



“SQS India BFSI Limited Q2 FY16 Earnings
Conference Call”

November 6, 2015



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MODERATOR: MR. DIWAKAR PINGLE – CHRISTENSEN



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Moderator

Ladies and Gentlemen, Good day and welcome to SQS India BFSI Limited Q2 FY16 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference call over to Mr. Diwakar Pingle from Christensen. Thank you and over to you, sir.

Diwakar Pingle:

Thank you. Welcome participants, Good morning, Good evening wherever you are. And thank you for joining us on the Q2 FY16 Earnings Call for SQS India BFSI on a festive evening pretty late in the day, but I am glad that number of you have actually logged into the call. Please note that the results and the presentations have been mailed to you can also view this on our website at www.sqs.bfsi.com.

To take us through the results and to answer your questions we have with us today Dr. Martin Müller - Managing Director and CEO, SQS India BFSI; Mr. Rene Gawron - Director of SQS India BFSI and CFO of SQS Group and Mr. N. Vaidyanathan - CFO, SQS India BFSI.

We will be starting the call with a brief overview of the quarter including the financials given by Dr. Martin Müller after which we will throw open the floor to Q&A session.

I would like to remind you that everything that is said on this call that reflects any outlook for the future or which can be considered as forward-looking statement must be viewed in conjunction with uncertainty and the risks we face. These uncertainties and risks are included but not limited to what we have mentioned in our prospects filed with SEBI and subsequent Annual Report which you can find on our website.

With that said, I now turn over the call over to Dr. Martin Müller - Managing Director and CEO, SQS India. Over to you, sir.

Martin Müller:

Thank you very much Diwakar, thank you for your introduction and hello everybody on the call. I am happy to report on the second quarter results to you and give you some more additional information in addition to the press release. Probably most of you have read the investor update in detail.

We are happy that this quarter was a very successful quarter for us. We were able to increase revenue by 14% which has reached Rs.66.5 crores. The most important practice which contributed to the good result is the Card and Payment practice and from a region wise perspective, it was Europe. But nevertheless if we look at all regions, all regions contributed to the revenue increase of 14%. However in absolute terms, Europe continues to be our biggest market apart from US. Let



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us focus a bit on the operating parameters like EBITDA and EBIT and how that was impacted by the results.

Our utilization level increased this quarter and if you remember last time in our call I was asked if utilization could be increased and I said yes, it is possible to increase it and we worked on it and we managed it despite adding more people. We reached a level of 74% and this was compared to the 69% in the last quarter which is a really good sign of improvement.

In addition, we also managed to increase our offshore revenues to 40% from the earlier 38%. As we have always said, offshore business is interesting and important to us as it does lead to improved margins. The offshore uptick also helped us in the margin movement this quarter.

Furthermore, we focused our attention on cost management too as part of the operating efficiency measures. The 66.5 crores in revenue in dollar terms is equivalent to \$ 10 million and this is the first time in the history of the Company that we have exceeded the \$10 million number. EBIT was at 13.5 crores and EBITDA was Rs.144 million that means 14.4 crores. We are on the right track and I am really happy to report this. Let's look a little bit deeper into the result as to where the business is coming from and where we made the progress.

As stated at the beginning, if you look region wise in the percentages where the business is coming from, there is more or less no change. Of course Europe is the biggest region, and the absolute number from Europe has the greatest impact on the revenue increase.

Looking now at the practices, banking is still the strongest part. If you segmentize our business in practice it would include banking, capital markets, treasury, card payment and insurance. The second most important practice which is making good progress is cards and payments. Now if we look closely, we work with banking clients where we do traditional banking business but we also service cards and payments business in those banks.

Looking at the client metrics, there is no change in the biggest clients with revenue ranging from \$3 million to \$6 million, below this, under the revenue range from 1 to 3 million we have six clients, compared to seven in the last quarter to six this quarter but this is dynamic as it depends on if a client is close to the border. The key metric that we can takeaway is that clients in the 0.5 million - 1 million, we increased it in last 12 months from six clients to 10 clients, so these are the clients we are working on in order to grow and mine them to the ranges of \$1 million, \$2 million, \$3 million revenue or even to \$3 million to \$6 million. The effort is on increasing the average revenue per client and have a bigger footprint at the client and become a trusted partner of the client's transformation program.

I also want to highlight, that we were able to reduce the receivable days from 108 days at the end of June to 96 days in this quarter. I know that we have already have been at that level but



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nevertheless this is really an important milestone we reached and we are still working to bring that also to a number below 90 days.

Also, I would like to bring to your attention that merger or the acquisition of India BFSI by SQS Group is now getting to its second anniversary at the beginning of the next year. We can state that 10% of the revenue business is joint business with the SQS Group. If you look at the dollar terms, out of those 10 million revenue last quarter, 1 million is coming from that joint business. As far as the employees are concerned, we are now at around 988 people here on board, out of which about 900 are billable employees. So we hope to become a 1,000 employees company shortly, which will be a proud moment for us and will set us on the growth path.

The Board is pleased to declare an interim dividend of Rs.4 per share. So this is what I wanted to point out, out of all those numbers and give some comments and remarks on that. And I would suggest now to hand directly over to the question-and-answer session.

Moderator: Thank you very much sir. Ladies and Gentlemen, we will now begin with the question-and-answer session. Our first question is from the line of Tushar Wavhal from Bonanza Portfolio Limited. Please proceed.

Tushar Wavhal: I have a couple of questions, regarding how is the progress going on for the Galmont and the Trissential and going forward how they will be benefitting SQS India BFSI? And my second question is regarding are the margins sustainable from the current levels?

Martin Müller: So if I heard the question right it was about Galmont and Trissential, is that right?

Tushar Wavhal: Yes, yes Galmont and Trissential.

Martin Müller: I will just start with that and then I would also like to hand over to Rene Gawron, he might add on some points. It is good that the SQS Group has done these two acquisitions. Trissential is mostly focused on project management at the client site they are working for and this acquisition also helps us to get big logos and we believe that this is a very good acquisition and a decent sales pipeline can be generated from here. To come to Galmont, this is a testing company, therefore they are a pure play tester and this also helps us to have a broader footprint in the US and it is also possible to offer more services in the onsite business. These are two different acquisitions with two different perspectives but both of them are helping us in the US to have a greater and bigger appearance there and yes we are looking forward to continue to grow with these acquisitions. Rene, you might add something from your side.

Rene Gawron: Yes, I think you said the most important things already, I mean the key reason why we did this acquisition was to give us a solid business and revenue base which is now in the range of \$65 million to \$70 million a year on the run rate of the past numbers and that gives us a more legitimate



position within a number of large clients. And as Martin already indicated there is a large and quite a substantial sales pipeline for additional testing business, testing services business building up and if it is for financial services and insurances it will also flow to SQS India BFSI delivering its part in that. I think US was always weak in SQS Group, now going forward we expect it to be about 20% of our global business and that is an excellent door into this large market.

Tushar Wavhal: My second question was regarding margins, so are the margins sustainable from the current 21.6% for next couple of quarters?

Martin Müller: So you are talking about the margin, I did not get it really right.

Tushar Wavhal: I am talking about the EBITDA margins, so do you think they are sustainable for the next year or in FY17 or 18?

Martin Müller: Yes. We are at EBITDA margin of 21.6% which is an all-time high and we are looking to stabilize in the region of around 20% as we have stated in the earlier calls. I cannot give you a year end exact number but as we said we are on the growth path, I think that number around 20 that might be also a good future number.

Moderator: Thank you. Our next question is from the line of Priyankar Sarkar from Motilal Oswal Asset Management. Please go ahead.

Priyankar Sarkar: I wanted to understand how has the progress been on the automation front, and if that can be a margin lever going forward?

Martin Müller: Automation is of course a driver of future business for us. First of all we have a very good automation framework in place, we are working on future common automation framework within the group so that we have synergies between different methods and tools. And it is important to us because clients are always asking for improvements from a delivery and cost perspective where automation plays an important part. There is an enforcement in two ways, either they have to be closer and time to market equation, the other equation is of course the IT spent of our clients. But yes we have to see that we are managing our manual testing business in that way that we also try to convince the clients to come to that, but we also do that in combination of coming from staff augmentation to managed service so that we have much more flexibility to turn the business from the manual work to automated testing. The clients are open to that, they are asking for that, the ratio on that is even getting higher but we have also to see you cannot turn all manual business into automation business or automated business. It is first time an investment and if you have not much repeatable business in client environment, on a special project environment then it does not make sense. Where it is suitable we are forcing automation because this also ensures future testing business for us.



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Moderator: Thank you. Our next question is from the line of Bhaumik Bhatia from Girik Capital. Please proceed.

Bhaumik Bhatia: My first question would be with regards to the QonQ revenue bump up that we have seen of around 14%, just wanted to check if there is any lumpiness in the revenue number or is this number sort of sustainable and we can go forward on this number?

Martin Müller: Yes. I think I will answer directly to that point, it is not a peak or lumpiness like what you mentioned, it boils down to a pipeline that is stable and robust and this lead to a good growth rate.

Bhaumik Bhatia: And secondly, a bit longer-term question, if you can let us know in terms of the opportunity size for the specialized testing services market globally and which are the geographies and services which are going to drag the growth in the future? Thirdly on the synergies front with SQS AG and now we have seen two quarters in a row where almost 10% of the revenue has come because of the synergies with the Group. So if you can probably tell us, we have been almost right now into two years of acquisition and how quickly can they ramp up in terms of the synergies happen and which are the focus areas in terms of geographies and in terms of these services, the lines of business that will take us ahead?

Martin Müller: There are several multipliers in it, for instance if you look, after the acquisition of formally Thinksoft there were zero joint projects, now we are at a level of 10% but assuming this level stays at 10% also in future the absolute number would be much higher due to business growth. Nevertheless, as have just already talked in the first question about Trissential and Galmont in US, we have the broad client base we are working on and we expect some sort of drivers from that acquisition to drive up sales for BFSI India. So you have also to take into account, if you talk about those 10% these are not only projects where SQS India BFSI is deploying people, it is also the other way around. Where we have projects and we need specialists or some special skills from the group and they are working also on our side. Both directions are possible and as we have the situation especially in US that we have closed recently some major or some MSA with some major logos there, also we are quite confident also to increase that number.

Bhaumik Bhatia: Actually what I wanted to actually delve into is, post this joint targeting of the clients have you seen improvement in terms of the quality of business also in terms of probably you start getting more of the specially testing or the managed services side of it and a less of regular testing, is that also visible in your new deals that you are entering into?

Martin Müller: As we see the business, it is getting much more specialized. We are focusing only on testing, we are not a software developing company and India BFSI is even much more focused on testing in the domains of banking, financial service and insurances. This focus is really helping us and we are also seeing the effects as you already rightly described that the clients are asking much more



for those special services also combined with intelligent models instead of only having staff augmentation.

Bhaumik Bhatia: So is there a mix that you can share in terms of the current share of regular testing, specialist services and managed services?

Martin Müller: Managed services here at India BFSI is around 47% and specialized consulting services is around 7%.

Bhaumik Bhatia: And would you have the June quarter number and September quarter number for these?

Martin Müller: To be compared right now?

Bhaumik Bhatia: Yes, just to compare, yes.

Martin Müller: To be honest, I do not have them now on the table and I cannot give you the exact numbers, but what I can stage here is that managed service is still growing in that ratio. The specialized consulting service has moved up from 5% and is now at 7%.

Moderator: Thank you very much sir. Our next question is from the line of Kashyap Jhaveri from Capital72 Advisors. Please go ahead.

Kashyap Jhaveri: I have two questions, one, pardon my ignorance because I am a bit new to this company, but we have cash balances of roughly about 60 crores, 65 crores odd on balance sheet but off that a fairly large part is actually lying in the current accounts and not generating much of interest income of let's say any fund based income. What could be the reason for that? And second question is on the employee side, you mentioned some number in the beginning, I think about 980 or something whereas in the presentation the number is about 901, so what explains the difference? And the next to that, if you could give breakup of the employees in terms of domain experts and others.

Martin Müller: I would start with the second and after that I would like to hand over to Mr. Vaidyanathan, our CFO can give you more detailed answer on the cash balance and on the interest side you are interested in. So to come to the employees number, exactly we had end of September 972 employees, out of those 901 are from the practices which means that these are our operational units working on clients projects, there are also billable staff, there are trainees in it and there are also test leads in it who manage the projects. And the difference between 972 and 901 is the sales marketing and business partners like HR, like other departments we have here.

Kashyap Jhaveri: And on the breakup of the employees in terms of let's say domain experts and normal engineers?

Martin Müller: Yes, if you look at the 901, you can segmentize them that we have there I would say around 30% as business analysts, then we have of course the biggest part is our testing staff which is around



60% and then we have 10% specialists working also, as we stated that earlier, we talked about specialist consulting service that means for instance malfunctioning function testing like loaded performance testing and security and so on. The first question, I would like to hand over to Mr. Vaidyanathan.

N. Vaidyanathan: Our bank balance as end of Q2 is Rs.525 million and more than 60% of this is in foreign currency, as you aware this is a consolidated bank balance which is into our various subsidiaries across the globe and also in to our EEFC account. And these are required in foreign currency for meeting our expenses in foreign currency as well as for travel. Wherever there is an INR funds available to the extent not required for Working Capital, they are placed into short term deposits with banks. So it is not that these are not earning any interest, these do earn interest as long as they are in INR and to the extent are not required for working capital purposes.

Kashyap Jhaveri: And FX you said is what, 60% of the total?

N. Vaidyanathan: Yes, approximately 60% to 70%.

Moderator: Thank you very much. Our next question is from the line of Pranav Mehta from Value Quest. Please go ahead.

Pranav Mehta: Sir I have a couple of questions. First, can you say whether there was any wage hikes during the current quarter? And second, so now we are at 972 people headcount so would you like to give some say yearend target for employee addition?

N. Vaidyanathan: During the quarter as per our usual wage hike cycle in July we had the salary revision done for our employee force, that has been fully accounted and having effect to in the accounts.

Pranav Mehta: And what was the quantum of the wage hike?

N. Vaidyanathan: That varies, it is approximately in the region of about 5% to 11%. What was your second question?

Martin Müller: Second question was about the number of employees, and I expect that he wants to know are we still adding people and so on. Currently, we have a lot of people also as trainees to be prepared for future projects and we want to ensure that our utilization also does not suffer. So it is only a question of time before we will be thousand employees here in India because there is no limitation on how much we can grow.

Pranav Mehta: And one more question if I may ask, so we had some people getting trained in the German language to cater to our German speaking clients, so if you can just highlight what is the progress on that and whether any India BFSI employees are now deployed on those clients?



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Martin Müller: You are absolutely right, that is good that you mention that we are investing in training and also we are of course investing in soft skill training, first of all our main testing domain is first part of our training. Then second is soft skill training and also language training and we have now 40 of our employees during the quarter who completed their first batch of training in German classes. So when we say German, it is not only in Germany but also in Switzerland and Austria, where the language is used and we work with clients there. So the employees who have been trained in German are getting short term onsite opportunities in those countries and that augurs well for BFSI India. I am really happy to see how much progress we made and I go into the German classes to review what is being done from time to time and it is really encouraging to see the employees take an active interest in the language which would help them in future projects coming from Europe, especially the German speaking countries.

Moderator: Thank you. Our next question is from the line of Krunal Shah from Amideep Investments. Please proceed.

Krunal Shah: Sir actually I joined the call late, so my question maybe a bit repetitive. Any updates on the US business, have you got some good orders from there sir?

Martin Müller: Yes, we touched the US business but it makes sense to step deeper into it and highlight the key aspects. If you look at our US business this year 2015, I mean the calendar year you see that it is more or less stable business and there has not been much movement that we have seen. So we did mention in the earlier calls that we have prepared ourselves in that way to have a ready to market sales and pre-sales team and also now we are doing the joint approach to market with Trissential and Galmont which are additions to the SQS Group. We did complete some large sized projects in the end of 2015 but we have also shore up the business with some new business which looks very promising and with a potential to grow. The approach has been the same, we start with a small project and offer a POC and then convince the client post which we sign the MSA and this approach is what is being followed with most of the US clients and we see traction building up. We have done our homework on the US side, the sales engine is firing and I think we will see the growth uptick from US coming in the next few quarters.

Krunal Shah: And sir one question, the employee addition was majorly towards the end of the quarter because the employee cost hike is at 10%.

Martin Müller: It has been throughout the quarter, it's not been in the last period.

Moderator: Thank you. Our next question is follow-up question from the line of Tushar Wavhal from Bonanza Portfolio Limited. Please proceed.

Tushar Wavhal: Can you get a number on attrition front? And my second question is regarding client concentration, so are you focusing more on the non-top 10 clients because it has been from less than 23% in Q2



FY14 to roughly around 33% in Q2 FY16, so are you targeting any range for top five, top 10 clients?

Martin Müller:

I will start with your first question on the attrition rate, attrition went up compared to June a little bit up, we are now at a LTM (Last twelve months) of 21%.

Tushar Wavhal:

What was the attrition rate for last quarter?

Martin Müller:

This was for last quarter ended and for the quarter itself it is also around 21%. We have an eye on attrition at all times. We were proud that at the beginning of the year the number was only around 17% and we are constantly working on it to ensure that our attrition is around the 20% mark. We believe attrition is helpful, but if it is going too fast it is also not a good signal but I think we have it in control and are confident that the number will go down again. Your second point you mentioned was on the client concentration, just want to highlight what I had said earlier, so we added four clients in the range of \$0.5 million to \$1 million revenue and this is good because we have a good footprint in these clients and we are working very hard with our practices to increase their billing and get to the next level of 1 million, 2 million, 3 million or 3 million to 6 million revenue.

Moderator:

Thank you. Our next question is from the line of Rahul Jain from Systematix Shares. Please proceed.

Rahul Jain:

Just wanted to understand the way this banking industry is evolving and we see the lot of fintechs emerging out in the various areas of the banking domain be it funding, lending, payments, peer-to-peer transfer and a number of new things. So just trying to understand how your business benefits or see the competitive landscape changing in view of this fintechs where you have traditional bank who are moving towards newer offering also the disruptive fintechs who are competing the traditional base?

Martin Müller:

For us it is really good that those tradition we see also and I am not lying the trend that traditional banks are working on that portfolio for new services, so this is a very-very good entry point for us if we have such development and we can also see this especially in the Indian market. We see a lot of movement in the new areas and we have started some new client engagements here in India with the banks and there we are supporting the business to be a partner for the transition coming from a more traditional bank to really modern bank with services which are state of the art right now. The banking industry and then the change within the banking industry which we all see as a client of banks is very good business driver for us. And as I said, in the US, 50% of the overall testing market of the banking financial service industry is in the US, so therefore we see the traction building up there and this can be combined with our offshore practice to get a higher share of the US business. The disruptive changes in the banking industry is really helping us.



Rahul Jain: And also from the fact that some of these companies like so you have shared your perspective from the banking client perspective but this Paytms and Lending Club kind of companies are also giving businesses because some of them are working on infrastructure as a service on cloud or platform on cloud kind of an interface. So their dependency on testing of their final products because they are primarily a technology company and maybe just doing an aggregation job. So are these companies also a potential client or are you working with some of them?

Martin Müller: Yes, of course these are also potential clients, so we are there. Sometimes banks also have entities which are allocated or which are allocated to the bank but they are doing some business which is little bit next to the core banking business they are predominantly doing.

Rahul Jain: And is there a way to arrive at what kind of revenue potential it generates for a testing business on every \$100 kind of a spend which is done towards new product development or any implementations or any color if you could give on that?

Martin Müller: As you know we do not give any future numbers, but as I also said banking financial service around the globe is 50% and 50% of that business is in the US, so I think we are really good placed with our strategy to focus on those regions, this region in US with the topic of banking and financial service.

Rahul Jain: No, sir my question was more in terms of if a bank decides to invest in a new product and if it eventually spends \$100 on product deployment in dollar terms what is the potential opportunity for our kind of organization?

Rene Gawron: I think about 20%, you can say if there is \$100 investment into new product, new solutions, 20% or \$20 goes into testing and quality management which is our market.

Rahul Jain: So if somebody takes an Oracle product and spends \$100 on the license, approximately \$20 kind of an opportunity would go to a testing player?

Rene Gawron: Yes, it is that because the license itself is not helping very much, it is a part, actually usually if you spend a \$100 and the license you spend more than \$100 in making the license workable and then it produces something, the implementation, the customization, the setting up is lot of cost, so 20% of that yes.

Rahul Jain: You are right, so the thumb rule says anywhere between three to four times of the license revenue is eventually what a bank invests in terms of implementation, so that 20% you are talking on the implementation component or the license component?

Rene Gawron: It is on the whole IT spend, this is the rule of thumb we are seeing especially in financial services since many years, if a bank spends about \$1 billion a year into their IT which is anything from



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licenses, services, maintenance, customizations, about 20% needs to go into quality management and testing.

Rahul Jain: So you are saying this 20% of this entire pie which qualifies into quality we can address that entire 20% of company?

Rene Gawron: Yes.

Moderator: Thank you. Our next question is from the line of Deepak Rao from Julius Baer. Please proceed.

Deepak Rao: I have two questions. Question number one is, the environment is getting increasingly digital, so how do you see the opportunities in cloud as well as mobile testing and do you see some traction in terms of pipeline? And second question is that, a while back you had mentioned that in one of the press interviews that you could be looking at increasing your headcount about 1,500 odd people in India which effectively means over the next two years the headcount would compound at 30% plus and therefore are you on track on that and would your revenues and your profits also be in line?

Martin Müller: Taking your second question first about the headcount. If you see the overall SQS Group, we are now about 4,500 employees and if you see how many people we have here in India, we are almost reaching 2,000 employees here in India. So that means 2,000 out of 4,600 around are from India and this shows our strategy, our strategy is in a global delivery model the core of testing work is being done and will be done here in India. This is our focus and therefore we are also looking at this special entity here India BFSI which is focused on banking, financial service and insurance only and we are just crossing 1,000 employees and we are still working on increasing our business which means hiring more people in India. And also new business, as I have said mostly it starts onsite but over a period of time it transfers established project business from onsite to offshore. Strategy is, as the whole SQS group is growing and a higher percentage of the overall growth in employees will be here in India. Second point was digital environment, you mentioned technical developments like cloud and mobile testing and this is also circles back to the point where we talked about banking industry and changes, all those technical developments are helping us to getting future business. In those new disruptive areas we have our ear on the ground and we also have a special team in the SQS Group and also here in India BFSI who is always looking at new trends, new technology developments so that we can partner with our clients to deliver those services.

Deepak Rao: If I may, follow-up question really on that aspect is that, yes it is complex to actually build skills in this area but are you seeing the customers increasingly asking you to test on the digital side or it is still way behind what is happening on that development side in Amazon web services and Microsoft Azure?



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- Rene Gawron:** Maybe I can give an answer from SQS Group side, we are actually in the banking field working on number of banking projects, mostly here in Europe which are on the digitalization or the digital strategy of those banks which is usually all around smartphones, you can use to open the bank account 24x7 around the clock doing in number of transactions which you could never do before through your mobile phones but also doing kind of payment through your mobile phones. But the same is also card, it is not financial services but also card producers and card providers that have these pay per use models of cars in Europe and some other urban centers around the world. So car manufacturers are also working a lot on digitalization which usually is around testing that you can remotely control your cars, see how much gasoline it has or where it is parked and all that stuff. So both in banking and in other related fields we are increasingly testing those and these are usually done in a more agile software development environment and we are very active in those projects, a strong trend in the market.
- Moderator:** Thank you. Our next question is a follow-up question from the line of Krunal Shah from Amideep Investments. Please proceed.
- Krunal Shah:** Sir my question is regarding to banking, mobile banking as well. My question is as in how long do you think it will take us to develop a core competency in that segment because as of now I think from your comments I interpret that we are still not that strong in that segment.
- Martin Müller:** Banking is our focus, we are strong in that so that might be wrongly transported or wrong understood from you. Banking and what has happened in banking, this is our core domain so we should be specialist in that, with our business consulting to understand processes in banking.
- Krunal Shah:** So even the India entity is specialist in that?
- Martin Müller:** Especially the Indian part because we are named banking financial service and insurance.
- Krunal Shah:** My other question relating to, suppose if bank gives us an order for their payment app testing their payment app, would it sort of a managed services order or a specialist testing, what header will it come under?
- Martin Müller:** What do you mean by that, I do not get it.
- Krunal Shah:** I meant to ask that if we have a deal to test a mobile banking app for a particular x bank, would it be a managed services deal or a specialist testing deal?
- Martin Müller:** This is not so easy to answer, it depends on the subject you are looking at. If you have a repeatable longer-term business then of course we try to move to a managed service deal but if it is only short-term project where you have to do some basic testing, then it might be only staff augmentation. But this is not the type of business we are looking for and so if we have a new client we have



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always in mind to ascertain if this is the client who can really give us a higher revenue and also move the model from a time and material business to a managed service business where we have much more flexibility with how to deliver the services. And also to show the client and give him the confidence that we are really ensuring the results.

Krunal Shah: So just a follow-up, do we have client as in whom we cater to in all domains in terms of the normal core banking procedure, plus mobile banking, plus internet banking?

Martin Müller: Yes, we have those clients and mostly we start in a special domain of their operational work, but then of course and this is also what our managers at the client side are looking at also for additional business in another domain. As I said in the beginning, sometime we are only in the core banking part and then we are also asked to deliver service in the card service. So we try to ensure that we offer as broad services as possible at a client site so that he is convinced of our capabilities.

Krunal Shah: Could you name a few of the Indian banks that you are associated with?

Martin Müller: We do not name clients in such a call to the public, sorry for that.

Moderator: Thank you. Ladies and Gentlemen, that was our last question. I now hand the conference over to Mr. Martin Müller for closing remarks. Over to you, sir.

Martin Müller: Thank you very much. It is always a pleasure to talk to the group who is joining this call and I am really happy to have the diversity of questions and it shows that you as an analyst and investor are really interested in our company and we do our best to keep the interest of you at a high level. Thank you for listening and hearing and till we meet next time. Thank you very much.

Moderator: Thank you very much, sir. Ladies and Gentlemen, on behalf of SQS India BFSI Limited that concludes this conference call. Thank you all for joining us and you may disconnect your lines now. Thank you.