April 01, 2016

Rs. In Millions

Particulars	As at April 1, 2016		
	Gross Block (At Cost) as on April 01, 2016	Accumulated Depreciation and Amortization till March 31, 2016	Net Block treated as deemed cost upon transition
a) Property, Plant & Equipment			
Buildings	232.25	42.06	190.19
Leasehold Rights and Improvements	9.50	7.13	2.37
Plant and Equipment	38.73	38.31	0.42
Office Equipment	16.34	14.11	2.23
Furniture and Fittings	17.90	16.88	1.02
Computer Equipment	119.69	91.23	28.46
Vehicles	2.63	1.75	0.88
Temporary Partitions	0.60	0.60	-
Total Property, Plant & Equipment	**437.64**	**212.07**	**225.57**
b) Intangible Assets			
Computer Software and Tools	88.66	66.29	22.37
Total Intangible Assets	**88.66**	**66.29**	**22.37**

Note 5 : Loans

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered Good			
Security Deposit	8.67	18.71	14.26
Considered Doubtful			
Security Deposit	2.44	2.44	-
Less: Provision for Doubtful Advances	(2.44)	(2.44)	-
	-	-	-
Total	**8.67**	**18.71**	**14.26**

Note 6 : Other Non Current Financial Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered good			
Fixed Deposits with remaining maturity of more than 12 months (Refer Note 6.1 below)	0.38	2.00	0.29
Total	**0.38**	**2.00**	**0.29**

Note 6.1: Under lien with bank towards guarantees issued by the bank on behalf of the company amounting to Rs. 0.38 Million (Previous Year March 31, 2017: Rs. Nil; April 01, 2016 Rs. 0.29 Million).

Notes to the Consolidated Financial Statements as at March 31, 2018

Note 7 : Deferred Tax Assets

a) Movement in Deferred Tax Balances

Rs. In Millions

Particulars	Net Balance as at March 31, 2017	Movement during the year		As at March 31, 2018	
		Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Net	Deferred Tax Asset
Deferred Tax Assets / (Liabilities)					
Property, Plant and Equipment	1.48	4.28	-	5.76	5.76
Employee Benefits	0.64	(0.10)	0.41	0.95	0.95
Allowance for Expected Credit Loss	1.44	(0.97)	-	0.47	0.47
Impact of Fair Valuation of Security Deposit	0.03	(0.03)	-	-	-
Unused Tax Credits	8.87	-	-	8.87	8.87
Long term Capital gain	-	0.89	-	0.89	0.89
Employee Stock Option Expenses	0.11	(0.11)	-	-	-
Deferred Tax Assets / (Liabilities)	**12.57**	**3.96**	**0.41**	**16.94**	**16.94**

Rs. In Millions

Particulars	Net Balance as at April 1, 2016	Movement during the year			As at March 31, 2017	
		Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Tax Credits Utilised	Net	Deferred Tax Asset
Deferred Tax Assets/ (Liabilities)						
Property, Plant and Equipment	3.86	(2.38)	-	-	1.48	1.48
Employee Benefits	1.02	(3.67)	3.28	-	0.64	0.64
Allowance for Expected Credit Loss	2.28	(0.84)	-	-	1.44	1.44
Impact of Fair Valuation of Security Deposit	-	0.03	-	-	0.03	0.03
Unused Tax Credits	16.87	-	-	(8.00)	8.87	8.87
Employee Stock Option Expenses	-	0.11	-	-	0.11	0.11
Deferred Tax Assets/ (Liabilities)	**24.03**	**(6.75)**	**3.28**	**(8.00)**	**12.57**	**12.57**

b) Amounts recognised in Profit and Loss

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Income Tax	163.35	125.39
Deferred Tax Asset (Net)		
Origination and reversal of Tax on Temporary Differences	(3.96)	6.75
Tax expense for the year	**159.39**	**132.14**

c) Amounts recognised in Other Comprehensive Income

Rs. In Millions

Particulars	For the year ended March 31, 2018			For the year ended March 31, 2017		
	Before Tax	(Tax) / Benefit	Net of Tax	Before Tax	(Tax) / Benefit	Net of Tax
Remeasurement of Defined Benefit Liability	(1.18)	0.41	(0.77)	(9.47)	3.28	(6.19)
Total	**(1.18)**	**0.41**	**(0.77)**	**(9.47)**	**3.28**	**(6.19)**

Notes to the Consolidated Financial Statements as at March 31, 2018

d) Reconciliation of Income Tax expense and the accounting profit multiplied by India's tax rate

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit Before Tax	**479.14**	**370.27**
Indian statutory income tax rate	34.608%	34.608%
Expected income tax expense	**165.82**	**128.14**
Tax effect of adjustments to reconcile expected Income Tax Expense		
Tax effect of Non deductible expenses to reported Income Tax Expense	4.34	3.97
Tax effect of Tax holidays (Refer Note (e) below)	(5.60)	(2.77)
Tax effect of Tax paid at a lower rate for foreign branches	3.58	1.36
Tax effect of difference in overseas tax rate for foreign subsidiaries	(7.29)	1.18
Tax effect of Income not subject to tax	(0.05)	0.04
Income chargeable at lower rate of tax	(1.31)	-
Others	(0.10)	0.22
Total Income Tax Expense	**159.39**	**132.14**

e) SQS India BFSI Limited benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. The unit set up under SEZ will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profit or gains for another period of five years subject to fulfilment of certain conditions. This is the ninth year of deduction u/s 10AA of the Income Tax Act, 1961. From April 1, 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

f) The Group offsets tax assets & liabilities if and only if it has a legally enforcable right to set off current tax assets & current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilites and recoverability of deferred income tax assets.

g) The recoverability of deferred income tax assets is based on estimates of taxable income in the tax jurisdiction which the relevant entity operates and the period over which deferred income tax assets will be recovered.

h) As on March 31, 2018, the tax liability with respect to the dividends proposed is Rs. 43.61 Million (Previous Year, March 31, 2017: Rs. 43.51 Million; April 01, 2016: Rs. 43.14 Million)

i)

Tax Credits Carried forward	As at March 31, 2018	Expiry Date	As at March 31, 2017	Expiry Date	As at April 1, 2016	Expiry Date
F.Y 2008-09	-*	March 31, 2024	-*	March 31, 2024	-*	March 31, 2024
F.Y 2009-10	8.87	March 31, 2025	8.87	March 31, 2025	16.87	March 31, 2025

* Denotes Amounts less than Rs. 5000/-

Note 8 : Income Tax Assets (Net)

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance Tax and Tax Deducted at Source (Net)	24.73	21.99	22.75
Total	**24.73**	**21.99**	**22.75**

(Refer Note 7 for Tax Reconciliations)

Notes to the Consolidated Financial Statements as at March 31, 2018

Note 9 : Other Non Current Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred Rent	0.57	1.63	1.62
Prepaid Expenses	4.03	2.56	-
Capital Advances	-	-	4.76
Total	**4.60**	**4.19**	**6.38**

Note 10 : Trade Receivables

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered Good	681.36	423.84	540.79
Considered Doubtful	1.34	4.16	6.60
Less: Allowances for credit loss	(1.34)	(4.16)	(6.60)
	-	-	-
Total	**681.36**	**423.84**	**540.79**

Note 11 : Cash and Cash Equivalents

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances With Banks			
in Current Accounts	595.20	824.56	823.69
in Deposit Accounts with original maturity of less than 3 months	-	5.00	30.00
Cash On Hand	0.01	0.03	0.02
Total	**595.21**	**829.59**	**853.71**

There are no repatriation restrictions with regard to Cash and Cash equivalents as at the end of the reporting period and prior periods.

Note 12 : Other Bank Balances

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances With Banks			
Deposits with remaining maturity of more than 3 months but less than 12 months (Refer Note 12.1 below)	250.87	58.25	4.23
Unpaid application money due for refund	-	-	0.07
Earmarked Balances with Banks - Unpaid Dividend	3.93	3.50	2.84
Total	**254.80**	**61.75**	**7.14**

Note 12.1: Includes deposits under lien with bank towards guarantee issued by the bank on behalf of the Company Rs. 1.17 Million (Previous Year March 31, 2017 : Rs. 3.25 Million; April 01, 2016 : Rs. 4.23 Million).

Notes to the Consolidated Financial Statements as at March 31, 2018

Note 13 : Loans (Current)

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered Good			
Security Deposits	17.25	10.59	14.89
Dues from Related parties (Refer Note 13.1 below)	-	-	42.79
Total	**17.25**	**10.59**	**57.68**

Note 13.1: Represents Loan given to a Fellow Subsidiary. The GBP loan has been given at 4.5% interest per annum for general purpose to the fellow subsidiary and is guaranteed by the Holding Company.

Note 14 : Other Current Financial Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest accrued on fixed deposits	3.99	0.78	0.61
Export Incentive Receivables	16.00	-	-
Unbilled Revenue	20.54	10.15	14.62
Total	**40.53**	**10.93**	**15.23**

Note 15 : Other Current Assets

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Considered Good			
Prepaid Expenses	14.26	18.16	12.69
Balances with Government Authorities	21.02	14.68	13.35
Advances to employees	6.42	8.14	15.28
Advances to vendors	0.70	1.37	2.37
Deferred rent	1.05	1.06	0.81
Total	**43.45**	**43.41**	**44.50**

Note 16 : Equity Share Capital

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Authorised			
12,000,000 Equity Shares of Rs. 10/- each	120.00	120.00	120.00
	120.00	**120.00**	**120.00**
b) Issued, Subscribed and Paid Up			
10,710,381 Equity Shares (Previous Year, March 31, 2017: 10,679,881 Equity Shares: April 01, 2016: 10,638,749 Equity Shares) of Rs. 10/- each fully paid-up	107.10	106.80	106.39
Total	**107.10**	**106.80**	**106.39**

c) During the year, the Group has issued 30,500 Equity Shares (Previous Year March 31, 2017: 41,132 equity shares: April 01, 2016: 93,450 equity shares) under the Employee Stock Option Scheme, 2011.

Notes to the Consolidated Financial Statements as at March 31, 2018

d) Reconciliation of number of shares outstanding at the beginning and end of the year

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. In Millions	No. of shares	Rs. In Millions
Equity Shares				
Outstanding at the beginning of the year	10,679,881	106.80	10,638,749	106.39
Issued during the year	30,500	0.30	41,132	0.41
Outstanding at the end of the year	**10,710,381**	**107.10**	**10,679,881**	**106.80**

e) Shareholding Information

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	No. of shares	No. of shares	No. of shares
Equity Shares are held by			
SQS Software Quality Systems AG, Germany (Holding Company)	5,753,801	5,753,801	5,753,801

f) Rights, preferences and restrictions 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 held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the Annual General Meeting except in case of interim dividend. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

g) Shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	%	No. of shares	%	No. of shares	%
Equity Shares						
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	53.72	5,753,801	53.88	5,753,801	54.08

As per the 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.

h) Equity Shares Reserved for Issue Under Options

For Details of shares reserved for issue under the employee stock option (ESOP) plan of the Group, please refer Note 32 (a).

Notes to the Consolidated Financial Statements as at March 31, 2018

Note 17 : Other Equity

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Securities Premium (Refer Note 17.1 below)		
Opening Balance	190.03	186.00
Addition during the year	3.19	4.03
Closing Balance	**193.22**	**190.03**
(b) General Reserve (Refer Note 17.2 below)		
Opening Balance	153.09	131.39
Addition during the year	28.00	21.70
Closing Balance	**181.09**	**153.09**
(c) Retained Earnings		
Opening Balance	820.98	918.85
Profit for the year	319.75	238.13
Transfer to General Reserve	(28.00)	(21.70)
Other Comprehensive Income	(0.77)	(6.19)
Dividends (including Dividend Distribution Tax)	(308.73)	(308.11)
Closing Balance	**803.23**	**820.98**
(d) Employee Stock Compensation Reserve (Refer Note 17.3 below)		
Opening Balance	0.33	-*
Addition during the year	0.98	0.33
Closing Balance	**1.31**	**0.33**
(e) Share Application Money Pending Allotment		
Opening Balance	-	2.36
Transferred to Share Capital on allotment of shares	-	(2.13)
Transferred to Securities Premium on allotment of shares	-	(0.23)
Closing Balance	-	-
Total	**1,178.85**	**1,164.43**

*Denotes an amount less than Rs. 5000/-

Note 17.1: Securities Premium

The Securities Premium Account has been created on account of premium on issue of Equity shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Note 17.2: General Reserve

The Company has transferred a portion of the net profit of the Company to general reserve, on a voluntary basis.

Note 17.3: Employee Stock Option Reserve

The Employee Stock Option Reserve is used to recognise the grant date fair value of options issued under Group (SQS Software Quality Systems AG) stock based payment arrangement to an employee of the Company under the employee stock option plan. (Refer Note 32 (b) for details on ESOP issued to the employee).

Notes to the Consolidated Financial Statements as at March 31, 2018

Note 17.4: Dividend Recommended by the Board

For the Financial Year 2017-18, the Board of Directors have recommended a final dividend of Rs. 20/- per share (Previous Year March 31, 2017: Rs. 20 per share) amounting to Rs. 214.21 Million (Previous Year March 31, 2017: Rs. 213.72 Million) which is subject to approval of the shareholders. Further, the same is subject to dividend distribution tax at the applicable rate which amounts to Rs. 43.61 Million (Previous Year March 31, 2017: Rs. 43.51 Million).

Note 18 : Trade Payables

Rs. In Millions

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Dues to Micro and Small Enterprises	-	-	-
Others	77.91	33.15	34.30
Total	**77.91**	**33.15**	**34.30**

Note 19: Other Current Financial Liabilities

Rs. In Millions

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Employee benefits payable	100.14	92.87	113.72
Liabilities for other expenses	234.11	138.03	123.08
Unpaid application money due for refund	-	-	0.07
Unclaimed dividend (Refer Note 19.1 below)	3.93	3.50	2.84
Total	**338.18**	**234.40**	**239.71**

Note 19.1: There are no amounts due for payment to the Investor Education and Protection Fund as at the end of the current year, previous year ended March 31, 2017 and as at April 01, 2016.

Note 20: Other Current Liabilities

Rs. In Millions

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Statutory Dues	77.11	54.71	61.97
Unearned Revenue	17.65	15.70	30.69
Total	**94.76**	**70.41**	**92.66**

Note 21: Provisions

Rs. In Millions

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Provision for Employee Benefits			
Gratuity	2.71	1.82	2.96
Compensated Absences	14.80	13.81	15.01
Total	**17.51**	**15.63**	**17.97**

Note 22: Current Tax Liabilities (Net)

Rs. In Millions

Particulars	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Provision for Tax (Net)	97.23	81.31	105.07
Total	**97.23**	**81.31**	**105.07**

(Refer Note 7 for Tax Reconciliations)

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note 23: Revenue from Operations

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Services		
Software Services	2,712.33	2,599.48
Other Operating Revenues		
Export Incentives (Net)	52.05	-
Total	**2,764.38**	**2,599.48**

Note 24: Other Income

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income		
On Fixed deposits	12.35	6.00
On Other financial assets carried at amortized cost	1.03	0.90
On Income Tax Refund	2.90	-
Profit on Sale of Property Plant and Equipment	0.15	0.28
Provision for no longer required written back	3.49	3.11
Miscellaneous Income	-	0.04
Net foreign exchange gain	60.43	-
Government Grant	0.25	0.29
Total	**80.60**	**10.62**

Note 25: Employee Benefit Expense

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	1,740.52	1,470.52
Contribution to provident and other funds (Refer Note 29 (ii) (a))	59.18	58.09
Gratuity expense (Refer Note 29 (ii) (b))	14.37	19.87
Staff welfare expense	26.13	31.24
ESOP Compensation Cost	0.98	0.33
Total	**1,841.18**	**1,580.05**

Note 26: Finance Cost

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on Income Tax	2.87	1.96
Total	**2.87**	**1.96**

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note 27: Other Expenses

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Travel and conveyance	177.93	216.94
Net Foreign Exchange Loss	-	103.90
Sales commission	14.79	32.09
Consultancy charges	30.72	12.90
Professional fees	45.44	33.98
Software expenses	32.56	32.07
Rent including Lease expense	26.78	28.87
Marketing and selling expenses	22.85	17.73
Repairs & Maintenance		
Buildings	14.87	22.64
Plant and machinery	0.66	0.48
Others	5.20	3.51
Power and fuel	15.19	16.70
Rates and taxes	7.77	15.78
Communication expenses	14.94	14.41
Commission to Non-Executive Directors	4.80	2.84
Insurance	9.95	10.29
Training and recruitment	19.10	10.29
Donation	-	10.00
Corporate Social Responsibility Expense	7.18	7.34
Audit fees	2.31	1.65
Directors sitting fees	1.72	1.34
Allowance for credit loss	0.67	0.67
Bad Debts	2.47	-
Miscellaneous expenses	8.39	9.44
Total	**466.29**	**605.86**

Note 28: Earnings Per Share (EPS)

a) Basic Earnings Per Share

The calculation of Basic Earnings Per Share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding.

(i) Profit attributable to equity shareholders (basic)

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year, attributable to equity shareholders of the Group	319.75	238.13
Total	**319.75**	**238.13**

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

(ii) Weighted average number of equity shares (basic)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Number of equity shares at the beginning of the year	10,679,881	10,638,749
Add: Weighted average of shares issued during the year	13,618	31,728
Total weighted average number of equity shares for calculating basic EPS	**10,693,499**	**10,670,477**
Earnings per Share - Basic (in Rs.) (Face value Rs. 10/- per share)	**29.90**	**22.31**

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders and weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares.

(i) Profit attributable to equity shareholders (diluted)

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
Profit for the year, attributable to equity shareholders of the Group	319.75	238.13
Total	**319.75**	**238.13**

(ii) Weighted average number of equity shares (diluted)

Particulars	March 31, 2018	March 31, 2017
Weighted average number of equity shares outstanding (basic)	10,693,499	10,670,477
Add: Effect of dilutive stock option	2,314	27,896
Weighted average number of equity shares for calculating diluted EPS	**10,695,813**	**10,698,373**
Earnings per Share - Diluted (in Rs.) (Face value Rs. 10/- per share)	**29.90**	**22.26**

Note 29: Disclosure as required under Ind AS 19 - Employee Benefits

(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:

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
Liability at the beginning of the year	13.81	15.00
Leave salary cost accounted for the year (Net)	0.98	(1.19)
Total liability as at year end	**14.79**	**13.81**

(ii) Post-employment obligations

(a) Defined contribution plan - Provident fund & Social Security Schemes

Rs. In Millions

Particulars	March 31, 2018	March 31, 2017
Employer's Contribution accounted for the year (includes EDLI Charges and Employer's Contribution to Employees' Pension Scheme, 1995) (Refer Note 25)	59.18	54.15
Total	**59.18**	**54.15**

(b) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee’s last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to Life Insurance Corporation of India (LIC) as per New group gratuity cash accumulation plan for

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Defined Benefit Plan - Gratuity

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
i) Change in Present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	77.61	66.66
Interest cost	4.70	4.63
Current service cost	10.69	10.11
Benefit paid	(17.01)	(13.02)
Past Service Cost	4.56	-
Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions	(0.98)	-
Actuarial (Gain) / Loss on obligations- due to change in financial assumptions	(2.13)	4.99
Actuarial (Gain) / Loss on obligations- due to change in experience	4.65	4.24
Present value of obligation as at end of the year	**82.09**	**77.61**
ii) Change in fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	76.66	63.71
Expected return on plan assets	5.01	5.21
Contributions	10.90	21.00
Benefit paid	(17.01)	(13.02)
Remeasurement		
Return on plan assets, excluding amounts included in interest expense/(income)	0.36	(0.24)
Fair value of plan assets at the end of the year	**75.92**	**76.66**
iii) Amount recognized in the balance sheet		
Present value of the obligation as at end of the year	82.09	77.61
Fair value of plan assets as at end of the year	75.92	76.66
Net obligation as at end of the year	6.17	0.95
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. Nil Million towards left employees as at March 31, 2018; (Previous Year March 31, 2017: Rs. 0.87 Million)) (Refer Note (iii) below).	**6.17**	**0.95**
Net asset / (liability) recognized - Current	6.17	0.95
Net asset / (liability) recognized - Non current	-	-
(Refer Note (i) below)		
iv) Expenses recognized in the statement of profit and loss for the year		
Current service cost	10.69	10.11
Past service cost	4.56	-
Net Interest on Net Defined benefit obligations	(0.31)	(0.58)
Total expense included in employee benefit expenses	**14.94**	**9.53**
v) Recognized in Other comprehensive income for the year		
Actuarial (Gain) / Loss on obligations- due to change in demographic assumptions	0.98	-
Actuarial (Gain) / Loss on obligations- due to change in financial assumptions	2.13	4.99
Actuarial (Gain) / Loss on obligations- due to change in experience	(4.65)	4.24

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Remeasurement - (return) / loss on plan assets excluding amount included in net interest income	0.36	0.24
Recognized in other comprehensive income	**(1.18)**	**9.47**
vi) Actuarial assumptions		
Discount rate - Current	7.34%	6.80%
Expected rate of return on plan assets	7.34%	6.80%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	18.00%	10.00%
vii) Sensitivity Analysis		
The sensitivity of the defined benefit obligiation to changes in the weighted principal assumptions is:		
Impact on defined benefit obligation		
Delta effect of +0.5% Change in Rate of discounting	80.21	74.77
Delta effect of -0.5% Change in Rate of discounting	84.05	80.68
Delta effect of +0.5% Change in Rate of Salary Escalation	84.08	79.92
Delta effect of -0.5% Change in Rate of Salary Escalation	80.15	75.36
Delta effect of +0.5% Change in Rate of Employee turnover	82.05	77.86
Delta effect of -0.5% Change in Rate of Employee turnover	82.12	77.34
Methodology adopted for asset liability management (ALM)	Projected Unit Credit Method	Projected Unit Credit Method
Refer note (ii) below		

viii) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10 years. The expected maturity analysis of gratuity is as follows:

Rs. In Millions

Projected benefits payables in future years from the date of reporting	For the year ended March 31, 2018	For the year ended March 31, 2017
1st Following year	13.83	7.65
2nd Following year	12.95	8.53
3rd Following year	12.14	7.71
4th Following Year	11.14	7.72
5th Following year	9.89	7.98
Sum of year 6 to 10 years	28.37	32.65

ix) Category of Plan assets

Funds managed by the Insurer	100%	100%

x) Risk exposure

This does not apply to the company since our investment is in traditional plan of LIC, for which the underlying assets are not known to the policy holders.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Refer Notes:

(i) The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans based on short term expected payouts in line with the actuary's recommendations.

(ii) **Usefulness & methodology adopted for sensitivity analysis**

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not to be true on different count. This only signifies the change in the liability if the difference between assumed & the actual is not following the paramaters of the sensitivity analysis.

(iii) The net benefit liability towards gratuity as at March 31, 2018 as per actuarial valuation excludes an amount of Rs. 3.46 Million contributed by the Group but not considered by LIC in it's fund movement as at March 31, 2018. The Group has reduced the amount paid to LIC of Rs. 3.46 Million while providing for the liability towards gratuity as at March 31, 2018 as reflected in Note 21.

Note 30 : Financial Instruments- Fair Values and Risk Management

(a) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Rs. In Millions

As at March 31, 2018	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	8.67	8.67	-	8.67	-	8.67
Bank deposits (Other Non-Current Financial Asset)	-	-	0.38	0.38	-	-	-	-
Trade receivables	-	-	681.36	681.36	-	-	-	-
Cash and cash equivalents	-	-	595.21	595.21	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	254.80	254.80	-	-	-	-
Security deposits - current	-	-	17.25	17.25	-	-	-	-
Interest accrued on fixed deposits	-	-	3.99	3.99	-	-	-	-
Export Incentives Receivable	-	-	16.00	16.00	-	-	-	-
Unbilled Revenue	-	-	20.54	20.54	-	-	-	-
Total	**-**	**-**	**1,598.20**	**1,598.20**	**-**	**8.67**	**-**	**8.67**
Financial Liabilities:								
Trade payables	-	-	77.91	77.91	-	-	-	-
Other current financial liabilities	-	-	338.18	338.18	-	-	-	-
Total	**-**	**-**	**416.09**	**416.09**	**-**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Rs. In Millions

As at March 31, 2017	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	18.71	18.71	-	18.71	-	18.71
Bank deposits	-	-	2.00	2.00	-	-	-	-
Trade receivables	-	-	423.84	423.84	-	-	-	-
Cash and cash equivalents	-	-	829.59	829.59	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	61.75	61.75	-	-	-	-
Security deposits - current	-	-	10.59	10.59	-	-	-	-
Interest accrued on fixed deposits	-	-	0.78	0.78	-	-	-	-
Unbilled Revenue	-	-	10.15	10.15	-	-	-	-
Total	**-**	**-**	**1,357.41**	**1,357.41**	**-**	**18.71**	**-**	**18.71**
Financial Liabilities:								
Trade payables	-	-	33.15	33.15	-	-	-	-
Other current financial liabilities	-	-	234.40	234.40	-	-	-	-
Total	**-**	**-**	**267.55**	**267.55**	**-**	**-**	**-**	**-**

Rs. In Millions

As at April 1, 2016	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Security deposits - non current	-	-	14.26	14.26	-	14.26	-	14.26
Bank deposits	-	-	0.29	0.29	-	-	-	-
Trade receivables	-	-	540.79	540.79	-	-	-	-
Cash and cash equivalents	-	-	853.71	853.71	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	7.14	7.14	-	-	-	-
Security deposits - current	-	-	14.89	14.89	-	-	-	-
Loan to a Related Party	-	-	42.79	42.79	-	-	-	-
Interest accrued on fixed deposits	-	-	0.61	0.61	-	-	-	-
Unbilled Revenue	-	-	14.62	14.62	-	-	-	-
Total	**-**	**-**	**1,489.10**	**1,489.10**	**-**	**14.26**	**-**	**14.26**

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Rs. In Millions

As at April 1, 2016	Carrying Amount				Fair Value			
	Fair value through profit and loss	Fair Value through OCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities:								
Trade payables	-	-	34.30	34.30	-	-	-	-
Other current financial liabilities	-	-	239.71	239.71	-	-	-	-
Total	**-**	**-**	**274.01**	**274.01**	**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

(b) Measurement of Fair Value

The Group uses Discounted Cash Flow valuation technique (in relation to Fair Value of asset measured at amortized cost) which involves determination of present value of expected receipt / payment discounted using appropriate discounting rates. The fair value so determined are classified as Level 2.

(c) Financial Risk Management

The Group is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity, which may impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

(i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk of existing customer is controlled by continuous monitoring of the collections trend of each customer on a periodical basis. With respect to new customer, the Company uses external/internal sources to assess the potential customer's credit quality.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Company generally invest in Fixed deposits with banks with high credit ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is Rs. 1,598.20 Million (Previous Year March 31, 2017: Rs. 1,357.41 Million; April 01, 2016 Rs. 1,489.10 Million), being the total of the carrying amount of trade receivables, cash and cash equivalents, other balances with banks, loans and other financial assets.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Trade Receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Before accepting any new customer, the Group uses external/internal sources to assess the potential customer's credit quality. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

The following table gives the details in respect of the amount and percentage of trade receivables from a major customer:

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade Receivables from a major customer	232.92	75.84	117.57
Percentage of Trade Receivables from the major customer	34%	18%	21%

The movement in the expected credit loss allowance is as follows:

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at beginning of the year	4.16	6.60
Impairment loss created / (reversed)	0.67	(2.44)
Amounts written off	(3.49)	-
Balance at end of the year	**1.34**	**4.16**

(ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD, Euro and GBP against the functional currency of the Group. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Exposure in Foreign Currency (FCY) - Unhedged

Particulars	FCY	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
		Amount in FCY (In Millions)	Amount (Rs. In Millions)	Amount in FCY (In Millions)	Amount (Rs. In Millions)	Amount in FCY (In Millions)	Amount (Rs. In Millions)
Trade Receivables	GBP	1.71	157.97	1.15	93.36	1.16	110.60
Trade Receivables	USD	1.78	116.04	2.16	140.17	2.41	160.04
Trade Receivables	EUR	3.87	312.08	1.77	122.51	2.42	182.11
Cash and Cash Equivalents	GBP	2.37	219.17	3.74	303.05	2.58	245.19
Cash and Cash Equivalents	USD	3.15	204.61	4.22	273.79	3.14	208.51
Cash and Cash Equivalents	EUR	1.06	84.92	2.39	165.35	2.20	165.32
Loans	USD	-	-	-	-	0.03	1.99
Other Current Financial Assets	GBP	-	-	-	-	0.04	3.75
Other Current Financial Assets	USD	0.27	17.56	0.05	2.97	0.09	5.67
Other Current Assets	GBP	0.06	5.24	0.07	5.55	0.06	5.45
Other Current Assets	USD	0.01	0.36	0.02	1.30	0.04	2.44
Other Current Assets	EUR	0.03	2.75	0.04	3.17	0.03	2.25
Trade Payables	GBP	0.40	36.49	0.09	7.65	0.14	12.91
Trade Payables	USD	0.22	14.28	0.09	5.91	0.08	5.28
Trade Payables	EUR	0.12	9.63	0.08	5.61	0.12	9.24
Other Current Financial Liabilities	GBP	0.49	45.21	0.20	16.42	0.12	11.48
Other Current Financial Liabilities	USD	0.50	32.39	0.30	19.71	0.28	18.24
Other Current Financial Liabilities	EUR	0.35	28.22	0.13	8.89	0.15	10.99
Other Current Liabilities	GBP	0.35	32.52	0.35	28.64	0.24	22.61
Other Current Liabilities	USD	0.02	0.98	-*	0.32	-	-
Other Current Liabilities	EUR	0.35	28.22	0.13	8.77	0.14	10.60

* Denotes amounts in the respective foreign currency less than 5,000/-.

Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Rs. In Millions

Particulars	Impact on profit after tax		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
GBP Sensitivity			
INR/GBP - Increased by 5%*	13.41	17.46	15.90
INR/GBP - Decreased by 5%*	(13.41)	(17.46)	(15.90)
USD Sensitivity			
INR/USD - Increased by 5%*	14.55	19.61	17.76
INR/USD - Decreased by 5%*	(14.55)	(19.61)	(17.76)
EUR Sensitivity			
INR/EUR - Increased by 5%*	16.68	13.39	15.94
INR/EUR - Decreased by 5%*	(16.68)	(13.39)	(15.94)

* Holding all other variables constant

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates to investments which are primarily short-term fixed deposits, which do not expose it to significant interest rate risk.

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Rs. In Millions

March 31, 2018	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	77.91	77.91	77.91	-	-	-
Other Current Financial Liabilities	338.18	338.18	338.18	-	-	-

Rs. In Millions

March 31, 2017	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	33.15	33.15	33.15	-	-	-
Other Current Financial Liabilities	234.40	234.40	234.40	-	-	-

Rs. In Millions

April 1, 2016	Carrying amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Current						
Trade Payables	34.30	34.30	34.30	-	-	-
Other Current Financial Liabilities	239.71	239.71	239.71	-	-	-

Note 31 : Capital Management

The Group manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders. The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note 32 : Employee Stock Option Plan

a) The Group provides share based payment schemes to its employees. During the year ended March 31, 2018 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 Group setting aside 1,005,100 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
Vesting period	3 years
Exercise period	5 years
Exercise price	Rs.114.70
Market price on the date of grant	Rs.114.70

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

Particulars	March 31, 2018		March 31, 2017	
	No. of options	WAEP (Rs.)	No. of options	WAEP (Rs.)
Outstanding at the beginning of the year	33,500	114.70	74,632	111.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	30,500	114.70	41,132	107.99
Outstanding at the end of the year	3,000	114.70	33,500	114.70
Exercisable at the end of the year	3,000	114.70	33,500	114.70

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 2.57 Years (Previous Year March 31, 2017: 2.69 Years; April 01, 2016: 3.76 Years). The exercise price for options outstanding at the end of the year is Rs. 114.70 (Previous Year March 31, 2017: Rs. 114.70). The range of exercise price for options outstanding as at April 01, 2016 is Rs. 38.05 to Rs. 114.70.

The weighted average fair value of stock options granted during the year - No Options have been granted during the year or the previous year ended March 31, 2017.

Total expenses arising from share based payment transaction recognised in the Statement of Profit and Loss as part of employee benefit expense is Rs. Nil (Previous Year March 31, 2017: Rs. Nil).

b) The Holding Company, SQS Software Quality Systems AG (SQS AG), Germany had granted 20,000 stock options to senior employees of the Group in March, 2016. These options shall vest over a period of four years from the date of the grant i.e March 18, 2016 and can be exercised within five years from the end of the vesting period i.e. May 31, 2025. The Holding Company does not charge any cost for this benefit.

During the Financial Year 2017-18, the shares of SQS Software Quality Systems AG, got acquired by Assystems Services Deutschland GmbH including the stock options. This has resulted in vesting of these options on an accelerated basis and the stock options have been exercised and settled in the current year. There were no outstanding options at the end of the year and hence there was no contractual life of options outstanding at the end of March 31, 2018.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

The details pertaining to number of options, weighted average price and assumptions considered for fair value are disclosed below:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Weighted Average Exercise price	Number of options	Weighted Average Exercise price	Number of options
	in Rs.	in Nos	in Rs.	in Nos
Options outstanding at the beginning of the year	418.27	20,000	418.27	20,000
Options granted/transferred during the year	NIL	NIL	NIL	NIL
Exercised during the year	744.98	20,000	NIL	NIL
Lapsed during the year	NIL	NIL	NIL	NIL
Options outstanding at the end of the year	NIL	NIL	418.27	20,000
Options vested and exercisable at the end of the year	NIL	NIL	NIL	NIL

Share options outstanding at the end of the year have the following expiry dates and exercise prices.

Grant year	Expiry Year	Exercise price	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		in Rs.	in Nos	in Nos	in Nos
March 18, 2016	May 31, 2025	744.98	NIL	20,000	20,000

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	(in years)	(in years)	(in years)
Weighted average remaining contractual life of options outstanding at end of year	NIL	4.97	5.96

Fair Value of options granted

The fair value of the option at the grant date of Rs. 65.14 (GBP 0.685) has been determined as the difference between the weighted average of the share price at the date of grant as reduced by the exercise price.

The Exercise price of the stock option at the date of grant by SQS Software Quality Systems AG, Germany is an amount that shall be determined as follows:

The Option Price is based on the average (mean) of the closing prices for Depositary Interests of the Company (ISIN DE 005493514) on the AIM segment of the London Stock Exchange (hereinafter referred to as the “AIM Trading”) determined in British Pound (“GBP”) on the last 20 trading days preceding the day of the offer to subscribe (“Reference Price”), minus a deduction of 15% from the Reference Price.

These stock options have been accounted for as an equity settled share based payment transaction in the financial statements of the Company in accordance with Ind AS 102 ‘Share Based Payments’.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

The model inputs for the options granted during the year ended March 31, 2018 and March 31, 2017 are as below:

Particulars	As at March 31, 2018	As at March 31, 2017 in Rs.	As at April 1, 2016 in Rs.
Fair value of the options at the grant date	NIL	65.14	65.14
Weighted average share price at the grant date		48.30	48.30
Exercise Price		418.27	418.27
Reference price		49.21	49.21
Expected volatility (%)		20%	20%
Expected life of the options		6 years	6 years
Risk free interest rate(%)		1.15%	1.15%
Vesting period		4 years	4 years
Option Term		9 years	9 years
Expected dividend (%)		2.20%	2.20%

Expected volatility has been based on an evaluation of the historical volatility of the Company share price for expected periods between 90 and 180 days.

Note 33 : Asset pledged as security

The Group has a cash credit facility with a bank is secured by hypothecation of book debts of the Group both present and future. There is no outstanding amount due on this account as at the end of the year, the previous year ended March 31, 2017 and as at April 01, 2016.

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Financial Assets			
First Charge			
Current Financial Assets - Trade Receivables	449.34	274.58	351.11
Total assets pledged as security	**449.34**	**274.58**	**351.11**

Note 34 : Operating lease: Group as a lessee

The Group has entered into commercial leases on certain buildings. These leases have an average life of between three and five years.

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

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not later than 1 year	25.88	24.36	27.15
Later than 1 year and not later than 5 years	23.62	47.49	46.89
Later than 5 years	-	-	-
Total	**49.50**	**71.85**	**74.04**
Lease payments recognized in the Statement of Profit and Loss	26.78	28.87	

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note 35 : Contingent Liabilities and Commitments

Rs. In Millions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	0.18	4.15	38.93
Service tax related matters	-	7.22	7.22
Income tax related matters	51.17	55.90	59.61
Counter guarantees issued to the bank for the bank guarantee obtained	5.85	11.65	10.82

The Service Tax Authorities had made a demand for Rs. 3.61 Million 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. During the year, the Customs, Excise and Service Tax Appellate Tribunal has passed an order in favour of the Company, and hence, it is not considered in the contingent liability mentioned above for the year ended March 31, 2018.

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of Rs. 55.90 Million for the fiscal years 2008-09 and 2011-12 to 2013-14. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A/10AA of the Income Tax Act and also other expenses disallowed. The Group has filed appeals before CIT (Appeals). The Group has also paid an amount of Rs. 13.41 Million towards the outstanding demand (under protest). The Management believes that its position in respect of all the years will be upheld by the Authorities.

Note 36 : Foreign Exchange Difference

The amount of exchange gain / (loss) included in the Statement of Profit & Loss is Rs. 60.43 Million (Previous Year March 31, 2017: Rs. (103.90) Million).

Note 37 : Segment Information

The Holding Company's Board of Directors along with it's Chief Operating Decision Maker (CODM), examines the Group's performance and has identified a single reportable segment, namely as "Software Validation and Verifications Services" related to banking, financial services and insurance industry. Board of directors primarily uses a measure of adjusted Earnings Before Interest and Tax (EBIT) and profit before tax to assess the performance of the operations.

The geographic information analyses the Group's revenue and Non-Current Assets by the Holding Company country of domicile and other countries. The Holding Company is domiciled in India. In presenting the geographical information, revenue in the disclosure below is based on the geographic location where the service is rendered. Non-Current Assets other than financial instruments and deferred tax assets in the disclosure below are based on the geographic location of the Non-Current Assets.

The amount of the revenue from the external customer broken down by location of the customer and Non-Current Assets are shown in the tables below:

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sales revenue by geographical market		
Within India	276.86	259.91
Outside India	2,487.52	2,339.57
Total	**2,764.38**	**2,599.48**

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Rs. In Millions

Particulars	As at. March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-Current Assets other than financial instruments and deferred tax assets by geographical market			
Within India	248.40	292.62	276.91
Outside India	4.55	0.12	0.16
Total	**252.95**	**292.74**	**277.07**

Rs. In Millions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from major customers		
Customers individually contributing more than 10% of total revenue	858.29	499.68
Other Customers	1,906.09	2,099.80
Total	**2,764.38**	**2,599.48**

Note 38 : Additional Information, as required under Schedule III to the Companies Act, 2013, of Enterprises consolidated as subsidiaries

Name of the entity	Net Assets i.e. total assets minus liabilities		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Rs. In Millions	As % of consolidated profit or loss	Rs. In Millions	As % of consolidated OCI	Rs. In Millions	As % of TCI	Rs. In Millions
As at March 31, 2018								
Parent	**73%**	**937.46**	**85%**	**271.84**	**100%**	**(0.77)**	**85%**	**271.07**
Subsidiaries								
Foreign								
1) SQS BFSI Pte. Ltd., Singapore	3%	45.79	4%	13.01	-	-	4%	13.01
2) SQS BFSI Inc, USA	10%	128.99	3%	10.50	-	-	3%	10.50
3) Thinksoft Global Services (Europe) GmbH, Germany	-	0.49	0%	(0.56)	-	-	0%	(0.56)
4) SQS BFSI UK Ltd., UK	14%	174.99	7%	22.44	-	-	7%	22.44
5) SQS BFSI FZE., UAE	0%	(1.77)	1%	2.52	-	-	1%	2.52
Sub-total	**27%**	**348.49**	**15%**	**47.91**	**-**	**-**	**15%**	**47.91**
Non-controlling interests in all Subsidiaries	-	-	-	-	-	-	-	-
Grand total	**100%**	**1,285.95**	**100%**	**319.75**	**100%**	**(0.77)**	**100%**	**318.98**

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Name of the entity	Net Assets i.e. total assets minus Liabilities		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Rs. In Millions	As % of consolidated profit or loss	Rs. In Millions	As % of consolidated OCI	Rs. In Millions	As % of TCI	Rs. In Millions
As at March 31, 2017								
Parent	48%	614.06	94%	223.86	100%	(6.19)	94%	217.67
Subsidiaries								
Foreign								
1) SQS BFSI Pte. Ltd., Singapore	3%	41.12	2%	4.40	-	-	2%	4.40
2) SQS BFSI Inc., USA	21%	262.75	5%	10.84	-	-	4%	10.84
3) Thinksoft Global Services (Europe) GmbH, Germany	1%	8.63	-	(0.72)	-	-	-	(0.72)
4) SQS BFSI UK Ltd., UK	27%	342.09	(2%)	(4.34)	-	-	(2%)	(4.34)
5) SQS BFSI FZE., UAE	-	2.58	2%	4.09	-	-	2%	4.09
Sub total	**52%**	**657.17**	**6%**	**14.27**	**-**	**-**	**6%**	**14.27**
Non-controlling interests in all Subsidiaries	-	-	-	-	-	-	-	-
Grand total	**100%**	**1,271.23**	**100%**	**238.13**	**100%**	**(6.19)**	**100%**	**231.94**

Name of the entity	Net Assets i.e. total assets minus Liabilities	
	As % of consolidated net assets	Rs. In Millions
As at April 01, 2016		
Parent	65%	871.54
Subsidiaries		
Foreign		
1) SQS BFSI Pte. Ltd., Singapore	3%	44.51
2) SQS BFSI Inc., USA	8%	106.84
3) Thinksoft Global Services (Europe) GmbH, Germany	1%	9.14
4) SQS BFSI UK Ltd., UK	23%	308.13
5) SQS BFSI FZE., UAE	-	4.83
Sub total	**35%**	**473.45**
Non-controlling interests in all Subsidiaries	-	-
Grand total	**100%**	**1,344.99**

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note 39 : Related Party Disclosures

a) Related Parties

i) Ultimate Holding Entities:

Assystem SA, France

Ardian LBO Fund VI B, France

ii) Holding Company:

SQS Software Quality Systems AG, Germany

iii) Key Management Personnel (KMP):

Aarti Arvind - Managing Director (w.e.f. April 01, 2016)

K. Ramaseshan - Executive Director and CFO (Executive Director w.e.f. January 25, 2018 & CFO w.e.f. June 09, 2017)

N. Vaidyanathan - Executive Director (upto September 05, 2017)

David Bellin, Chairman & Non-Executive Director

Prof. K. Kumar, Independent Director

Prof. S. Rajagopalan, Independent Director

Lilian Jessie Paul, Independent Director

Rajiv Kuchhal, Independent Director

Rene Gawron, Non-Executive Director

Diederik Vos, Non-Executive Director

Ulrich Bäumer, Independent Director

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

SQS Group Ltd, Belfast

SQS North America, LLC

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

b) Transactions with Related Parties

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
Income				
Income from Services rendered				
	Holding Company	SQS Software Quality Systems AG, Germany	65.59	18.50
	Fellow Subsidiary	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	9.79	24.17
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	115.23	83.86
	Fellow Subsidiary	SQS USA Inc., USA	38.43	62.83
	Fellow Subsidiary	SQS Group Limited, UK	138.70	198.96
	Fellow Subsidiary	SQS Software Quality Systems (Ireland) Limited, Ireland	75.62	33.03
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	0.95	3.81
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E, Egypt	-	11.03
	Fellow Subsidiary	SQS North America LLC	3.85	-
	Fellow Subsidiary	SQS Nederland, Nederland	-	0.39
	Fellow Subsidiary	SQS Group Ltd, South Africa	37.95	-
	Fellow Subsidiary	SQS Group Ltd, Belfast	4.41	-
Expenses	KMP	Aarti Arvind**	23.23	12.47
Managerial Remuneration*	KMP	K. Ramaseshan	11.75	-
	KMP	N. Vaidyanathan	7.26	12.94
Director's Sitting Fees and Commission	KMP	Prof. S Rajagopalan	1.06	0.81
	KMP	Prof. Kumar	1.04	0.81
	KMP	Rajiv Kuchhal	0.94	0.73
	KMP	David Bellin	1.25	0.63
	KMP	Ulrich Bäumer	0.66	0.55
	KMP	Lilian Jessie Paul	0.82	0.63
Expenses in respect of services rendered	Holding Company	SQS Software Quality Systems AG, Germany	13.18	4.35
	Fellow Subsidiary	SQS USA Inc., USA	19.58	2.86
	Fellow Subsidiary	SQS Group Limited, UK	40.98	23.50
	Fellow Subsidiary	SQS Portugal, Sist. DE Qalidade de Software, LDA, Portugal	-	27.30
	Fellow Subsidiary	SQS software Quality Systems (Ireland) Limited, Ireland	-	1.03
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	11.09	10.72
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	3.59	-
	Fellow Subsidiary	SQS North America LLC	3.20	-
	Fellow Subsidiary	SQS Nederland, Nederland	8.63	5.10
Other Transactions				
Interim dividend	Holding Company	SQS Software Quality Systems AG, Germany	23.02	23.02
Final dividend paid	Holding Company	SQS Software Quality Systems AG, Germany	230.15	-

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
Cost Reimbursement Received	Fellow Subsidiary	SQS Group Limited, UK	4.12	16.67
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	0.45	1.58
	Fellow Subsidiary	SQS Software Quality Systems Ges. mbH, Austria	10.14	4.05
	Holding Company	SQS Software Quality Systems AG, Germany	15.24	2.92
	Fellow Subsidiary	SQS Software Quality Systems (Ireland) Limited, Ireland	0.05	1.44
	Fellow Subsidiary	SQS Nederland, Nederland	-	0.35
	Fellow Subsidiary	SQS USA Inc., USA	-	1.75
	Fellow Subsidiary	Galmont Consulting LLP, USA	-	0.39
	Fellow Subsidiary	SQS Group Ltd, South Africa	4.47	-
Cost Reimbursement Paid	Holding Company	SQS Software Quality Systems AG, Germany	-	0.83
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	5.60	2.24
	Fellow Subsidiary	SQS USA Inc., USA	6.79	5.13
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E, Egypt	-	0.09
	Fellow Subsidiary	SQS Group Limited, UK	1.77	0.66
	Fellow Subsidiary	SQS North America LLC	-*	-
	Fellow Subsidiary	SQS Group Ltd, South Africa	-	0.06

* Denotes an amount less than Rs. 5,000/-.

c) Outstanding Balances with Related Parties

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Amounts Receivable from	Fellow Subsidiary	SQS Group Limited, UK	53.90	10.96	13.85
	Fellow Subsidiary	SQS software Quality Systems (Ireland) Limited, Ireland	7.02	14.06	4.84
	Fellow Subsidiary	SQS Software Quality Systems (Schweiz) AG, Switzerland	-	2.81	9.15
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH - Austria	14.87	21.26	8.25
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	0.38	1.07	6.30
	Holding Company	SQS Software Quality Systems AG, Germany	21.24	8.36	0.24
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E, Egypt	-	-	5.16
	Fellow Subsidiary	SQS Group Limited, South Africa	10.16	4.54	8.52

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Rs. In Millions

Particulars	Nature of Relationship	Name of the Related Party	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Fellow Subsidiary	SQS US Inc., USA	6.42	21.58	19.91
	Fellow Subsidiary	SQS North America LLC	3.86	-	2.14
Amounts Payable to	Holding Company	SQS Software Quality Systems AG, Germany	9.66	0.63	7.66
	Fellow Subsidiary	SQS USA Inc., USA	5.24	5.18	0.11
	Fellow Subsidiary	SQS Software Quality Systems Egypt S.A.E, Egypt	-	-	0.01
	Fellow Subsidiary	SQS India Infosystems Private Limited, India	7.18	0.73	3.99
	Fellow Subsidiary	SQS Portugal, Sist. de Qualidade de Software, Lda	-	-	6.73
	Fellow Subsidiary	SQS Software Quality Systems Ges.mbH - Austria	3.63	-	-
	Fellow Subsidiary	SQS Group Limited, UK	19.64	7.40	4.41
	Fellow Subsidiary	SQS Nederland, Nederland	4.65	4.87	-
	Fellow Subsidiary	SQS North America LLC	0.45	-	-
	Fellow Subsidiary	SQS Group Ltd., South Africa	-	0.01	-
Loans Given	Fellow Subsidiary	SQS Group Limited, UK	-	-	42.79
Provision for expenses	KMP	Aarti Arvind	4.66	1.81	-
	KMP	K. Ramaseshan	2.18	-	-
	KMP	N. Vaidyanathan	-	1.37	-
	KMP	Prof. S Rajagopalan	0.60	0.47	0.76
	KMP	Prof. K. Kumar	0.60	0.47	0.76
	KMP	Rajiv Kuchhal	0.60	0.47	0.76
	KMP	David Bellin	1.05	0.47	0.76
	KMP	Ulrich Bäumer	0.60	0.47	0.76
	KMP	Lilian Jessie Paul	0.60	0.47	0.76

* Managerial Remuneration comprises of short term employment benefits and includes perquisite value of motor car and other benefits as per the service contract including incentive.

** Includes Rs. 6.96 Million being the perquisite value of ESOP granted by SQS Software Quality Systems AG and exercised during the year ended March 31, 2018.

Note 40: First time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101 using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS that are effective for the first Ind AS financial statements for the year ended March 31, 2018, be applied consistently and retrospectively for all fiscal years presented.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of the opening Ind AS balance sheet as at April 1, 2016 (the Group's date of transition).

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in the financial statements prepared in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act (previous GAAP or Indian GAAP).

All applicable Ind AS have been applied consistently and retrospectively, wherever required. There is resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Previous GAAP as of the transition date have been recognized directly in equity at the transition date.

a) Optional Exemptions from retrospective application availed

i) Property, Plant and Equipment Exemption

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as it's deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 'Intangible Assets'.

Accordingly, the Group has elected to measure all of it's property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii) Share-based payment exemption

Ind AS 101 permits a first-time adopter not to apply the requirements of Ind AS 102 to equity instruments vested before transition date. But it requires to disclose the information required by Ind AS 102 for all grants of equity instruments to which Ind AS 102 has not been applied.

The Group has elected to apply this exemption and it has disclosed the information for equity instruments vested prior to the date of transition as required by Ind AS 102 'Share Based Payments'.

b) Mandatory exceptions from retrospective application

i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

On assessment of the estimates made under the Previous GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date as listed below:

- Impairment of financial assets based on Expected Credit Loss model

- Fair valuation of financial assets and liabilities excluding derivatives.

ii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively for the transaction occurring on or after the date of transition to Ind AS.

iii) Classification and measurement of financial assets

As required under Ind AS 101, the Group has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

c) Transition to Ind AS Reconciliations

The following reconciliations provide the explanations and quantifications of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

Reconciliation of equity as at date of transition April 1, 2016 **Rs. In Millions**

Particulars	Notes	Regrouped IGAAP*	Measurement - Ind AS	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		225.57	-	225.57
Other Intangible Assets		22.37	-	22.37
Financial Assets				
(i) Loans	1	16.70	(2.44)	14.26
(ii) Other Non-Current Financial Assets		0.29	-	0.29
Deferred Tax Assets	2 & 3	22.96	1.07	24.03
Income Tax Assets (Net)		22.75	-	22.75
Other Non-Current Assets	1	4.76	1.62	6.38
Total Non-Current Assets		**315.40**	**0.25**	**315.65**
Current Assets				
Financial Assets				
(i) Trade Receivables	4	543.90	(3.11)	540.79
(ii) Cash and Cash Equivalents		853.71	-	853.71
(iii) Bank Balances other than (ii) above		7.14	-	7.14
(iv) Loans		57.68	-	57.68
(v) Other Current Financial Assets		15.23	-	15.23
Other Current Assets	1	43.69	0.81	44.50
Total Current Assets		**1,521.35**	**(2.30)**	**1,519.05**
TOTAL ASSETS		**1,836.75**	**(2.05)**	**1,834.70**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital		106.39	-	106.39
Other Equity	5 & 6	984.56	254.04	1,238.60
Total Equity		**1,090.95**	**254.04**	**1,344.99**
LIABILITIES				
Current Liabilities				
Financial Liabilities				
(i) Trade Payables		34.30	-	34.30
(ii) Other Current Financial Liabilities		239.71	-	239.71
Other Current Liabilities		92.66	-	92.66
Provisions	5	274.06	(256.09)	17.97
Current Tax Liabilities (Net)		105.07	-	105.07
Total Current Liabilities		**745.80**	**(256.09)**	**489.71**
TOTAL EQUITY AND LIABILITIES		**1,836.75**	**(2.05)**	**1,834.70**

* As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Reconciliation of equity as at March 31, 2017

Rs. In Millions

Particulars	Notes	Regrouped IGAAP*	Measurement - Ind AS	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		246.72	-	246.72
Other Intangible Assets		19.84	-	19.84
Financial Assets				
(i) Loans	1 & 3	21.48	(2.77)	18.71
(ii) Other Non-Current Financial Assets		2.00	-	2.00
Deferred Tax Assets	2 & 3	12.20	0.37	12.57
Income Tax Assets (Net)		21.99	-	21.99
Other Non-Current Assets	1	2.56	1.63	4.19
Total Non-Current Assets		**326.79**	**(0.77)**	**326.02**
Current Assets				
Financial Assets				
(i) Trade Receivables	4	424.51	(0.67)	423.84
(ii) Cash and Cash Equivalents		829.59	-	829.59
(iii) Bank Balances other than (ii) above		61.75	-	61.75
(iv) Loans		10.59	-	10.59
(v) Other Current Financial Assets		10.93	-	10.93
Other Current Assets	1	42.35	1.06	43.41
Total Current Assets		**1,379.72**	**0.39**	**1,380.11**
TOTAL ASSETS		**1,706.51**	**(0.38)**	**1,706.13**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital		106.80	-	106.80
Other Equity	6	1,164.81	(0.38)	1,164.43
Total Equity		**1,271.61**	**(0.38)**	**1,271.23**
LIABILITIES				
Current Liabilities				
Financial Liabilities				
(i) Trade Payables		33.15	-	33.15
(ii) Other Current Financial Liabilities		234.40	-	234.40
Other Current Liabilities		70.41	-	70.41
Provisions		15.63	-	15.63
Current Tax Liabilities (Net)		81.31	-	81.31
Total Current Liabilities		**434.90**	**-**	**434.90**
TOTAL EQUITY AND LIABILITIES		**1,706.51**	**(0.38)**	**1,706.13**

* As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Reconciliation of total comprehensive income for the year ended March 31, 2017

Rs. In Millions

Particulars	Notes	Regrouped IGAAP*	Effects of Transition to Ind AS	Ind AS
INCOME				
Revenue from Operations		2,599.48	-	2,599.48
Other Income	1 & 4	6.61	4.01	10.62
Total Income		**2,606.09**	**4.01**	**2,610.10**
EXPENSES				
Employee Benefit Expense	7 & 8	1,589.19	(9.14)	1,580.05
Finance Costs		1.96	-	1.96
Depreciation and Amortization Expense		51.96	-	51.96
Other Expenses	1 & 4	604.22	1.64	605.86
Total Expenses		**2,247.33**	**(7.50)**	**2,239.83**
Profit Before Tax		**358.76**	**11.51**	**370.27**
Tax Expense				
Current Tax		125.39	-	125.39
Deferred Tax	2	2.77	3.98	6.75
Profit for the Year		**230.60**	**7.53**	**238.13**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit plan	8 & 9	-	(9.47)	(9.47)
Income tax relating to items that will not be reclassified to profit or loss	2 & 9	-	3.28	3.28
Total Comprehensive Income for the Year		**230.60**	**1.34**	**231.94**
Of the Total Comprehensive Income above, Profit for the year attributable to:				
Owners of the Parent		230.60	7.53	238.13
Non-controlling interests		-	-	-
Of the Total Comprehensive Income above, Other Comprehensive income attributable to:				
Owners of the Parent		-	(6.19)	(6.19)
Non-controlling interests		-	-	-
Of the Total Comprehensive Income above, Other Comprehensive income attributable to:				
Owners of the Parent		230.60	1.34	231.94
Non-controlling interests		-	-	

* As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended March 31, 2017

Rs. In Millions

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	423.51	(0.71)	422.80
Net cash flow (used in) investment activities	(121.47)	0.71	(120.76)
Net cash flow (used in) financing activities	(306.03)	-	(306.03)
Net increase / (decrease) in cash and cash equivalents	(3.99)	-	(3.99)
Cash and cash equivalents as at April 1, 2016	853.71	-	853.71
Effects of exchange rate changes on cash and cash equivalents	(20.13)	-	(20.13)
Cash and cash equivalents as at March 31, 2017	829.59	-	829.59

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Notes to the reconciliations:

1. **Security deposits**

   Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Deferred rent is recognised as an expense on a straight line basis over the period of lease with corresponding recognition of interest income on the outstanding amount.

2. **Deferred Taxes**

   Deferred Tax has been recognised on the adjustments made on transition to Ind AS.

3. **MAT Credit Entitlement**

   Under Previous GAAP, MAT Credit entitlement under the Income Tax Act, 1961 was disclosed as a non-current assets under Long-term Loans and Advances. As per Ind AS 12, all tax credits are required to be disclosed as deferred tax asset. The adjustments to deferred tax asset includes the tax impact of the transition date & comparative period Ind Adjustments and classification of MAT Entitlement as deferred tax asset.

4. **Expected Credit Loss**

   Represents the impact on account of additional (allowance) / reversal of provision for Trade Receivables based on the requirements of Ind AS 109 ‘Financial Instruments’.

5. **Proposed dividend - Short Term Provisions**

   Prior to the commencement of the Companies (Accounting Standards) Amendment Rules, 2016, dividend recommended by the board of directors after the balance sheet date but before the approval of the financial statements was considered as an adjusting event. Accordingly, provision for proposed dividend was recognised as an liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has increased.

6. **Retained earnings**

   Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

7. **Employee Stock Option Plan (ESOP)**

   Employee Stock Compensation Cost for Stock option granted to an employee by the Holding Company, SQS Software Quality Systems AG, Germany accounted in the books of the Group as an equity-settled share-based payment transaction as per the requirements of Ind AS 102 Share-based Payments.

8. **Re-measurements of post-employment benefit obligations**

   Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. There is no impact on the total equity and profit.

9. **Other comprehensive income**

   Both under Indian GAAP and Ind AS, the Group recognised costs related to post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, actuarial gains and losses are charged to the Statement of Profit and Loss, however in Ind AS, the actuarial gain and losses are recognised thorugh other comprehensive income.

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2018

Note 41: Open Public Offer

Assystem Services Deutschland GmbH ("Acquirer") and SQS Software Quality Systems AG ("Person Acting in Concert") have made an Open Offer for acquisition of up to 2,785,480 fully paid-up Equity Shares of face value of Rs. 10/- each, representing 26% of the voting share capital, at a price of Rs. 482.95 per share from the eligible shareholders of the Company. The date of commencement and closure of Tendering Period is: Thursday, May 03, 2018 to Wednesday, May 16, 2018 (both days inclusive).

Note 42: Liquidation of German Subsidiary

During the current Financial Year, Thinksoft Global Services (Europe) GmbH, Germany (a wholly owned subsidiary) has been liquidated and an amount of Rs. 9.60 Million has been repatriated to SQS India BFSI Limited representing share capital and accumulated profits at the date of liquidation. There is equivalent amount of assets and liabilities outstanding as at March 31, 2018, pending settlement, which has been included in the Consolidated Financial Statements as at March 31, 2018.

Note 43: Details of Subsidiaries

Name of the entity	Country of Incorporation	Ownership interest held by the group			Ownership interest held by Non-Controlling Interests		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
SQS BFSI Pte. Ltd.	Singapore	100%	100%	100%	-	-	-
SQS BFSI Inc.	United States of America	100%	100%	100%	-	-	-
Thinksoft Global Services (Europe) GmbH	Germany	Nil*	100%	100%	-	-	-
SQS BFSI UK Ltd.	United Kingdom	100%	100%	100%	-	-	-
SQS BFSI FZE.	United Arab Emirates	100%	100%	100%	-	-	-

***** The wholly owned subsidiary, Thinksoft Global Services (Europe) GmbH has been liquidated during the year.

Note 44: Previous Year Figures

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

Signatures to the Notes to Consolidated Financial Statements.

For and on behalf of the Board

DIEDERIK VOS	AARTI ARVIND	K. RAMASESHAN	S. SAMPATH KUMAR
Chairman & Director	Managing Director & CEO	Executive Director & CFO	Company Secretary & Compliance Officer
DIN : 06744640	DIN : 07414979	DIN : 03025474	ICSI Membership No. F3838

Place: Chennai
Date : May 04, 2018

Team SQS BFSI @ Odyssey 2018

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