



SQS India BFSI Limited

Annual Report FY 2014 -15



sqs-bfsi.com

BOARD OF DIRECTORS



David Bellin



Dr. Martin Müller



Gireendra Kasmalkar



K. Kumar



Lilian Jessie Paul



Dr. S. Rajagopalan



Rajiv Kuchhal



René Gawron



Ulrich Bäumer

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CORPORATE INFORMATION

BOARD OF DIRECTORS

David Bellin
Chairman & Director

Dr. Martin Müller
Managing Director & CEO

Gireendra Kasmalkar
Non-Executive Director

K. Kumar
Independent Director

Lilian Jessie Paul
Additional (Independent) Director

Dr. S. Rajagopalan
Independent Director

Rajiv Kuchhal
Independent Director

René Gawron
Non-Executive Director

Ulrich Bäumer
Independent Director

CHIEF FINANCIAL OFFICER

N. Vaidyanathan

COMPANY SECRETARY

S. Akila

AUDITORS

PKF Sridhar & Santhanam LLP (formerly PKF Sridhar & Santhanam)
Chartered Accountants,
91-92, Dr R K Salai, Mylapore, Chennai-600004

INTERNAL AUDITORS

A. Murali & Associates, Chartered Accountants
New No 2, T4 3rd Floor, Majestic Square, Sherfudeen Street,
Choolaimedu, Chennai-600094

BANKERS

The Lakshmi Vilas Bank Ltd.
Cathedral Road, Chennai-600086

ICICI Bank Ltd
Bazullah Road, T. Nagar, Chennai-600017

HSBC
Cathedral Road, Chennai-600004

LEGAL ADVISORS

S. Ramasubramaniam & Associates
New No.13/1, Bishop Wallers Avenue West, Mylapore,
Chennai-600004

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally,
Hyderabad – 500 032

REGISTERED OFFICE

6A, Sixth Floor, Prince Infocity II, No. 283/3 & 283/4, Rajiv Gandhi
Salai (OMR), Kandanchavadi, Chennai – 600 096

WEBSITE

www.sqs-bfsi.com

Letter to Shareholders

Dear Shareholders

In my second letter to you as Chairman, I am very pleased to report a sound and satisfactory year-end result, despite lower than expected economic growth in many geographies and major cost restructuring measures in the industries we serve. Revenues increased by 10% to Rs.2,141 Mn. Profit after tax was Rs.185 Mn or 8.6% of revenues, in a year when currency exchange losses cost us Rs.37 Mn. The previous year we achieved Rs.254 Mn or 13.1% of revenues, when currency exchange gains won us Rs.62 Mn. Strip out the currency profit and loss and we see sustainable growth of 15% year on year.

The transition from Thinksoft Global to SQS India BFSI has been successful and the company is now a key player in the larger SQS group of companies operating in 20 countries worldwide. The integration process is continuing but we already see strong working relationships being built to win new clients, develop new services for existing clients and to demonstrate the potential of a global delivery model to help our clients with their software management and software testing challenges. For BFSI clients, SQS India BFSI will be at the Centre of that global delivery model going forward. Your Board held realistic expectations of what Year 1 under the SQS umbrella would achieve but we are pleased with the initial results and see the synergies and group strength delivering for all our stakeholders going forward. It is particularly pleasing to see sales increasing in the US and we look forward to working with the SQS Group's latest acquisition in the US, Mid-West based Trissential, a highly regarded IT project management consultancy.

During the year your Board welcomed Ms Jessie Paul, a marketing expert who now runs her own advisory firm after careers with Infosys and Wipro, as an additional independent director. You are served by an active, diverse group of independent, executive and non-executive directors sincerely committed to the best interests of the Company, all its shareholders and all its stakeholders.

The implementation of the Indian Companies Act 2013 created a huge amount of additional work, especially for our Finance Department, our Independent Directors and our external advisors. I thank them all for their additional efforts, vigilance and advice. I am proud to report that your Company and your Board was well ahead of legislative requirements in many areas: diversity of directors, CSR, familiarization with management and we intend to continue to support the spirit of the Act as well as its detail.

The Board always recognized that acquisition, however amicable and however strong the rationale, inevitably creates uncertainty for our employees whatever the benefits of scale, investment in training, wider career opportunities and positive business developments. Our consolidated headcount remained almost stable at 900+ as we worked on better utilization and optimized project staffing. Attrition came down to below 17% which is in relation to sector specific and regional circumstances an appropriate and manageable level. The successful integration we are reporting is down to their openness and willingness to reach out and engage with the rest of the SQS Group in meeting and exceeding client expectations. We thank them for their hard work and support.

I would also thank our clients, established and new, for their trust, support and continued recognition of the value of independent advice and testing and of course our shareholders for your continued support. We look forward to a positive 2015-16.

Thank you,
Yours sincerely,

David Bellin

Chairman of the Board

Decade at a Glance (Consolidated Basis)

Rs. in Million

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Gross Revenue	2141.6	1944.4	1614.4	1214.4	829.3	828.6	922.6	749.2	588.6	366.9
EBITDA	388.6	499.0	326.2	224.2	60.9	105.1	178.7	122.2	122.4	48.6
Profit Before Tax	320.4	422.3	264.8	185.0	32.0	90.6	160.6	108.2	103.6	40.1
Profit After Tax	216.5	300.4	194.4	113.8	18.7	82.3	144.9	99.7	94.6	36.2
Fixed Assets: Gross Block	482.8	472.6	457.0	224.8	194.2	101.2	90.2	88.5	69.9	63.8
Fixed Assets: Net Block	243.0	274.1	312.1	108.7	111.5	42.4	33.5	28.2	22.1	27.7
Share Capital	105.4	102.7	101.2	100.5	100.5	100.5	87.0	76.6	72.5	70.7
Reserves and surplus	910.8	979.7	780.7	654.6	599.2	592.2	381.9	246.6	160.0	82.1
Networth	1016.2	1082.4	881.9	755.1	699.7	692.7	469.0	329.0	232.5	152.7
Sundry Debtors	567.4	557.8	413.2	235.8	229.0	159.3	238.6	203.7	186.4	98.5
Cash and Bank Balances	683.5	502.5	393.9	404.5	400.3	514.0	265.6	147.3	76.6	47.4
Current Assets*	1380.1	1156.9	951.7	898.9	762.2	789.2	600.3	420.0	291.0	184.0
Current Liabilities	559.8	289.9	288.7	263.1	183.3	149.3	171.1	122.6	82.0	59.8
Working Capital	820.3	867.0	663.0	635.8	578.9	639.9	429.2	297.4	209.0	124.2
Employee Strength (No.s)	907	905	782	742	661	499	538	580	494	465
No of Equity Shares ('000)	10545.3	10267.7	10123.7	10052.0	10052.0	10052.0	8702.0	7663.0	7245.0	7068.0
Earnings Per Share (Diluted) (Rs.)	20.6	28.7	19.0	11.3	1.9	8.8	17.6	13.4	13.2	5.1
Book Value per Share (Rs.)	96.4	105.4	87.1	75.1	69.6	68.9	53.9	42.9	32.1	21.6
Dividend - Rs. per share (Interim and Final)	24.0	9.0	6.0	5.0	1.0	1.0	1.0	2.0	2.0	1.0

EBITDA: Earnings before Interest, Depreciation, Taxes & Amortization

*Current Assets: Figures are as per new schedule VI format from the year 2011-12 onwards

One Million (Mn) is equal to Ten lakhs

Directors' report

To the Members,

We are presenting herewith, the report on our business and operations for the year ended March 31, 2015.

1. Financial Highlights for the year ended March 31, 2015:

Rs. in Mn	Consolidated		Standalone	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Total Revenue	2,159	2,046	2,159	2,031
Employee benefits expense	1,361	1,182	812	786
Depreciation and amortization expense	52	57	52	56
General, administrative and other expenses	410	365	998	799
Finance cost	16	20	16	20
Total expenses	1,839	1,624	1,878	1,661
Profits Before Taxes	320	422	281	370
Taxes	104	122	96	116
Profit for the year	216	300	185	254
Earnings per Equity share (Par value of Rs.10 each)				
Basic	20.86	29.53	17.81	25.01
Diluted	20.57	28.66	17.56	24.27

2. Business and Operations Review:

Total Operating Revenues increased, in Rupee terms by 10%, to Rs.2,141.55 Mn during the 2014-2015 financial year, from Rs.1,944.44 Mn in the previous year. In US dollar terms this also amounts to an increase of 10%.

- During the year, repeat business from existing clients accounted for 91% of revenues, up from 79% the previous year. New client acquisition contributed 9% of revenues. New business is expected to grow as synergies within the SQS Group feed through the sales pipeline.
- Profit after tax at Rs.185 Mn, representing 8.6% of revenues as against Rs.254 Mn (13.1%) for the previous year. Currency fluctuations resulted in a loss for the year of Rs.37 Mn compared to a gain of Rs.62 Mn in the previous year.
- Geographically, 46.24% of revenues came from Europe (previous year 48.62%), 31.58% from India, Middle East, Asia and Australia Regions (previous year 31.76%), 22.18% from America (previous year 19.62%) and the proportion of onsite to offshore revenues stood at 55.34%/44.66% compared to 53.49%/46.51% in the previous year. This is reflected in the increase of 14% onsite Revenue from Rs.1,040.04 Mn to Rs.1,185.21 Mn during the year under review.
- Employee expenses increased due to higher onsite deployments with onsite revenue increasing to 55% of the total Revenue (previous year 53%).
- Employee strength, as at March 31, 2015 for the standalone entity was 767 (consolidated 907) compared to 803 as at March 31, 2014 (consolidated 905). Women employees standalone count stood at 221 (29% of the total) compared to 223 (28%) in the previous year. For the consolidated group women employees stood at 250 (28%) compared to 252 (28%) in the previous year. The attrition rate remained at 17% for the year ended March 2015.

3. Capital Expenditure:

During the year, Rs.20.61 Mn of capital expenditure was added to a gross block comprising of Rs.14.86 Mn on technology infrastructure, Rs.1.95 Mn on physical infrastructure, Rs.1.44 Mn on Vehicles, Rs.2.36 Mn addition on intangible assets.

4. Liquidity:

The company continues to maintain sufficient cash to meet its strategic objectives. The liquid assets at the end of the year stood at Rs.1,034.72 Mn (as against Rs.878.70 Mn previous year). Year-end Account Receivables stood at Rs.549.81 Mn (94 days sales) as against Rs.517.86 Mn previous year (97 days sales). The increase in Accounts Receivables is mainly attributed to increased revenues.

5. Share Capital:

As at the end of the financial year the Company's Equity Share Capital stands at Rs.105.45 Mn, consisting of 10,545,299 fully paid up Equity Shares of Rs.10 each. The exercise of employee share options granted under Thinksoft ESOP Scheme 2011 resulted in the allocation of 277,618 equity shares during the Financial Year 2014-15 to employees. As a result, the paid-up capital of the company increased from Rs.102.68 Mn to Rs.105.45 Mn. 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 net worth of the Company moved to Rs.848.56 Mn as at March 31, 2015 from Rs.946.32 Mn at the end of the previous fiscal. This reduction reflects the Proposed Final Dividend of Rs.20/- per share. This works out to a per share net worth of Rs.80.47.

7. Transfer to Reserves:

During the financial year, the Company has transferred Rs.18.48 Mn, (previous year Rs.25.44 Mn) to reserves, which represents 10% of the net profits of the Company. As a result, the total amount of General Reserve as on March 31, 2015 was Rs.99.49 Mn (Rs.81.01 Mn as at the end of the previous year).

8. Dividend:

Based on the Company's performance, the Net Cash Position of the Company and the first year anniversary of integration with the SQS Group, 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 2014-15. This consists of Rs.5 being the normal dividend and Rs.15 as a one-off special dividend. The Board had also declared an interim dividend of Rs.4/- per equity share (40% on face value of Rs.10/- each) on October 30, 2014.

The Final Dividend, if approved by the Shareholders in the 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, 2015. (Previous year 90% on face value of Rs.10/- each, i.e. Rs.9 /- per equity share).

9. Change of Name of the company:

As approved by the Shareholders in the Sixteenth AGM, the name of the Company has been changed from Thinksoft Global Services Limited to SQS India BFSI Limited.

The company continues to have a global presence through its subsidiaries, branches and places of business.

10. Subsidiaries:

a. Change of names of Subsidiaries:

During the year the names of the Wholly Owned Subsidiaries were changed to reflect the branding of the SQS Group, except for the subsidiary in Germany, which is being wound up. The company now has the following five wholly owned subsidiaries:

- a) SQS BFSI Pte. Ltd (formerly Thinksoft Global Services Pte. Ltd.), Singapore
- b) SQS BFSI Inc. (formerly Thinksoft Global Services Inc.), USA
- c) Thinksoft Global Services (Europe) GmbH, Germany (being wound up)
- d) SQS BFSI UK Ltd (formerly Thinksoft Global Services UK Ltd.), UK
- e) SQS BFSI FZE (formerly Thinksoft Global Services FZE.), UAE

The names of overseas branches have also adopted the SQS BFSI identity. The Company has branches in Belgium, Malaysia, Australia, Hong Kong, UK and Cyprus. During the year the company initiated steps for the closure of the branch in Cyprus, due to uncertain economic and political conditions there.

b. Financial Statement of Subsidiaries:

A separate section on the salient features of the financial statements of subsidiaries, as prescribed under Section 129(3) of the Companies Act, 2013 read with Rule 5 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 Accounts shall also be available at the website of the Company.

11. Annual Return:

The Company filed its Annual Return for the year 2013-14 on September 09, 2014. It was filed in Form 20B as per the provisions of Companies Act, 1956. The extracts of the current Annual Return for the present financial year as prescribed under Section 92 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is attached to this report as **Annexure III**.

12. Number of meetings of the Board:

Eight 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 03, 2014, April 23, 2014, June 02, 2014, June 13, 2014, June 21, 2014, July 24, 2014, October 30, 2014 and January 22, 2015. 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.

13. Corporate Governance and Management Discussion Analysis Statement:

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 Clause 49 of the Listing Agreement with National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) is 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.

14. Declaration given by Independent Directors:

All the Independent Directors of the Company have given their declaration under Section 149 (6) of the Companies Act 2013, confirming that they are in compliance with the criteria as laid down in the above said Section for being an Independent Director of the Company.

15. Policy on Directors’ Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a director:

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for the selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

16. The Board observed that there are no qualifications or reservations by the Auditors as well as by the Secretarial Auditor in their reports.

17. Particulars of loans, guarantees or investments:

The Company has not given any loan to any person or other body corporate, given any guarantee or provided security in connection with a loan to any other body corporate or person or acquired by way of subscription, purchase or otherwise, the securities of any other body corporate. As specified under Section 186 of the Companies Act 2013. The company has the following investments in its Wholly Owned Subsidiaries:

Particulars	March 31, 2015 Rs.	March 31, 2014 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 (formerly Thinksoft Global Services 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. (formerly Thinksoft Global Services Inc.,) USA	4,625,400	4,625,400
EUR 50,000/- (Previous year - EUR 50,000) in Thinksoft Global (Europe) GmbH, Germany	2,714,774	2,714,774
350,000 equity shares (Previous year -350,000 equity shares) of GBP 1/- each in SQS BFSI UK Ltd (formerly Thinksoft Global Services UK Ltd.,) UK	24,168,000	24,168,000
24 equity shares (Previous year - 24 equity shares) of AED 25,000/- each in SQS BFSI FZE (formerly Thinksoft Global Services FZE.,) UAE	8,696,000	8,696,000

18. Particulars of contracts or arrangements with related parties:

During the year 2014-15 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. There are no materially significant related party transactions made by the Company with Promoters, 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 also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for the transactions which are foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are verified and 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 is uploaded on the Company’s website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

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

19. Material changes and commitments, if any, affecting the financial position of the company:

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

20. Transfer to Investor Education and Protection Fund:

As required under the provisions of Section 205A and 205C and other applicable provisions of Companies Act, 1956 (the corresponding provisions in the Companies Act, 2013 have not been notified, and hence the earlier law is still applicable in respect of these provisions), the Company is required to transfer the dividends that remain unpaid/unclaimed for a period of seven years, to an Investor Education and Protection Fund ("IEPF"), an account administered by the Central Government. On transfer of the amounts to IEPF, no claim shall lie in respect of those amounts against the Company. During the financial year 2014-15, no unpaid or unclaimed dividend was transferred to the IEPF. There is no requirement to transfer any funds to the Investor Education & Protection Fund during the year 2015-16.

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

21. Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo:**(A) Conservation of energy:**

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

The Company continues its drive on 'going green' and has initiated steps to conserve resources, reduce its carbon footprint and create sustainable alternatives wherever feasible. The Company's current operations do not require high-energy consumption and the company continues its drive to adopt various measures to optimize energy usage.

The conservation steps include:

- Deployment of low power consuming desktops, reducing total power consumption.
- Managing business expansions without additional data centers.
- Deployment of human detector sensors to automatically switch off lights when no human presence is detected.
- Shutting down air conditioners on a budgeted hours basis.
- Switching to CFL lighting.
- Utilising more Video conferencing (VC) to reduce travel costs and improve energy savings.
- Continuing the disposal of e-waste generated in-house through vendors who adopt "Safe disposal practices", recycling and re-manufacture of printers, toners and cartridges.

All these initiatives are taken forward at a sustained pace.

(ii) The steps taken by the company for utilising alternate sources of energy - Nil

(iii) The capital investment on energy conservation equipment - Nil

(B) Technology absorption:

(i) The efforts made towards technology absorption:

SQS India BFSI Limited has absorbed appropriate technology advancements in providing the best services to its customers, with a focus of providing the same without any major financial implications to the organization. The company has invested in infrastructure which is compliant and has been certified under established standards including SSAE 16, ISAE 3402 and PCI-DSS.

(ii) The benefits derived in terms of product development and improvement, cost reduction, and import substitution:

There has been a continuous effort towards improving the systems and hardware through local / procurement from national and local vendors, thereby reducing import dependency.

(iii) In case of imported technology (imported during the last three financial years):

(a) The details of technology imported;

(b) The year of import;

- (c) Whether the technology been fully absorbed;
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;
 - (iv) The expenditure incurred on Research and Development
- These sections (iii & iv) are not applicable.

(C) Foreign exchange earnings and outgo:

Foreign Exchange earned during the year in terms of actual inflows was Rs.2,007 Mn.

Foreign Exchange outgoings during the year in terms of actual outflows was Rs.957 Mn.

22. Risk Management:

Risk Management at SQS BFSI includes the identification, assessment, monitoring and mitigation of various risks that the company may face in its business. The Company's enterprise Risk Management approach identifies major risk categories: Operations, Industry, Resources and Regulatory environment. The Company's objective is to achieve a balance between acceptable levels of risk and reward in effectively managing its Operational, Financial, Business and Market risks.

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.
- An internal Finance Control framework subject to periodic verification and Audit, as described under section 37. Adequacy of internal financial controls.

23. Corporate Social Responsibility:

Corporate Social Responsibility is a new initiative brought in by the Ministry of Company Affairs whereby corporates earning adequate and consistent profits are mandated to serve society by contributing at least 2% of average net profits of the Company during three immediately preceding financial year's profit in various activities as defined in Schedule VII of the Companies Act 2013.

The Company is committed to on-going contributions to Society through a comprehensive CSR framework. SQS India BFSI is committed to contributions to a sustainable infrastructure and environment in the areas in which it operates. 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.

24. Audit Committee Recommendation:

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

25. Composition of Audit Committee:

The Audit Committee of the Company has been constituted in line with the provisions of Section 177 of Companies Act, 2013 read with Clause 49 of the Listing Agreements with the Stock Exchanges. The members of the Audit Committee are as follows:

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

26. Vigil mechanism:

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

27. Directors' responsibility statement as required under Section 134 (5) of the Companies Act, 2013:

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

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. Accounting policies had been selected and applied consistently; judgments and estimates 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 followed by the company and these were operating effectively.
- f. Proper systems to ensure compliance with the provisions of all applicable laws were devised and such systems were adequate and operating effectively.

28. Board Evaluation:

Pursuant to the provisions of the Companies Act 2013 and Listing Agreement, the Board of Directors of the Company has completed a formal evaluation of their performance and that of its Committees and individual directors.

The independent Directors evaluated the performance of the non-Executive Directors, Chairman and the Board at a meeting of Independent Directors held on March 23, 2015. The Board of Directors in their meeting held on April 23, 2015 evaluated the Independent Directors individually. No director participated in their own evaluation.

Directors were evaluated on various criteria including attendance, participation in Board Meetings and the willingness and commitment to devote the 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 are taken as appropriate.

29. Criteria for making payment to Non-Executive Directors:

The Nomination and Remuneration Committee and the Board of Directors, while deciding upon 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

30. Familiarization Programmes:

The Company has a familiarization program for Independent Directors pursuant to clause 49 of the Listing Agreement. The same is dealt with in the Annual Report.

31. Policy for determining Material Subsidiaries:

Pursuant to clause 49 of the Listing Agreement a policy for determining material subsidiaries has been formulated by the Company. The same is dealt with elsewhere in the Annual Report.

32. Particulars of Employees:

In accordance with the provisions of Section 197 of the Companies Act 2013 read with Rule 5 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the required information is annexed and forms part of this Report in **Annexure VI A and Annexure VI B**.

33. 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. Alagar & Associates, Practicing Company Secretary as the Secretarial Auditors of the Company in the Board Meeting held on January 22, 2014. The Secretarial Audit Report issued by M/s. Alagar & Associates is annexed and forms part of this Report in **Annexure VII**.

34. Directors & Key Managerial Personnel:

During the year, Ms. Lilian Jessie Paul was appointed as an Additional Independent Director of the Company, with effect from October 30, 2014, as per the provisions of Sections 161 and other applicable provision of the Companies Act, 2013. Her appointment is up to the date of Annual General Meeting and subject to re-appointment by the Members in the Annual General Meeting. A Shareholder has proposed appointment of Ms. Lilian Jessie Paul as Independent Director and the same has been proposed in the notice to the Annual General Meeting.

During the year, Dr. Martin Müller was re-designated as the Managing Director and CEO of the Company effective from July 01, 2014.

During the year, Mr. K. Kumar, Dr. S. Rajagopalan, Mr. Rajiv Kuchhal and Mr. Ulrich Bäumer were appointed as Independent Directors as per the Companies Act, 2013.

During the year Mr. Ralph Gillessen and Mr. Riccardo Brizzi, Directors of the Company resigned from the Board with effect from June 21, 2014

As per the requirements under Section 203 of the Companies Act 2013, Mr. N. Vaidyanathan, CFO and Ms. S. Akila, Company Secretary were appointed as Key Managerial Personnel in the meeting of Board of Directors held on April 23, 2014.

35. Public Deposits:

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

36. Status of Application money refund:

As on date of the balance sheet, an amount of Rs.72,000/- is lying unpaid in the IPO Refund Account. Any members who have not availed themselves of refund should write to "The Registrar and Transfer Agent" of the Company.

37. Adequacy of Internal Financial Controls:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain independence of the Internal Audit function, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

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

- Defining Controls, Governance and Standards, which includes Policies & Procedures, Organizational Structures, Performance Objectives.
- Establishing Control designs, which includes Roles & Responsibilities, Risk Identification, 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 in the respective areas are undertaken and controls strengthened. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

38. Auditors:

M/s. PKF Sridhar & Santhanam LLP (formerly PKF Sridhar & Santhanam), Chartered Accountants, Chennai is the Auditors of the Company. They were appointed in the 16th Annual General Meeting of the Company till the conclusion of third consecutive Annual General Meeting of the Company and subject to ratification by the shareholders at every Annual General Meeting. A motion for ratification will be placed before the Members of the Company in the 17th Annual General Meeting for their approval.

39. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company’s operations in future:

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

40. Human Potential:

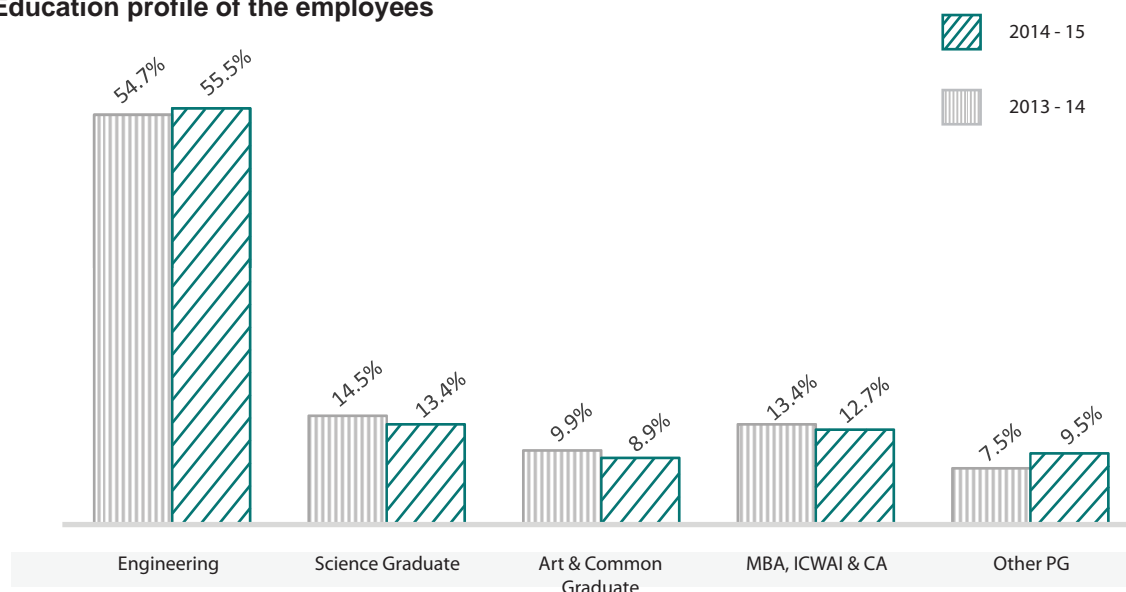
The company continues to invest in its employees to enhance its core competence and competitive market position. Training is designed to build domain knowledge, technical skill, language proficiency and abilities to respond pro-actively to emerging developments in a dynamic market.

In 2014-15 the number of training programs more than doubled to 297 over the previous year’s total of 140. The programs were spread across 216 topics relating to domain developments, tools, soft skills and data security. The company achieved an average of 50 training hours per employee against the previous year’s average of 37 hours. The industry average is 40 hours.

More than 50% of these programs focused on domain related topics to help differentiate the organization from competitors.

The overall employee strength (consolidated) remained flat during this period (905 to 907).

Education profile of the employees



41. Quality, Technology and Systems:**PCI DSS (Payment Card Industry Data Security Standard):**

Data protection is critical for the company in maintaining its services to clients. The SQS India BFSI Limited offshore TCoE (Testing Centre of Excellence) in Chennai is fully compliant with ISAE 3402 (the International Standard on Assurance Engagements) and SSAE 16 (Statement on Standards for Attestation Engagements). Both provide third party assurance to clients outsourcing data management and business processes.

PCI DSS, (worldwide Data security standard defined by the Payment Card Industry Security Standards Council) provides Complete Secured Physical/Logical Work Environments, Multilayer Encryption for data at Receipt, 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), Business Continuity Program meeting ISO 22301 standards.

SQS India BFSI Limited also is certified compliant of ISO 27001 and ISO 9001 covering all offshore TCoE.

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

The Company has in place a Policy on Sexual Harassment Prevention, in line with the requirements of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013". The Internal Complaints Committee ("ICC") has been set up to redress any complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received and disposed-off during the financial year 2014-15:

- a) No. of complaints received : Nil
- b) No. of complaints disposed off : Nil

43. Listing Fees:

The Company confirms that it has paid the annual listing fees for the year 2014-15 to both National Stock Exchange and Bombay Stock Exchange.

44. Acknowledgments:

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth and successful integration into a larger SQS group was made possible by their hard work, loyalty, cooperation and support.

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

**For and on behalf of Board of Directors of
SQS India BFSI Limited
(Formerly Thinksoft Global Services Limited)**

Place : Chennai
Date : May 18, 2015

David Bellin
Chairman & Director

Annexure – I

DISCLOSURE IN COMPLIANCE WITH THE RULE OF 12 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	101,700	123,150	
3	Options Exercised during the year	131,700	145,918	
4	Total number of shares arising as a result of exercise of options (as of March 31, 2015)	316,200	194,018	
5	Options lapsed	19,200	59,500	
6	Exercise Price (in Rs.)	38.05	114.70	
7	Money realised by exercise of options during the year (in Rs.)	5,011,185	16,736,795	
8	Total number of options in force at the end of the year (granted, vested and unexercised / unvested and unexercised)	3,600	156,982	
9	Employee wise details of options granted to			
	(i) Key Managerial Personnel			
	Mr. N.Vaidyanathan	Chief Financial Officer	40,000 options	20,000 options
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year		Nil	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant		Nil	

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

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

(Amount in Rs.)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Net profit as reported	184,836,793	254,352,581
Add: Stock-based employee compensation expense (intrinsic value method)	Nil	Nil
Less: Stock-based employee compensation expense (fair value method)	2,141,888	11,180,879
Pro forma net profit	182,694,905	243,171,702
Basic earnings per share as reported	17.81	25.01
Pro forma basic earnings per share	17.60	23.91
Diluted earnings per share as reported	17.56	24.27
Pro forma diluted earnings per share	17.36	23.07

**For and on behalf of Board of Directors of
SQS India BFSI Limited
(formerly Thinksoft Global Services Limited)**

Place : Chennai
Date : May 18, 2015

David Bellin
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 Million based on Standalone Financials of the Subsidiaries)

Sl.No.	1	2	3	4	5
Name of the Subsidiary	SQS BFSI Pte. Ltd (Formerly Thinksoft Global Services Pte. Ltd.), Singapore	SQS BFSI Inc. (Formerly Thinksoft Global Services Inc.), USA	Thinksoft Global Services (Europe) GmbH, Germany	SQS BFSI UK Ltd (Formerly Thinksoft Global Services UK Ltd.), UK	SQS BFSI FZE (Formerly Thinksoft Global Services FZE.), UAE
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) 45.63 (SGD VS INR as on 31.03.2015)	US Dollars (USD) 62.59 (USD VS INR as on 31.03.2015)	Euro 67.51 (Euro VS INR as on 31.03.2015)	Great British Pound (GBP) 92.46 (GBP VS INR as on 31.03.2015)	United Arab Emirates Dirham (AED) 17.07 (AED VS INR as on 31.03.2015)
Share capital (in Mn)	2.66	4.62	2.71	24.17	8.70
Reserves & surplus (in Mn.)	42.80	39.43	5.99	46.40	33.22
Total assets (in Mn.)	55.55	67.13	9.41	86.47	56.52
Total Liabilities (in Mn.)	10.09	23.08	0.71	15.90	14.60
Investments (in Mn.)	Nil	Nil	Nil	Nil	Nil
Turnover (in Mn.)	78.03	256.66	Nil	181.44	177.98
Profit / (Loss) before taxation (in Mn.)	3.17	18.39	(2.22)	6.72	13.23
Provision for taxation (in Mn.)	0.60	5.54	(0.95)	2.26	Nil
Profit /(Loss) after taxation (in Mn.)	2.57	12.85	(1.27)	4.46	13.23
Proposed Dividend	Nil	Nil	Nil	Nil	Nil
% of shareholding	100%	100%	100%	100%	100%

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

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

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

PKF Sridhar & Santhanam **For and on behalf of the Board of Directors**

Chartered Accountants

Firm Registration No. 003990S

T V Balasubramanian

Partner

(Membership No. 027251)

David Bellin

Chairman & Director

Dr. Martin Müller

Managing Director & CEO

N Vaidyanathan

CFO

S Akila

Company Secretary

Place : Chennai

Date : April 23, 2015

Place : Chennai

Date : April 23, 2015

Annexure - III

Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2015

[Pursuant to section 92(3) 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 (formerly Thinksoft Global Services Limited)
Category / Sub-Category of the Company	:	Company Limited by 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.+91 44 4392 3200
Whether listed company Yes / No	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032. Ph. +91 40 6716 2222

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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	54.56%	2(46)
2	SQS BFSI Pte. Ltd (formerly Thinksoft Global Services Pte Ltd) North Bridge, #19-04/05 High Street Centre, Singapore 179094	MAWAZ20020072	Subsidiary	100%	2(87)

SI.No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN /UIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
3	SQS BFSI Inc. (formerly Thinksoft Global Services Inc) SBS Centre, Office No.38, 3rd Floor, 500 Mamaroneck Avenue, Suite 320, Harrison, New York 10528	MAWAZ20030150	Subsidiary	100%	2(87)
4	Thinksoft Global Services (Europe) GmbH, Buttenweg 5, 55545 BAD KREUZNACH, GERMANY	MAWAZ20060016	Subsidiary	100%	2(87)
5	SQS BFSI UK Ltd (formerly Thinksoft Global Services UK Ltd) 7-11 Moorgate, London, EC2R 6AF, United Kingdom.	MAWAZ20100903	Subsidiary	100%	2(87)
6	SQS BFSI FZE (formerly Thinksoft Global Services FZE) P .O Box no 50989, Harmiyah Free Zone, Sharjah, UAE	MAWAZ20120523	Subsidiary	100%	2(87)

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

i) Category-wise Share Holding:

Category Code	Category of Share Holder	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	2,673,697	-	2,673,697	26.04	5,753,801	-	5,753,801	54.56	28.52
(c)	Institutions	-	-	-	-	-	-	-	-	-

Category Code	Category of Share Holder	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	
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2)	2,673,697	-	2,673,697	26.04	5,753,801	-	5,753,801	54.56	28.52
	Total A=A(1)+A(2)	2,673,697	-	2,673,697	26.04	5,753,801	-	5,753,801	54.56	28.52
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds / UTI	397,000	-	397,000	3.87	635,469	-	635,469	6.03	2.16
(b)	Financial Institutions /Banks	-	-	-	-	5,514	-	5,514	0.05	0.05
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	25,500	-	25,500	0.25	100,410	-	100,410	0.95	0.70
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1)	422,500	-	422,500	4.11	741,393	-	741,393	7.03	2.92
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	776,867	-	776,867	7.57	475,540	-	475,540	4.51	-3.06
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1,713,406	2,015	1,715,421	16.71	1,642,794	2,015	1,644,809	15.60	-1.11
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4,447,600	-	4,447,600	43.32	1,819,021	-	1,819,021	17.25	-26.07
(c)	Others	-	-	-	-	-	-	-	-	-

Category Code	Category of Share Holder	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	
	ClearingMembers	114,080	-	114,080	1.11	10,345	-	10,345	0.10	-1.01
	Non Resident Indians	117,516	-	117,516	1.14	100,390	-	100,390	0.95	-0.19
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2)	7,169,469	2,015	7,171,484	69.85	4,048,090	2,015	4,050,105	38.41	-31.44
	Total B=B(1)+B(2)	7,591,969	2,015	7,593,984	73.96	4,789,483	2,015	4,791,498	45.44	-28.52
	Total (A+B)	10,265,666	2,015	10,267,681	100.00	10,543,284	2,015	10,545,299	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)	10,265,666	2,015	10,267,681	100	10,543,284	2,015	10,545,299	100	-

(ii) Shareholding of Promoters:

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	SQS SOFTWARE QUALITY SYSTEMS AG, GERMANY	2,673,697	26.04	-	5,753,801	54.56	-	28.52
	TOTAL	2,673,697	26.04	-	5,753,801	54.56	-	28.52

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

SI 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	2,673,697	26.04	-	-
2	Off Market Purchase pursuant to Share Purchase Agreement dated November 08, 2014 on April 02, 2014	2,318,301	22.58	4,991,998	48.62
3	Off Market Purchase pursuant to Share Purchase Agreement dated November 08, 2014 on April 03, 2014	485,570	4.73	5,477,568	53.35
4	Open Market Purchase on December 04, 2014	226,233	2.18	5,703,801	54.89
5	Open Market Purchase on February 12, 2015	50,000	0.47	5,753,801	54.56
6	At the End of the year	5,753,801	54.56		

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

SI No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding 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	IDFC Equity Opportunity - Series 1	-	-	255,036	2.42
2	Kalpraj Damji Dharamshi	150,000	1.46	200,000	1.90
3	Hemang Raichand Dharmshi	150,000	1.46	150,000	1.42
4	L&T Mutual Fund Trustee Ltd - L&T Tax Advant	78,649	0.77	133,031	1.26
5	Bhadra Jayantilal Shah	70,000	0.68	100,000	0.95
6	Ravindra Raichand Dharamshi	100,000	0.97	100,000	0.95
7	L&T Mutual Fund Trustee Ltd-L&T India Spec	105,800	1.03	81,127	0.77
8	Navinchandra S Shah	79,169	0.77	79,169	0.75
9	Zaki Abbas Nasser	-	-	70,000	0.66
10	Kamlesh N Shah	-	-	60,681	0.58

(v) Shareholding of Directors and Key Managerial Personnel:

SI 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	117,692	1.14	-	-
2	Sale of shares on September 09, 2014	60,000	0.58	57,692	0.56
3	At the End of the year	57,692	0.56	-	-
	Dr. S. Rajagopalan				
1	At the beginning of the year	1,000	0.01	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change during the year		-	-
3	At the End of the year	1,000	0.01	-	-
	Mr. K. Kumar				
1	At the beginning of the year	1,000	0.01	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change during the year		-	-
3	At the End of the year	1,000	0.01	-	-
	Other 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			

SI 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. Vaidyanathan N, Chief Financial Officer				
1	At the beginning of the year	36,143	0.34	-	-
2	Open Market Sale on December 24, 2014	1,000	0.01	35,143	0.34
3	Open Market Sale on December 30, 2014	80	0.001	35,063	0.34
4	Open Market Sale on January 02, 2015	8,000	0.08	27,063	0.26
5	Allotment of ESOP on January 22, 2015	18,000	0.17	45,063	0.43
6	Open Market Sale on March 03, 2015	11,988	0.11	33,075	0.31
7	Open Market Sale on March 04, 2015	8,002	0.08	25,073	0.24
8	At the End of the year	25,073	0.24	-	-
	Other KMPs				
1	At the beginning of the year	None of the other KMP holds shares in the Company			
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	None of the other KMP holds shares in the Company			
3	At the End of the year	None of the other KMP holds shares in the Company			

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	119.41	-	-	119.41
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	119.41	-	-	119.41
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	(23.08)	-	-	(23.08)
Net Change	(23.08)	-	-	(23.08)
Indebtedness at the end of the financial year				
i) Principal Amount	96.33	-	-	96.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	96.33	-	-	96.33

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Dr. Martin Müller MD & CEO

SI No.	Particulars of Remuneration	Amount (Rs. in Mn)
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	14.23
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	4.23
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	NIL
2	Stock Options	NIL
3	Sweat Equity	NIL
4	Commission ##	2.56
	- as % of profit	
	- others, specify....	
5	Others, please specify	NIL
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	
	ii. Retirals	
	Total (A)	21.02

provision made in the books for which payment will be made during the FY 2015-16

B. Remuneration to other Directors:

Independent Directors	Mr. K. Kumar	Dr. S. Rajagopalan	Mr. Rajiv Kuchhal	Mr. Ulrich Bäumer	Ms. Lilian Jessie Paul	Total Amount (Rs. in Mn)
Fee for attending Board / Committee Meetings	0.32	0.36	0.23	0.04	0.04	0.98
- Commission **	0.46	0.46	0.46	0.46	0.23	2.07
- Others, please specify	-	-	-	-	-	-
Total (1)	0.78	0.82	0.69	0.50	0.27	3.05
Other Non Executive Directors: Mr. David Belin						
Fee for attending Board / Committee Meetings						0.21
- Commission **						0.46
- Others, please specify						-
Total (2)						0.67
Total (B) = (1)+ (2)						3.72

** provision made in the books for which payment will be made during the FY 2015-16

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

SI No.	Particulars of Remuneration	Mr. N. Vaidyanathan CFO	Ms. S. Akila Company Secretary	Total Amount (Rs. in Mn)
		(A)	(B)	(A+B)
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	11.15	1.71	12.86
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961 @@	10.59	-	10.59
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	NA	NA	-
3	Sweat Equity	NA	NA	-
4	Commission	NA	NA	-
	- as % of profit			
	- others, specify....			
5	Others, please specify	NA	NA	-
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	-	-	-
	ii. Retirals	-	-	-
	Total (A)	21.74	1.71	23.45

@@ perquisites value considered for ESOP exercised during the year .

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
(formerly Thinksoft Global Services Limited)

Place : Chennai

Date : May 18, 2015

David Bellin
Chairman & Director

Annexure - IV

Form No AOC-2

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

Details of Related Party Transactions

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

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

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

Sl. No.	Name of the related party and nature of relationship	SQS Software Quality Systems AG, Germany (Holding Company)	SQS BFSI UK Ltd (formerly Thinksoft Global Services UK Ltd), UK (Subsidiary)	SQS BFSI Pte. Ltd. (formerly Thinksoft Global Services Pte Ltd), Singapore (Subsidiary)	SQS BFSI Inc. (formerly Thinksoft Global Services Inc), USA (Subsidiary)	SQS BFSI FZE (formerly Thinksoft Global Services FZE), UAE (Subsidiary)
(a)	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
(b)	Duration of the contracts/arrangements/transactions	1 year from April 1, 2014 till March 31, 2015.	2 years from April 1, 2014 till March 31, 2016	2 years from April 1, 2014 till March 31, 2016	2 years from April 1, 2014 till March 31, 2016	2 years from April 1, 2014 till March 31, 2016

Sl. No.	Name of the related party and nature of relationship	SQS Software Quality Systems AG, Germany (Holding Company)	SQS BFSI UK Ltd (formerly Thinksoft Global Services UK Ltd), UK (Subsidiary)	SQS BFSI Pte. Ltd. (formerly Thinksoft Global Services Pte Ltd), Singapore (Subsidiary)	SQS BFSI Inc. (formerly Thinksoft Global Services Inc), USA (Subsidiary)	SQS BFSI FZE (formerly Thinksoft Global Services FZE), UAE (Subsidiary)
(c)	Salient terms of the contracts or arrangements or transactions including the value, if any	i. From Subsidiary to Holding Company – GBP 1,250,000; From Holding to Subsidiary Company – GBP 2,000,000	i. From Subsidiary to Holding Company – GBP 2,290,000; From Holding to Subsidiary Company – GBP 1,000,000 and ii. From Subsidiary to Holding Company – GBP 400,000	i. From Subsidiary to Holding Company – SGD 1,490,000; From Holding to Subsidiary Company – SGD 2,000,000 and ii. From Subsidiary to Holding Company – SGD 400,000	i. From Subsidiary to Holding Company – USD 3,780,000; From Holding to Subsidiary Company – USD 500,000 and ii. From Subsidiary to Holding Company – USD 1,700,000	i. From Subsidiary to Holding Company – AED 7,330,000; From Holding to Subsidiary Company – AED 1,000,000 and ii. From Subsidiary to Holding Company – AED 4,000,000
(d)	Justification for entering into such contracts or arrangements or transactions	Business requirement	Business requirement	Business requirement	Business requirement	Business requirement
(e)	Date of approval by the Board	i. April 23, 2014	i. June 02, 2014 and ii. October 30, 2014	i. June 02, 2014 and ii. October 30, 2014	i. June 02, 2014 and ii. October 30, 2014	i. June 02, 2014 and ii. October 30, 2014
(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
(formerly Thinksoft Global Services Limited)**

Place : Chennai
Date : May 18, 2015

David Bellin
Chairman & Director

Annexure - V

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

[Pursuant to Section 135 of Companies Act, 2013 r/w Rule 9 of Companies (Corporate Social Responsibility Policy) 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.

SQS India BFSI Limited is committed to on-going contribution to Society through a comprehensive CSR framework. The CSR policy broadly covers the initiatives in the "Supporting Differently Abled" area.

SQS through this initiative will support organizations which assist the differently-abled. It will support by way of financial aid, while sensitizing its employees and society at large to play an active role in establishing an inclusive society.

For the FY 2014-15, SQS identified an organization which works with children and young adults with cerebral palsy and other neurological disabilities.

The direct contribution provided by us to the identified organization is used for the following:

Area of work:

- Family Based Rehabilitation
- Education
- Livelihood
- Youth Programme
- Advocacy
- Training
- Community Based Rehabilitation

Funds raised through an event:

- For salary of staff
- School maintenance

Web-link to the CSR policy: <http://www.sqs-bfsi.com/investors/corporate-governance-policies.php>

2. The Composition of the CSR Committee.

- a Dr. S. Rajagopalan
- b Mr. K. Kumar
- c Dr. Martin Müller

3. Average Net Profit of the Company for past three financial years (computed u/s 198) Rs. 2,352.45 lakhs.

4. Prescribed CSR Expenditure (Two Percent of amount as in Item 3 above) Rs. 47.05 lakhs.

5. Details of CSR spent during the Financial Year:

- a. Total amount to be spent for the financial year - Rs. 47.05 lakhs
- b. Amount unspent, if any - Nil

c Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs <u>Sub heads:</u> 1. Direct Expenditure on projects or programs 2. Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Prime Minister Relief Fund	A. Flood Relief in J&K – Rs. 2,35,000/- B. Rehabilitation of those affected by the Disaster Rs. 16,000	-	-	Rs. 251,000	Rs. 251,000	Direct - : Prime Minister's Office, South Block, New Delhi-110011
2	Vidya Sagar (Formerly The Spastics Society Of India)	Education - Supporting Differently Abled (Cerebral palsy)	Chennai	For the areas identified	Rs. 455,725	Rs. 455,725	Direct
3	Vidya Sagar (Formerly The Spastics Society Of India)	Education - Supporting Differently Abled (Cerebral palsy)	Chennai	Through an event "Sadya"	Rs. 600,000	Rs. 600,000	Direct
4	Vidya Sagar (Formerly The Spastics Society Of India)	Education - Supporting Differently Abled (Cerebral palsy)	Chennai	Through Endowment fund for the areas identified	Rs. 3,400,000	Rs. 3,400,000	Direct
	TOTAL				Rs. 4,706,725	Rs. 4,706,725	

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

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

Place : Chennai

Date : April 23, 2015

Dr. Martin Müller

Managing Director & CEO

Dr. 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 Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees

Sl. No.	Employee Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of equity shares held **
1	Aarti Arvind	Executive Vice President	11,029,378	B.Sc, MBA	17	1-Dec-2004	40	Manager - Vanaraj & Company	0.00
2	Anand S	Head - Human Resources	7,975,568*	M Com	25	18-Aug-2011	46	Head HR, Cosmo Films Limited	0.04
3	Dr.Martin Müller	Managing Director	18,460,037	PhD (Eco)	24	1-Jul-2014	49	Director, Software Quality Systems AG, Germany	0.00
4	Judson Daniel Jm	Project Manager	6,555,232	B. Com, MCA	12	20-Feb-2003	36	First Employment in Thinksoft	0.00
5	Karthikeyan V S	Senior Manager - Commercial Management	11,382,259*	BE (Mech)	16	2-May-2001	37	Quality Analyst , California Software Co. Ltd	0.16
6	Meera Krishnan	Vice President	11,099,356*	MSc (Maths)	32	11-Jun-2001	51	Deputy Manager - Systems, EID Parry India Limited	0.09
7	Muraii P	Vice President-Finance	12,151,725*	B.A(Eco), FCA	28	13-Feb-2006	53	Sr. Manager (Finance) - Telesis Global Solutions Limited	0.14
8	Phani Tangirala	Senior Vice President - Delivery Services	18,699,909*	B.A	24	23-Sep-2010	44	Project Director, SSP India Private Limited	0.14
9	Pushpavaneswaran V	Senior Project Manager	6,581,031*	B.Sc(Mat), ACA	17	4-Aug-2003	48	Senior Business Consultant, Nalli SoftSolutions, Chennai	0.06
10	Rajiv G Gada	Associate Vice President - Delivery Services	7,152,392*	B.Com	19	3-Mar-2010	43	Business Analyst - Support, Calypso Technologies India Pvt. Ltd	0.16

Sl. No.	Employee Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of equity shares held **
11	Ram Gudur	Country Sales Manager - Singapore	6,854,050*	B.Com, PGDBA	21	1-Jul-2010	41	Vice President - Business Development, Espire Infolabs	0.13
12	Ramakrishnan R	Associate Vice President - Delivery Services	9,039,757*	BSc, ACA	16	4-Apr-2003	45	Senior Business Consultant, Nalli SoftSolutions	0.14
13	Srinath P	Vice President - Technology & Infrastructure	21,200,383*	Bcom, AICWA	22	2-Jun-2000	41	SAP Consultant, Maars Software International Limited	0.15
14	Sudha Kiran P	Principal Consultant	13,801,013*	B. Tech (Mech)	18	27-Aug-2001	49	First Employment in Thinksoft	0.18
15	Taral Shah	Senior Vice President - Delivery Services	10,797,242*	B.Com, DCA	25	6-Jan-2004	49	Assistant Manager, Unit Trust of India AMC Pvt. Ltd.	0.21
16	Vaidyanathan.N	Chief Financial Officer	21,739,940*	B.Sc. FCA	39	1-Sep-2005	62	Sr.Vice President & CFO - Polaris Software Lab Limited	0.24

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

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

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

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

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 five lakh rupees per month

Sl.No.	Name	Designation	Remuneration in Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of Equity shares held **
1	Nandkishore	Executive Vice President	4,471,969	MBA	23	14-Feb-2002	43	Manager - Marketing Planning, Caltex	0.19
2	Srinivasan R	Global Head BFSI	19,318,024*	B.Sc, MFM	24	14-Jul-2010	46	Sr. Vice President- IBEXI Global Solutions Pvt. Limited	0.45

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

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

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

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

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 Rs.	Qualification	Experience (No. of years) (Overall experience including SQS)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of Equity shares held **
NIL									

** 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

For and on behalf of Board of Directors of
SQS India BFSI Limited (Formerly Thinksoft Global Services Limited)

David Bellin
 Chairman & Director

Place : Chennai
Date : May 18, 2015

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:

SI.No.	Name of the Director	Ratio of the remuneration of director to the median employee remuneration
1	Mr. David Bellin	0.87 : 1 (1 denotes Median Salary)
2	Dr. Martin Müller	40 : 1 (1 denotes Median Salary)
3	Mr. K.Kumar	0.87 : 1 (1 denotes Median Salary)
4	Dr. S. Rajagopalan	0.87 : 1 (1 denotes Median Salary)
5	Mr.Rajiv Kuchhal	0.87 : 1 (1 denotes Median Salary)
6	Mr. Ulrich Bäumer	0.87 : 1 (1 denotes Median Salary)
7	Ms. Lilian Jessie Paul	0.43 : 1 (1 denotes Median Salary)

Provision made in the books for which payment will be made during the FY 2015-16

2 Percentage increase in remuneration:

SI.No.	Name	Designation	Percentage increase/ decrease in remuneration
1	Mr. David Bellin	Chairman	119% increase compared to previous year*#
2	Dr. Martin Müller	Managing Director & CEO	First year of appointment (wef July 2014). Hence not applicable
3	Mr. K.Kumar	Director	46% decrease compare to last year*
4	Dr. S. Rajagopalan	Director	46% decrease compare to last year*
5	Mr.Rajiv Kuchhal	Director	46% decrease compare to last year*
6	Mr. Ulrich Bäumer	Director	119% increase compare to last year*#
7	Ms. Lilian Jessie Paul	Director	First year of Remuneration paid during the FY 14-15; Hence % of inc / dec is not applicable.*
8	Mr. Vaidyanathan. N	CFO	126% increase (includes perquisite value of ESOPs).
9	Ms. S. Akila	Company Secretary	5% increase

* The working is based on provisions made for Commission for the respective years.

In the previous year, was holding the office for 3 months, compared to 12 months this year.

3 Percentage increase in the median remuneration of employees:

The percentage of increase in the Median employee remuneration is 17% as compared to the previous year.

4 Permanent Employees:

The Number of Permanent Employees on the rolls of the Company as on March 31, 2015 is 767 employees.

5 Relationship between average increase in remuneration and company performance:

Average increase in Remuneration overall	9%
Company Performance in terms of Revenue Compared to Previous Year	10%

6 Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Remuneration of KMP as compared to Revenue for the year	2.1%
---	------

7 Other details:

S.No.	Particulars	Remarks
a	Variations in the market capitalisation	Increase by 85.8%
b	Price earnings ratio as at the closing date of the current financial year i.e. March 31, 2015	32.59
c	Price earnings ratio as at the closing date of the previous financial year i.e. March 31, 2014	12.98
d	Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer	Increase by 356%
e	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year	During the FY 13-14, the overall salary increased to the employees around 8%
f	Percentile increase in managerial remuneration	During the FY 13-14, the managerial remuneration increased by 35% compared to previous year.
g	The comparison with the percentile increase in the employee remuneration with managerial remuneration and justification thereof	The increase in employee remuneration of 8%, is based on appraisals and evaluations. Compared to last financial year the managerial remuneration Increased by 35%. The increase is mainly due to payment of commission based on performance/profitability
h	Any exceptional circumstances for increase in the managerial remuneration	N.A.

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

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

9 Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

The remuneration of the Key Managerial Personnel are as follows:

S.No.	Name of the KMP	Remuneration as a percentage of Revenue
1	Dr. Martin Müller	1.0%
2	N. Vaidyanathan	1.0%
3	S. Akila	0.1%

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

S.No.	Name of the employee	Ratio in excess of remuneration of the highest paid director	Remarks
1	Vaidyanathan.N	1.18 : 1 (1 denotes remuneration of the highest paid director)	a) Remuneration of the employees includes perquisites value for ESOPs exercised during the year. b) The remuneration paid to Director is for 9 months only.
2	Srinath.P	1.15 : 1 (1 denotes remuneration of the highest paid director)	
3	Srinivasan.R	1.05 : 1 (1 denotes remuneration of the highest paid director)	
4	Phani Tangirala	1.01 : 1 (1 denotes remuneration of the highest paid director)	

11 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
(Formerly Thinksoft Global Services Limited)

Place : Chennai
Date : May 18, 2015

David Bellin
Chairman & Director

Annexure - VII

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2014-15

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 us 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 year ended March 31, 2015 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 year ended March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (vi) The Industrial Disputes Act, 1949.
- (vii) The Tamil Nadu Shops and Establishments Act, 1947.
- (viii) Employees' Provident Funds & Misc. Provisions Act, 1952.
- (ix) Employees' State Insurance Act, 1948.
- (x) Payment of Bonus Act, 1965.
- (xi) Payment of Gratuity Act, 1972.
- (xii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- (xiii) The Contract Labour (Regulation and Abolition) Act, 1970.
- (xiv) Tamil Nadu Labour Welfare Fund Act, 1972.
- (xv) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959.
- (xvi) Tamil Nadu Tax on Professions, Trade & Calling Act.
- (xvii) The Tamil Nadu Payment of Subsistence Allowance Act, 1981.
- (xviii) Maternity Benefit Act, 1961.
- (xix) Special Economic Zone Act, 2005.
- (xx) Payment of Wages Act, 1936.
- (xxi) Minimum Wages Act, 1948.
- (xxii) TN Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981.

I have also examined compliance with the Listing Agreements entered into by the Company with Stock Exchange(s).

During the period under review, I observed that the Company has complied with applicable statutory provisions as stated above, Rules, Regulations, and Guidelines made thereunder.

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 at least seven days in advance.

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 during the audit period, there are no instances of:

1. Public / Rights / Preferential issue of shares / debentures / sweat equity.
2. Redemption / buy-back of securities.
3. Merger / amalgamation / reconstruction etc.
4. Foreign technical collaborations.

Place : Chennai

Date : April 17, 2015

For M.Alagar & Associates

M. Alagar

FCS No: 7488

C P No.: 8196

Management Discussion and Analysis

Business Overview:

The IT market is dynamic and challenging but as part of a larger group SQS India BFSI Ltd is better able to focus on building and winning bigger, longer term assignments and achieving a better balance between onsite and offshore revenues. Our group size and capability to deliver testing services to big customers position us to win larger assignments. SQS India BFSI Ltd is now a major player within the SQS Software Quality Systems group of companies. BFSI business accounts for more than 50% of group revenues and management sees significant growth opportunities in US, UK and rest of Europe.

During this fiscal our focus has been to integrate internally, expand internationally, and serve clients more broadly and deeply. The basic integration between the Company and SQS AG has been successfully completed during 2014-15 and we are now in a continuous development mode, internally and in collaboration with the rest of the Group. We expect more synergies between BFSI and the global organization to coalesce in the coming year. A key objective for the SQS India BFSI management is to continue to integrate further to exploit the increased scale and new market opportunities that a larger entity presents.

Revenue from onsite services increased slightly from 53% to 55% due to the addition of new customers where initial requirements were onsite; plus existing customers requiring short term increases in onsite projects. We are confident that many of these engagements will be migrated offshore, in line with the company's offshore centric model.

We saw improvements in the quality of business with the number of clients generating over \$1 million in revenue growing from 7 to 11. Also, repeat business from existing clients grew by more than 24%. Our strategy to engage in higher value assignments increased average revenue per client by 16% to \$448,000. A majority of engagements are now Managed Services which improves margins and increases customer loyalty.

To benchmark our service quality and satisfaction the management commissioned an independent survey from Feedback Consulting Services. We can report a very high level of customer satisfaction for delivery and quality of services. It confirms our belief that SQS BFSI significantly differentiates itself from competitors through domain knowledge, value for money, advocacy and overall satisfaction rates.

By geography, our focus continues to be on the US and Europe, but we have also tapped into new business opportunities in the Middle East and Asia. All regions are anticipated to grow in absolute terms but the long term strategy is to increase the revenue share from the US significantly, in line with industry peers. To achieve this objective we have strengthened the sales and pre-sales teams in the US.

Banking continues to be the strongest practice and showed consistent growth, up 27% to \$18.4m compared to the previous year's \$14.6 mn. The insurance segment grew by 75% to \$1.54 mn.

Through a vigorous focus on optimisation, retention and skill enhancement, utilisation improved and was close to 70% while attrition improved and is now below 17%, better than the industry average. We continue to invest in building the competencies and skills for our staff with an average of 50 hours training per employee. This covers domain knowledge, testing methods and procedures, automation and soft skill trainings. More than 50 employees have been trained in German and over 20 already have level A1 language certification in anticipation of starting offshoring requirements from Germany, Austria and Switzerland.

In summary, the results for 2014-2015 were made possible by a clear focus on employees, existing customers, key markets and operational excellence.

Software Testing Market and global outlook:

Increasingly the testing industry needs a deep understanding of the business trends reshaping industries. In BFSI increased compliance, more challenging regulatory environments and security risks all call for increased industrialization of software testing. We need to provide more test coverage, within tighter timetables and more demanding client budgets. We see global GDP growth rates below expectations in many territories and many clients adopting major cost reduction programs to meet their own investors' expectations.

Changes and uncertainty in the markets we serve also present new opportunities, especially where we see companies struggling to deploy efficient software testing strategies and effective software quality management. How organizations interact with customers and stakeholders is subject to ever more rapid change involving software across mobile, cloud computing, big data and cyber security. The company is positioning itself to provide truly independent advice and testing solutions to help clients through these challenges while gradually moving away from regular testing services towards more managed services and specialist consulting.

For discerning clients the value provided by an independent testing company is attractive, especially when test automation helps control budgets. Clients acknowledge added value when we offer global delivery within a flexible model for onsite and offshore. We are building longer and deeper partnerships with clients to help manage their software objectives and multiple supplier projects. A recent Nelson Hall report predicted that testing, contracted as a standalone service, would continue to outperform the overall IT services market with annual growth rates of 10%. SQS India BFSI achieved a revenue growth of 10% in line with the market. For the next three years Nelson Hall expects nearly stable growth rates for the testing specific IT spending.

Opportunities and risks:

The company will focus on opportunities to offer specialist advice, more attentive customer service, flexible on site/offshore delivery and through automation more testing for less cost. For BFSI clients, SQS India BFSI will be at the heart of that delivery. In our sales activities we continue to follow a dual approach: regionally based sales teams developing new sales opportunities; delivery teams working closely with customers to grow existing client engagements.

An important initiative to support this approach is the creation of "Testing Centers of Excellence" (TCoE) for BFSI organizations. TCoEs are bespoke testing structures implanted into Banks or Insurance companies own testing space. Processes match or exceed global best practices but can reduce operational costs and time to market, while increasing value and ROI. A core part of the software testing industrialization is to automate the process for repeatable test cases. There has been a significant rise in client's interest in "Test Automation". To cater for this demand we are continuously improving our Test Automation Framework by best practice experience from all group wide served projects.

The company is set for growth and, most importantly, well positioned to meet clients' demanding expectations in managing their ever more critical IT projects.

Internal Controls Systems and their adequacy:

The CEO and CFO of the company have provided a certificate, which forms 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 (Formerly Thinksoft Global Services 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.

Composition

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

As on March 31, 2015, the Board of Directors ("Board") comprises of nine members out of which one is an Executive Director, three are Non-Executive Directors and five are Non-Executive - Independent Directors. The Chairman of the Board is a Non-Executive Director. The optimum combination of Executive, Non-executive and Independent Directors ensure independence of the Board and separation of Board function from governance and management.

During the year Mr. Ralph Gillessen and Mr. Riccardo Brizzi, Directors of the Company resigned from the Board with effect from June 21, 2014

During the year, Mr. K. Kumar, Dr. S. Rajagopalan, Mr. Rajiv Kuchhal and Mr. Ulrich Bäumer were appointed as Independent Directors as per the Companies Act, 2013.

During the year Ms. Lilian Jessie Paul was appointed as an Additional (Independent) Director by the Board of Directors of the Company with effect from October 30, 2014.

As mandated under Clause 49 of the Listing Agreement with the Stock Exchanges, none of the Directors are a member of more than ten Board Level Committees nor any of them are Chairman of more than five Board level Committees, in which they are members.

Board Meetings

Eight 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 03, 2014, April 23, 2014, June 02, 2014, June 13, 2014, June 21, 2014, July 24, 2014, October 30, 2014 and January 22, 2015.

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 2014-15			Whether attended last AGM held on July 24, 2014
		Held	Held after Appointment	Attended	
Dr. Martin Müller	Managing Director	8	8	8	Yes
Mr. David Bellin	Chairman & Non-Executive Director	8	8	6	Yes
Mr. Gireendra Kasmalkar	Non-Executive Director	8	8	5	Yes
Mr. René Gawron	Non-Executive Director	8	8	6	Yes
Mr. Ralph Gillessen [#]	Non-Executive Director	8	4	1	NA
Mr. Riccardo Brizzi [#]	Non-Executive Director	8	4	1	NA
Dr. S. Rajagopalan	Independent & Non-Executive Director	8	8	8	Yes
Mr. K Kumar	Independent & Non-Executive Director	8	8	6	Yes
Mr. Rajiv Kuchhal	Independent & Non-Executive Director	8	8	7	Yes
Mr. Ulrich Bäumer	Independent & Non-Executive Director	8	8	2	Yes
Ms. Lilian Jessie Paul [@]	Additional (Independent) & Non-Executive Director	8	2	2	NA

[#] resigned as Director with effect from June 21, 2014

[@] appointed as Director with effect from October 30, 2014

Notes:

- None of the Directors holds directorships in any other Indian Public Limited Companies and does not hold Membership/Chairpersonship of any Committee(s) in other Indian Public Limited Companies (listed and unlisted).
- None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- During the year, information as mentioned in Annexure XI to Clause 49 of the Listing Agreements 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 noting.

3. Audit Committee:

Composition, name of the members and Chairman

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013.

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.

During the year the Mr. David Bellin has stepped down from being a member of Audit Committee, since his independence status was changed. The Board of Directors, in their meeting held on July 24, 2014 re-constituted the Audit Committee by accepting his stepping down from the Audit Committee.

The members of the re-constituted Audit Committee are as follows:

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

Meetings and attendance during the year

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 23, 2014, July 24, 2014, October 30, 2014 and January 22, 2015.

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 2014-15	
		Held	Attended
Mr. K. Kumar	Chairman	4	4
Dr. S. Rajagopalan	Member	4	4
Mr. Rajiv Kuchhal	Member	4	3
Mr. David Bellin**	Member	4	2
Mr. René Gawron	Member	4	4

** Resigned from Audit Committee w.e.f July 24, 2014

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 Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Mr. K. Kumar, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on July 24, 2014.

4. Nomination and Remuneration Committee:

Nomination and Remuneration Committee was constituted to discharge the Board's responsibilities related to performance evaluation, formulating policy for selection and appointment of directors and KMP, appointment and compensation of the Company's executive directors / KMP. The committee has the overall responsibility of approving and evaluating the compensation plans, policies and programs for executive directors. The Committee is entitled to formulate various policies as required under Clause 49 of the Listing Agreement.

The Committee is a non-mandatory Committee as per Clause 49 of the erstwhile Listing Agreement and at present this committee has been made a mandatory by the revised clause 49 of the Listing Agreement.

I. Brief description of terms of reference:

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To review the Company’s remuneration policy on specific remuneration packages to Executive Directors including pension rights and any compensation payment while striking a balance with the interest of the Company and the shareholders.
- To approve the Annual Remuneration Plan of the Company.

To formulate the Employees Stock Option Scheme in accordance with the relevant regulations/guidelines for the time being in force and recommend the same to the Board for its consideration. Administration of ESOP Scheme as stipulated under SEBI (Share Based Employee Benefits) Regulations, 2014 .

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

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

Four Nomination and Remuneration Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: April 23, 2014, May 29, 2014, October 20, 2014 and March 17, 2015.

The names 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 2014-15	
		Held	Attended
Mr. K. Kumar	Chairman	4	4
Dr. S. Rajagopalan	Member	4	4
Mr. Rajiv Kuchhal	Member	4	3
Mr. David Bellin	Member	4	4

III. Remuneration policy:

As required under Clause 49 (IVB) of the Listing Agreement 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

The evaluation Criteria is provided elsewhere in the Annual Report.

IV. Details of Remuneration for the year ended March 31, 2015:

The disclosure on the remuneration of directors as required under Clause 49 VIII C of the Listing Agreement is as follows:

a) (i) Non-Executive Directors:

Name of the Director	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. David Bellin	460,000	213,600	673,600
Mr. Gireendra Kasmalkar	Nil	Nil	Nil
Mr. K. Kumar	460,000	320,400	780,400
Dr. S. Rajagopalan	460,000	356,000	816,000
Mr. Rajiv Kuchhal	460,000	231,400	691,400
Mr. René Gawron	Nil	Nil	Nil
Mr. Ulrich Bäumer	460,000	35,600	495,600
Ms. Lilian Jessie Paul	230,000	35,600	265,600

(ii) Executive Directors:

Compensation to the Managing Director is paid as per the Service Agreements entered with him subject to the limits specified as per the provisions of the Companies Act, 2013.

Amt in Rs.

Sl. no.	Particulars of Remuneration	Dr. Martin Müller MD & CEO
1	Gross Salary	18,460,037
2	Stock Options	NIL
3	Sweat Equity	NIL
4	Commission #	2,560,000
5	Others	NIL
	Total	21,020,037

Provision made in the book for which payment will be made during FY 15-16

The Gross Salary given in Point a (ii) above includes the Performance based incentive for year 2014-15. The agreement with Managing Director is for a period of 2.5 years. 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.

b) Stock option details

Details of Stock option given to the directors on or before 31st March 2014 and current status of the same as on March 31, 2015

S.No	Name	Shares held as on March 31, 2015	Stock Option held as on March 31, 2015
1	Mr. K. Kumar	1,000	10,000
2	Dr. S. Rajagopalan	1,000	10,000
3	Mr. Rajiv Kuchhal	57,692	10,000
	TOTAL	59,692	30,000

Note: None of the above Directors have exercised any stock options during the year.

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.

5. 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 23, 2014, July 24, 2014, October 30, 2014 and January 22, 2015.

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 2014-15	
		Held	Attended
Dr. S. Rajagopalan	Chairman	4	4
Mr. K. Kumar	Member	4	4
Dr. Martin Müller	Member	4	4

Ms. S. Akila, Company Secretary has been designated as the Compliance Officer of the Company in compliance with the Listing Agreement with the Stock Exchanges.

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

Number of Complaints* received during the year	7
Number of Complaints resolved during the year	7
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Complaints pending as on March 31, 2015	NIL

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

6. 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 dates on which the said meetings were held are as follows: July 18, 2014, October 27, 2014, February 09, 2015 and March 16, 2015.

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 2014-15	
		Held	Attended
Dr. S. Rajagopalan	Chairman	4	4
Mr. K. Kumar	Member	4	4
Dr. Martin Müller	Member	4	2

7. Independent Directors' Meeting

The meeting of Independent Directors of the Company was held on March 23, 2015. All the Independent Directors of the Company except Mr. Ulrich Bäumer has participated in the said meeting. In the meeting, the Independent Directors have

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

8. General Body Meetings:

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

Details	Date	Time	Venue
Annual General Meeting 2011-12	July 25, 2012	3.30 p.m	The Music Academy, Kasturi Srinivasan Hall (Mini Hall), No. 168, TTK Road, Royapettah, Chennai-600014.
Annual General Meeting 2012-13	July 25, 2013	3.30 p.m	Rani Seethai Hall, No.603, Anna Salai, Chennai-600006.
Annual General Meeting 2013-14	July 24, 2014	3.30 p.m	Sri Thyaga Brahma Gana Sabha, P.Obul Reddy Hall, Vani Mahal, 103, G.N.Chetty Road, T. Nagar, Chennai -600017.

II. Extraordinary General Meeting:

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

III. Postal Ballot:

No Resolution has been passed through Postal Ballot during the year 2014-15.

IV. Special Resolutions in the last three Annual General Meetings:**14th Annual General Meeting for the year 2011-12 held on July 25, 2012**

1. Special Resolution was passed approving the re-appointment of Mr. A V Asvini Kumar as Chairman and Managing Director of the company for a period of five years from April 01, 2013.
2. Special Resolution was passed approving the re-appointment of Ms. Vanaja Arvind as Executive Director of the company for a period of five years from April 01, 2013.
3. Special Resolution was passed approving the re-appointment of Ms. Aarti Arvind as Executive Vice President for a period of five years from April 01, 2013.
4. Special Resolution was passed approving the amendment of Thinksoft Employee Stock Option Scheme-2011 in order to extend the scope and cover employees of subsidiaries.
5. Special Resolution was passed approving the issue of securities under Thinksoft Employees Stock Option Scheme 2011.

15th Annual General Meeting for the year 2012-13 held on July 25, 2013

No Special Resolution was passed in the Meeting.

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

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

9. Disclosures:**I. Materially Significant Related Party Transactions:**

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

- 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 have been denied access to the Audit Committee. The details of establishment of Whistle Blower Policy is posted in the Company's website. The web link for the same is <http://www.sqs-bfsi.com/investors/corporate-governance-policies.php>

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

The Company has complied with all mandatory requirements laid down in Clause 49, as applicable. Compliance with non-mandatory requirements is disclosed at appropriate places.

10. Means of Communication to Shareholders:**I. Quarterly results and newspaper 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 MakkalKural (Tamil). Results are displayed in the Company's Website www.sqs-bfsi.com

All material information about the Company is promptly sent through facsimile and E-mail 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 for a reasonable period of time.

The presentation made to the analysts are also placed in the website of the Company and retained it for a reasonable period of time.

11. General Shareholder Information:

I. Annual General Meeting Date, Time and Venue:

17th Annual General Meeting

Date and Time: July 23, 2015 at 3.30 pm

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

II. Financial calendar:

Tentative Financial Calendar for the year 2015-16

Financial Year	April 1, 2015 to March 31, 2016
First Quarter Results	On or before August 15, 2015
Half Yearly Results	On or before November 15, 2015
Third Quarter Results	On or before February 15, 2016
Fourth Quarter and Annual Results	On or before May 31, 2016

III. Date of book closure:

July 18, 2015 to July 23, 2015 (both days inclusive)

IV. Dividend payment date:

The Final Dividend proposed to be declared for the year 2014-15 will be paid on or before August 22, 2015

V. Listing of Stock Exchanges and Stock Code:

10,545,299 equity shares of Rs. 10/- each is listed at

Name of the Stock Exchange	Stock Symbol
National Stock Exchange of India Limited	SQSBFSI
Bombay Stock Exchange Limited	533121

The Company has paid the annual listing fees for the year 2014-15 on both the above Stock Exchanges.

VI. Market Price data:

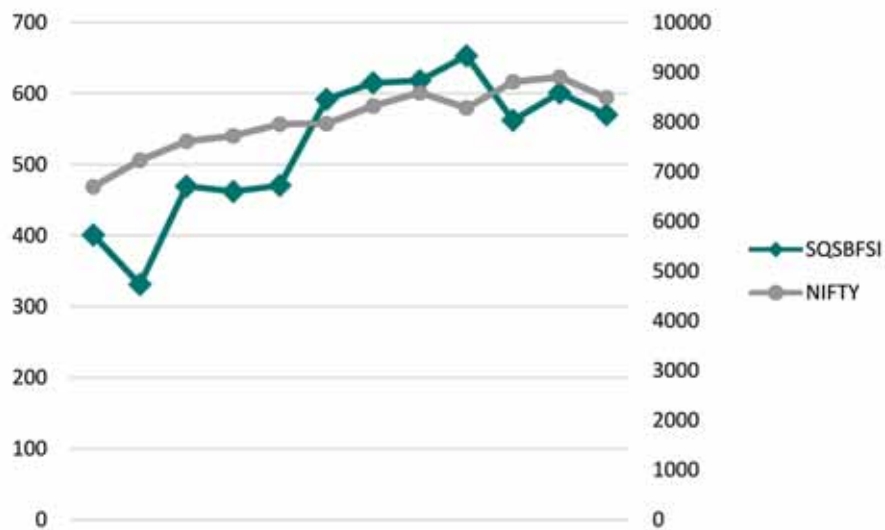
The closing market price of equity shares on March 31, 2015 (last trading day of the year) was Rs. 570.00 on NSE and Rs. 572.25 on BSE.

VII. Monthly share price movement during 2014-15 at NSE & BSE:

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

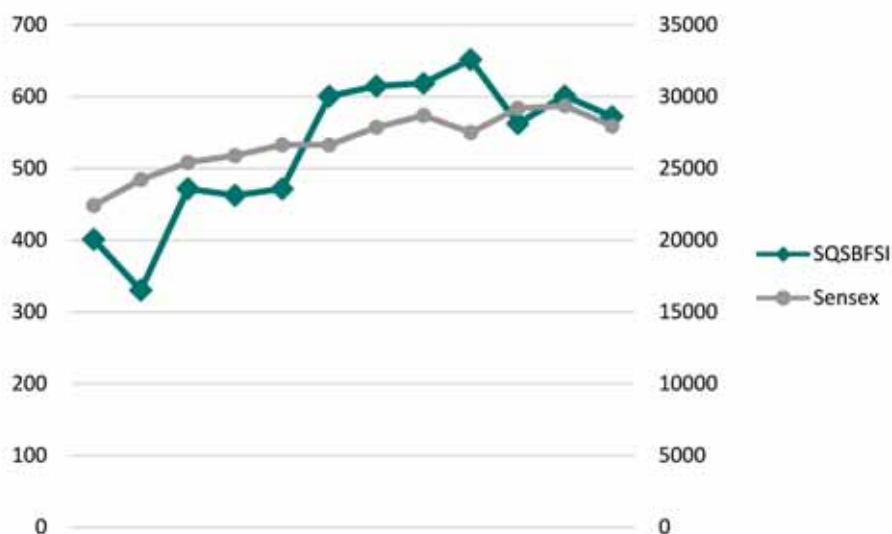
MONTH	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
April, 2014	430.95	325.80	1,551,629	431.00	319.00	584,390
May, 2014	407.00	316.55	682,114	406.65	322.00	230,422
June, 2014	469.50	326.15	794,446	471.65	329.05	290,076
July, 2014	597.00	430.00	1,964,768	597.40	430.00	623,713
August 2014,	488.90	421.00	467,922	488.00	385.00	146,603
September, 2014	628.30	461.75	2,069,604	629.00	463.00	657,404
October, 2014	681.75	565.00	578,297	680.00	575.55	241,342
November, 2014	644.40	561.15	327,072	640.00	586.20	115,900
December, 2014	791.90	599.95	883,116	790.00	600.00	167,192
January, 2015	680.00	536.05	602,317	678.75	539.00	158,639
February, 2015	648.00	541.25	493,159	646.50	542.00	318,911
March, 2015	619.95	505.10	236,959	615.00	551.50	60,857
TOTAL			11,253,720			3,595,449

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



	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
SQSBFSI	400.90	331.30	469.50	461.95	470.55	591.90	615.00	618.15	653.15	562.30	600.90	570.00
NIFTY	6,696	7,230	7,611	7,721	7,954	7,965	8,322	8,588	8,283	8,809	8,902	8,491

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



	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
SQSBFSI	401.10	330.40	471.65	462.45	471.60	600.75	614.80	618.60	651.75	562.60	601.00	572.25
Sensex	22,418	24,217	25,414	25,895	26,638	26,631	27,866	28,694	27,499	29,183	29,361	27,957

IX . Registrar and Share transfer agents:

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

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

X. Share transfer system:

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

XI. Distribution of shareholding as at March 31, 2015:

Category (Amount)	No. of Shareholders	% of Shareholders	No. of Shares held	Amount (Rs.)	% of Amount
1-5000	8,816	92.00	638,785	6,387,850	6.06
5001-10000	319	3.33	253,610	2,536,100	2.40
10001-20000	176	1.84	271,485	2,714,850	2.57
20001-30000	63	0.66	159,003	1,590,030	1.51
30001-40000	39	0.41	142,284	1,422,840	1.35
40001-50000	30	0.31	137,027	1,370,270	1.30
50001-100000	65	0.68	491,076	4,910,760	4.66
100001& Above	75	0.78	8,452,029	84,520,290	80.15
Total	9,583	100.00	10,545,299	105,452,990	100.00

Shareholding Pattern as on March 31, 2015

S.No.	Category	Number of Shares	% of holding
1	Promoters	5,753,801	54.56
2	Mutual Funds	635,469	6.03
3	Foreign Institutional Investors	100,410	0.95
4	Bodies Corporate	475,540	4.51
5	Non-Resident Indians	100,390	0.95
6	Public and Others	3,479,689	33.00
	Total	10,545,299	100.00

XII. Dematerialization of securities and liquidity:

As on March 31, 2015, 10,543,284 shares of the Company were held in dematerialized form and 2,015 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. Locations:

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

XV. 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 established by the Government. Since there is no due falling in the financial year 2015-16, there is no requirement to transfer any funds to Investor Education & Protection Fund during the year 2015-16.

The dates by which the dividend amounts will be transferred to IEPF are as under:

Financial Year	Date of Declaration	Due Date for Transfer to IEPF
IPO Refund - 2009	15-Oct-09 *	14-Oct-16
Interim Dividend - 2009-10	21-Apr-10	20-Apr-17
Final Dividend - 2010-11	24-Aug-11	23-Aug-18
Interim Dividend - 2011-12	29-Nov-11	28-Nov-18
Final Dividend - 2011-12	21-Aug-12	20-Aug-19
Interim Dividend - 2012-13	21-Nov-12	20-Nov-19
Final Dividend - 2012-13	20-Aug-13	20-Aug-20
Interim Dividend - 2013-14	5-Nov-13	5-Nov-20
Final Dividend - 2013-14	20-Aug-14	20-Aug-21
Interim Dividend - 2014-15	27-Nov-14	27-Nov-21

*Date of opening the IPO Refund Account.

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.

XVI. Address for Correspondence:

SQS India BFSI Limited (formerly Thinksoft Global Services Limited)

6A, Sixth Floor, Prince Infocity-II,
283/3, 283/4, Rajiv Gandhi Salai(OMR),
Kandanchavadi, Chennai-600096

Telephone: +91 44 4392 3200 Fax: +91 44 4392 3258

Website: www.sqs-bfsi.com

e-mail: investor.sqsbfsi@sqs.com

Other disclosures as per Clause 49 of the Listing Agreement:

(i) Clause 49(II) (E): Code of Conduct

The Company has adopted a Code of Conduct as required under Clause 49(II)(E) of the Listing Agreement with Stock Exchanges, which applies to all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed their compliance on an annual basis and their confirmations have been received in this regard. A declaration to this effect signed by the Managing Director & CEO is provided elsewhere in the annual report. The Code of Conduct is available on the Company's website: www.sqs-bfsi.com

(ii) Clause 32 (iii) (b): Related Party Disclosures

The transactions entered with the related parties are in compliance with the applicable accounting standards and such transactions with the related parties are disclosed in detail in Note no 29 of Schedule annexed to the standalone financial statements for the year. These transactions were not in conflict with the interest of the Company.

(iii) Details of Shares and convertible instruments held by Non-Executive Directors as on March 31, 2015:

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

(iv) Familiarisation Programmes

The details of familiarization programmes provided to Independent Directors is uploaded in the Company's website. The details of the familiarization programme is also dealt elsewhere in the Annual report. The weblink for the same is <http://www.sqs-bfsi.com/investors/corporate-governance-policies.php>

(v) Clause 49 (V) - Policy on Material Subsidiary

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

(vi) Clause 49 (VIII) - Policy on dealing with Related Party Transactions

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

(vii) Clause 49(VIII) (B): Disclosure of Accounting Treatment

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards as per Schedule II of the Companies Act, 2013. Significant Accounting Policies is provided elsewhere in the Annual Report.

(viii) Clause 49(VIII) (C): Disclosure of Criteria for Making payment to Non-Executive Directors

The Criteria for making payment to Non-Executive Directors is dealt elsewhere in the Annual Report.

(ix) Clause 49(VIII) (D): Management Discussion and Analysis Report

The Management Discussion and Analysis Report is provided elsewhere and form part of this Annual Report.

(x) Clause 49(VIII) (E): Shareholders Information

- a. Appointment / Re-appointment of Directors: The brief resume of Director retiring by rotation, including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership of committees of the Board and Shareholding of non-executive Directors as stated in Clause 49 (IV) (E) (v) is appended to the Notice calling Annual General Meeting.
- b. None of the Directors are related to each other.

(xi) Clause 49(IX): CEO/CFO certification

The CEO and CFO certification of the financial statements for the year 2014-15 is provided elsewhere in this Annual Report.

(xii) Prevention of Insider Trading: [Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulations, 1992]

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board had approved the “Code of Conduct for prevention of insider trading”. The Board has designated Company Secretary as the Compliance Officer.

Compliance Certificate

TO THE MEMBERS OF SQS INDIA BFSI LIMITED

We have examined the compliance of the conditions of Corporate Governance by SQS India BFSI Limited, for the year ended March 31, 2015 as stipulated in clause 49 of Listing Agreement of the said company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management and we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the company to Investor Grievance Committee, as on March 31, 2015, there were no investor grievance matters against the company remaining unattended/pending for more than 30 days.

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

For PKF Sridhar & Santhanam

Chartered Accountants

Firm Registration No.: 003990S

T V Balasubramanian

Partner

Membership No.: 027251

Place : Chennai

Date : April 23, 2015

CEO & CFO Certification under clause 49(IX) of the Listing Agreement

We, **Dr. Martin Müller, Managing Director & Chief Executive Officer** and **N. Vaidyanathan, Chief Financial Officer**, responsible for the finance function certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief :
 - i these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii 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, 2015 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. Deficiencies in the design or operation of such internal controls, if any, of which we are aware of have been disclosed to the Auditors and the Audit Committee and steps have taken to take to rectify these deficiencies.
- d)
 - i. There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii. There has not been significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. We are not aware of any instance during the year of significant fraud with involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Chennai

Date : April 23, 2015

Dr. Martin Müller

Managing Director & CEO

N. Vaidyanathan

Chief Financial Officer

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, 2015, 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, 2015.

Date : May 21, 2015

Place : Chennai

Dr. Martin Müller

Managing Director and CEO

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

We have examined the books of accounts and other relevant records of SQS India BFSI Limited (Formerly Thinksoft Global Services Limited) having Registered and Corporate Office at 6A, Sixth floor, Prince Infocity II, 283/3 & 283/4, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai-600096 and based on the information and explanation given to us, we certify that in our opinion, the company has implemented the Employee Stock Option Scheme in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the Special Resolution passed by the Company in the Annual General Meeting held on July 29, 2011 and July 25, 2012.

For PKF Sridhar & Santhanam

Chartered Accountants

Firm Registration No.: 003990S

T V Balasubramanian

Partner

Membership No.: 027251

Place : Chennai

Date : April 23, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SQS India BFSI Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SQS India BFSI Limited, which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. 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:
 1. The company has disclosed the impact of pending litigations on its financial position in its financial statements – Please refer Note 28 to the financial statements.
 2. Company did not have any long-term contracts including derivative contracts for which there are material foreseeable losses.
 3. There were no amounts due to be transferred to the Investor Education and Protection Fund by the company during the year.

For PKF Sridhar and Santhanam

Chartered Accountants

Firm registration No.: 003990S

T.V.Balasubramanian

Partner

Membership No.: 027251

Place : Chennai

Date : April 23, 2015

Annexure A

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

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The company has a regular program of verifying fixed assets every year which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. All Fixed assets have been physically verified by the management during the year. As informed, there were no discrepancies identified by the management that required adjustment in the financial statement.
2. Having regard to the nature of the company's business, clause (ii) of this order is not applicable.
3. The company has not granted any loans to parties covered under section 189 register and hence the said clause is not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and sale of services. On the basis of our examination and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the aforesaid internal control system.
5. The Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under.
6. The Company is not required to maintain cost records prescribed by the Central Government under sub-section (1) of section 148 of the Act.
7. a. According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and any other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax and any other statutory dues were in arrears, as at March 31, 2015 for a period of more than six months from the date they became payable.
- b. Dues relating to service tax and income tax, which have not been deposited on account of disputes with the related authorities, are stated in table below:

Name of the statute	Period	Amount (Rs. in Lacs)	Forum where the dispute is pending
Service tax	FY 2004 to FY 2006	72.18	Customs, Excise and Service Tax Appellate Tribunal (South Zone bench)
Income tax	FY 2007 & FY 2009	522.02	Assessing officer

- c. There are no amounts which require to be transferred to Investor Education and Protection Fund in accordance with the provisions of the Companies Act 1956 and the rules made thereunder.
8. The company has no accumulated losses at the end of the year and has not incurred cash losses in the current year and the immediately preceding financial year.

9. Based on our audit procedure and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks.
10. According to the information and explanations given to us, the company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, the company has applied the term loans for the purpose for which it was obtained.
12. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year ended March 31, 2015.

For PKF Sridhar and Santhanam

Chartered Accountants

Firm registration No.: 003990S

T.V.Balasubramanian

Partner

Membership No.: 027251

Place : Chennai**Date :** April 23, 2015

Standalone Balance Sheet as at March 31, 2015

Particulars	Note	March 31, 2015 Rs.	March 31, 2014 Rs.
EQUITY and LIABILITIES			
Shareholder's Funds			
Share capital	3	105,452,990	102,676,810
Reserves and Surplus	4	743,103,569	843,640,283
		848,556,559	946,317,093
Share application money pending allotment		1,777,850	-
Non-Current liabilities			
Long term Borrowings	5	73,252,328	96,329,252
Current Liabilities			
Trade payables	6	15,448,493	10,581,504
Other current liabilities	7	202,188,168	169,228,291
Short-term provisions	8	297,975,094	90,051,003
		515,611,755	269,860,798
TOTAL		1,439,198,492	1,312,507,143
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	9	236,178,909	257,468,523
Intangible assets	10	6,658,039	16,369,018
Intangible Assets under Development		14,035,982	6,641,025
		256,872,930	280,478,566
Non current Investments	11	42,862,197	42,862,197
Deferred tax asset (Net)	12	6,519,810	5,753,860
Long term loans and advances	13	3,082,310	4,979,516
Other Non-current assets	14	4,153,918	19,952,678
		56,618,235	73,548,251
Current Assets			
Trade receivables	15	549,811,641	517,868,538
Cash and bank balances	16	484,913,356	360,827,130
Short term loans and advances	13	71,222,435	70,086,338
Other current assets	14	19,759,895	9,698,320
		1,125,707,327	958,480,326
TOTAL		1,439,198,492	1,312,507,143

Summary of significant accounting policies

2

The accompanying notes are an integral part of this Balance Sheet

As per our report of even date

PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No.: 003990S

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No.: 027251

David Bellin
Chairman & Director

Dr. Martin Müller
Managing Director

N Vaidyanathan
Chief Financial Officer

S Akila
Company Secretary

Place: Chennai

Date : April 23, 2015

Place : Chennai

Date : April 23, 2015

Standalone Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note	March 31, 2015 Rs.	March 31, 2014 Rs.
Revenue from Operations	17	2,141,554,154	1,944,439,625
Other income	18	17,057,213	86,435,173
Total Revenue		2,158,611,367	2,030,874,798
Employee benefits expense	19	811,853,628	785,944,335
Depreciation and amortization expense	20	51,586,212	56,406,707
General, administrative and other expenses	21	997,862,829	798,580,731
Finance cost	22	16,024,186	19,550,151
Total Expenses		1,877,326,855	1,660,481,924
Profit before exceptional and extraordinary items and tax		281,284,512	370,392,874
Exceptional items		-	-
Profit before extraordinary items and tax		281,284,512	370,392,874
Extraordinary items		-	-
Profit before tax		281,284,512	370,392,874
Tax expense:			
Current Tax			
Current year		97,213,669	112,321,204
Deferred Tax (Credit)		(765,950)	3,719,089
Profit for the year		184,836,793	254,352,581
Earnings per Equity share (Par value of Rs.10 each)	23		
Basic		17.81	25.01
Diluted		17.56	24.27

Summary of significant accounting policies

2

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

As per our report of even date

PKF Sridhar & Santhanam
For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration No.: 003990S

T V Balasubramanian

Partner

Membership No.: 027251

David Bellin

Chairman & Director

Dr. Martin Müller

Managing Director

N Vaidyanathan

Chief Financial Officer

S Akila

Company Secretary

Place : Chennai

Place : Chennai

Date : April 23, 2015

Date : April 23, 2015

Standalone Statement of Cash flow for the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Cash flow from operating activities		
Net profit/(loss) before taxation	281,284,512	370,392,874
Adjustments for:		
Depreciation/amortization	51,586,212	56,406,707
Loss/(profit) on sale of fixed assets	(1,231,642)	(364,945)
Unrealized forex exchange loss/(gain), net	31,979,782	(9,704,414)
Interest income	(15,824,460)	(11,411,456)
Interest expense	14,606,511	18,013,328
Provision for bad and doubtful debts	-	(13,019,231)
Operating profit before working capital changes	362,400,915	410,312,864
(Increase)/Decrease in trade receivables	(18,226,508)	(124,388,221)
(Increase)/Decrease in loans and advances and other current assets	(11,647,395)	33,027,775
Increase/(Decrease) in current liabilities & provisions	39,971,654	12,316,002
Cash generated from operations	372,498,666	331,268,420
Direct taxes paid (net of refunds)	(94,926,822)	(133,126,477)
Net cash from/(used in) operating activities	277,571,844	198,141,943
Cash flows from investing activities		
Purchase of fixed assets	(28,009,934)	(24,877,699)
Proceeds from sale of fixed assets	1,261,000	379,131
Interest received	18,352,649	10,792,531
Fixed deposits matured/(invested) during the year	(20,569,018)	(13,363,807)
Net cash from/(used in) investing activities	(28,965,303)	(27,069,844)
Cash flows from financing activities		
Proceeds from Issue of Shares/Share Application money	23,525,830	7,718,700
Repayment of Borrowings	(23,076,924)	(23,699,020)
Interest paid	(14,606,511)	(18,013,328)
Dividends paid	(82,790,968)	(81,243,348)
Tax on dividend paid	(15,533,999)	(13,790,056)
Net cash from/(used in) financing activities	(112,482,571)	(129,027,052)
Net increase in cash and cash equivalents	136,123,969	42,045,046
Cash and cash equivalents at the beginning of the year	253,667,973	190,489,492
Effect of changes in exchange rate on cash and cash equivalents	(33,419,296)	21,133,435
Cash and cash equivalents at the end of the year (Ref Note 16)	356,372,645	253,667,973

Summary of significant accounting policies (Note 2)

As per our report of even date

PKF Sridhar & Santhanam

Chartered Accountants

Firm Registration No.: 003990S

For and on behalf of the Board of Directors

T V Balasubramanian

Partner

Membership No.: 027251

David Bellin

Chairman & Director

Dr. Martin Müller

Managing Director

N Vaidyanathan

Chief Financial Officer

S Akila

Company Secretary

Place : Chennai

Date : April 23, 2015

Place : Chennai

Date : April 23, 2015

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 1

i Background:

SQS India BFSI Limited (formerly Thinksoft Global Services 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 19th August 2008. The Company made its Initial Public Offering (IPO) of its Equity Shares on 24th September 2009 (issue open date) and shares under IPO were allotted on 14th October 2009. The Company's shares are listed in National Stock Exchange and Bombay Stock Exchange with effect from 26th October 2009.

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

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

ii Basis of preparation of financial statements:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP), in compliance with provisions of the Companies Act, 2013 and the Accounting Standards [as specified in the Companies (Accounting Standards) Rules, 2006 read with Section 133 of the Companies Act, 2013 and Rule 7 of the Companies (Accounts) Rules 2014 prescribed by the Central Government]. The other Accounting Standards as issued by ICAI, not yet notified are also considered, wherever applicable, except to the extent where compliance with the other statutory promulgations override the same requiring a different treatment. The accounting policies are consistent with those used in the previous year.

iii The Financial Statements include figures pertaining to Head office and Branches/Places of Business located at Madras Export Processing Zone - Chennai, United Kingdom, Australia, Belgium, Hong Kong, Cyprus and Malaysia.

The place of business in Cyprus has been closed during the year.

The management expects to realize at least the book values for the net assets carried in respect of these businesses.

Note 2: Summary of significant accounting policies:

i Use of estimates:

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

Fixed Assets and Depreciation

ii Tangible Assets:

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

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

Notes to Standalone Financial Statements for the year ended March 31, 2015

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

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

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

iii Intangible assets:

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

Amortization rates currently applied are as follows:

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

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

iv Impairment

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

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

v Investment:

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

vi Revenue recognition:

Software service income:

- a Revenue from software validation and allied services comprises revenue from time and material contracts and fixed price contracts.
- b Revenue in respect of time-and-material contracts is recognized based on time/efforts spent and / or billed to clients as per the terms of specific contracts.
- c Revenue in respect of fixed-price contracts is recognized on proportionate completion method on the basis of the work completed.
- d Revenue includes reimbursement of expenses wherever billed as per the terms of contracts.

Interest income:

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

Notes to Standalone Financial Statements for the year ended March 31, 2015

vii Employee benefits:

- a Employee benefits in the form of Provident Fund / Social Security payments are defined contribution schemes and the contributions made are charged to the Statement of Profit and Loss for the year. The Company has no further obligations under these plans beyond its periodic contributions.
- b Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the projected unit credit method. Actuarial gains/losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the Statement of Profit & Loss as Income/Expense.
- c The Company does not allow leave encashment on retirement. However, appropriate provision is made at the end of each financial year based on estimates for the accrued and unavailed leave entitlement which are short term in nature.

viii Taxation:

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

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

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

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

ix Earnings per share:

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

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

x Foreign currency transactions and translations:

a Initial recognition

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

b Conversion

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

c Exchange differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported

Notes to Standalone Financial Statements for the year ended March 31, 2015

in previous financial statements, are recognized as income or as expense in the year in which they arise. Exchange differences on account of conversion of foreign operations are also recognized as income or as expense in the year in which they arise.

d Forward contracts in foreign currency

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

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

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

xi Provisions:

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

xii Leases:

Where the company is lessee

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

xiii Employee stock compensation cost:

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

xiv Segment information:

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

xv Cash flows:

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

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

xvi Contingent liabilities:

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

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 3: Share capital

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Authorized		
12,000,000 equity shares (March 31, 2014 12,000,000) of Rs.10 each	120,000,000	120,000,000
Issued, subscribed and fully paid up		
10,545,299 equity shares (March 31, 2014 10,267,681) of Rs.10 each	105,452,990	102,676,810

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

Equity shares

Particulars	March 31, 2015		March 31, 2014	
	Number	Rs.	Number	Rs.
At the beginning of the year	10,267,681	102,676,810	10,123,681	101,236,810
Issued during the year	277,618	2,776,180	144,000	1,440,000
Outstanding at the end of the year	10,545,299	105,452,990	10,267,681	102,676,810

b Terms/rights attached to equity shares

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

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

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

Particulars	March 31, 2015		March 31, 2014	
	Number	% Holding	Number	% Holding
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	54.56%	2,673,697	26.04%
A V Asvini Kumar	-	-	1,759,554	17.14%

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

e Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer Note 25.

f For the year 2014-15, the Board of Directors have recommended final dividend of Rs. 20 per share (in addition to interim dividend of Rs 4 per share already distributed), which is subject to the approval of the share holders. During the previous year 2013-14, the company had declared final dividend of Rs.4 per share (in addition to interim dividend of Rs.5 per share).

Notes to Standalone Financial Statements for the year ended March 31, 2015

g Share application money of Rs.1,777,850 (Share capital of Rs.155,000 and share premium of Rs.1,622,850) represents funds received from employee in March 2015 towards options exercised (15,500 shares to be allotted) during the period. Pending board approval and statutory filings, funds received during the period has been disclosed as share application money pending allotment.

Note 4: Reserves and surplus

Particulars		March 31, 2015	March 31, 2014
		Rs.	Rs.
Securities premium account			
Balance at the beginning of the year		157,243,350	150,782,010
Add: Additions during the year		18,971,800	6,461,340
Balance at the end of the year	A	176,215,150	157,243,350
General Reserve			
Balance at the beginning of the year		81,007,695	55,571,695
Add: Additions during the year		18,484,000	25,436,000
Balance at the end of the year	B	99,491,695	81,007,695
Surplus/(Deficit) in the statement of profit and Loss			
Balance as per last financial statements		605,389,238	484,276,020
Profit for the year		184,836,793	254,352,581
Less: Appropriations			
Interim dividend paid on equity shares		(41,567,620)	(50,857,905)
Proposed final equity dividend *		(211,058,604)	(41,085,124)
Tax on Interim equity dividend		(8,510,841)	(8,643,301)
Tax on proposed final equity dividend **		(43,208,242)	(7,217,033)
Transfer to general reserve		(18,484,000)	(25,436,000)
Total appropriations		(322,829,307)	(133,239,363)
Net surplus in statement of Profit and Loss	C	467,396,724	605,389,238
Total	(A+B+C)	743,103,569	843,640,283

* includes Rs.152,624 (PY Rs.14,400) pertaining to previous year

** includes Rs. 25,938 (PY Rs.237,063) pertaining to previous year

Note 5: Long term borrowings - Secured

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Term Loan from Bank (Secured against the property including moveable fixed assets, furniture & fixtures, Interiors, equipments and other assets purchased out of the above loan)	96,328,328	119,405,252
Less: Current maturities classified under other current liabilities (Refer note 7)	(23,076,000)	(23,076,000)
Total	73,252,328	96,329,252

Notes to Standalone Financial Statements for the year ended March 31, 2015

The company also has a cash credit facility with bank which is secured by hypothecation of certain fixed assets and book debts of the company both present and future. There is no outstanding amount due on this account, as at the end of the year. The interest rate on Term Loan ranges from 12.00% to 13.75% during the year and repayment term is about 6.5 Years

Note 6: Trade payables

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Due to Micro and small enterprises*	2,497	-
Due to others	15,445,996	10,581,504
Total	15,448,493	10,581,504

* Refer note 34

Note 7: Other current liabilities

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Advance received from customers	-	1,318,019
Dues to subsidiaries	44,340,872	28,023,929
Unearned Revenue	11,891,560	2,491,432
Employee benefits payable	54,929,447	44,652,377
Liabilities for other expenses	34,245,578	28,959,300
Unpaid application money due for refund	72,000	72,000
Unpaid dividend*	2,097,793	1,285,257
Statutory liabilities	31,534,918	39,349,977
Current maturities of long term borrowings (Refer note 5)	23,076,000	23,076,000
Total	202,188,168	169,228,291

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

Note 8: Short-term provisions

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Provision for Employee Benefits:		
for Leave salary	10,100,000	11,207,368
for Gratuity	1,561,638	837,366
Provision for tax on Interim equity dividend	-	17,250
Proposed equity dividend	210,905,980	41,070,724
Provision for tax on proposed equity dividend	43,182,304	6,979,970
Provision for taxation (Net of pre paid taxes)	32,225,172	29,938,325
Total	297,975,094	90,051,003

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 9: Tangible assets

	(in Rs.)									
	Leasehold rights & Improvement	Building	Plant and equipment	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total	
Cost or Valuation										
At April 1, 2013	9,504,000	232,144,469	37,359,646	83,769,290	16,894,771	12,038,757	6,363,460	597,190	398,671,583	
Additions	-	102,430	1,170,942	8,697,615	190,920	395,610	-	-	10,557,517	
Disposals	-	-	(559,672)	(1,424,937)	(369,677)	(338,409)	(868,160)	-	(3,560,855)	
At March 31, 2014	9,504,000	232,246,899	37,970,916	91,041,968	16,716,014	12,095,958	5,495,300	597,190	405,668,245	
Additions	-	-	249,473	14,858,481	-	1,709,923	1,436,399	-	18,254,276	
Disposals	-	-	-	(7,469,082)	-	(69,458)	(2,761,635)	-	(10,300,175)	
At March 31, 2015	9,504,000	232,246,899	38,220,389	98,431,367	16,716,014	13,736,423	4,170,084	597,190	413,622,346	

	Leasehold rights & Improvement	Building	Plant and equipment	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Depreciation									
At April 1, 2013	4,287,360	7,209,633	13,833,785	60,294,690	8,272,092	7,550,880	4,452,948	597,190	106,498,578
Additions	950,400	11,608,051	11,693,123	13,314,788	4,172,558	2,419,380	1,089,513	-	45,247,813
Disposals	-	-	(559,672)	(1,424,936)	(369,668)	(324,233)	(868,160)	-	(3,546,669)
At March 31, 2014	5,237,760	18,817,684	24,967,236	72,184,542	12,074,982	9,646,027	4,674,301	597,190	148,199,722
Additions	950,400	11,612,105	7,968,287	13,077,387	2,839,244	2,006,142	1,060,967	-	39,514,532
Disposals	-	-	-	(7,469,082)	-	(69,458)	(2,732,277)	-	(10,270,817)
At March 31, 2015	6,188,160	30,429,789	32,935,523	77,792,847	14,914,226	11,582,711	3,002,991	597,190	177,443,437

Net Block

At March 31, 2014	4,266,240	213,429,215	13,003,680	18,857,426	4,641,032	2,449,931	820,999	-	257,468,523
At March 31, 2015	3,315,840	201,817,110	5,284,866	20,638,520	1,801,788	2,153,712	1,167,073	-	236,178,909

Note 10: Intangible assets - Computer Software (in Rs.)

	Gross Block	Amortization	Net Block
At April 1, 2013	57,488,409	38,234,518	-
Additions	8,274,021	11,158,894	-
Disposals	-	-	-
At March 31, 2014	65,762,430	49,393,412	16,369,018
Additions	2,360,701	12,071,680	-
Disposals	-	-	-
At March 31, 2015	68,123,131	61,465,092	6,658,039

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 11: Non current Investments

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Trade investments (at cost)		
Unquoted equity instruments (in subsidiaries)		
100,000 equity shares (Previous year - 100,000 equity shares) of SGD 1/- each in SQS BFSI Pte. Ltd., Singapore	2,658,023	2,658,023
3,000 equity shares (Previous year - 3,000 equity shares) of USD 0.01/- each in SQS BFSI Inc., USA	4,625,400	4,625,400
EUR 50,000/- (Previous year - EUR 50,000) in Thinksoft Global (Europe) GmbH, Germany	2,714,774	2,714,774
3,50,000 equity shares (Previous year - 3,50,000 equity shares) of GBP 1/- each in SQS BFSI UK Ltd., UK	24,168,000	24,168,000
24 equity shares (Previous year - 24 equity shares) of AED 25,000/- each in SQS BFSI FZE., UAE	8,696,000	8,696,000
Total	42,862,197	42,862,197

Note 12: Deferred tax asset

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Opening balance	5,753,860	9,472,949
Deferred tax credit (provision) for the year	765,950	(3,719,089)
Closing balance	6,519,810	5,753,860
Break up of closing balance		
on account of timing difference in claiming depreciation allowance	5,989,009	5,469,238
on account of timing difference in claiming provision for gratuity	530,801	284,622
Total	6,519,810	5,753,860

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 13: Loans and advances (Unsecured considered good)

Particulars	Non-Current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Security deposit	3,082,310	4,979,516	13,050,140	12,545,489
Trade and Staff advances	-	-	5,831,380	10,643,189
Other Advances				
Due from subsidiaries *	-	-	827,378	-
Prepaid expenses	-	-	16,759,785	10,156,856
MAT credit entitlement	-	-	16,869,630	16,869,630
Income tax refund due / deposits	-	-	5,339,067	5,339,067
Input tax credit	-	-	12,545,055	14,532,107
	-	-	52,340,915	46,897,660
Total	3,082,310	4,979,516	71,222,435	70,086,338

* Amount due from a Subsidiary on account of invoicing done through the subsidiary.

Note 14: Other assets (Unsecured, considered good)

Particulars	Non-Current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Non-current bank balances (Note 16)	4,153,918	19,952,678	-	-
(A)	4,153,918	19,952,678	-	-
Unbilled revenue	-	-	16,981,619	4,391,855
(B)	-	-	16,981,619	4,391,855
Others				
Forward cover premium	-	-	-	-
Interest accrued on fixed deposits	-	-	2,778,276	5,306,465
(C)	-	-	2,778,276	5,306,465
Total	4,153,918	19,952,678	19,759,895	9,698,320
(A+B+C)				

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 15: Trade receivables (Unsecured)

Particulars	Non-Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	10,628,358	7,901,654
Considered doubtful	-	-	-	-
	-	-	10,628,358	7,901,654
Provision for doubtful receivables	-	-	-	-
(A)	-	-	10,628,358	7,901,654
Others				
Considered good *	-	-	539,183,283	509,966,884
(B)	-	-	539,183,283	509,966,884
Total	(A+B)	-	549,811,641	517,868,538

* it includes due from SQS India Infosystems Private Limited, India Rs. 137,641 (PY Rs. Nil)

Note 16: Cash and Bank balances

Particulars	Non-Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balance with bank in current accounts	-	-	301,340,834	213,655,027
Deposits with original maturity of less than three months	-	-	55,000,000	40,000,000
Cash in hand	-	-	31,811	12,946
	-	-	356,372,645	253,667,973
Other bank balances				
Deposits with original maturity for more than 3 months	-	-	126,370,918	105,801,900
Margin money deposits*	4,153,918	19,952,678	-	-
Unpaid application money due for refund	-	-	72,000	72,000
Unpaid dividend account	-	-	2,097,793	1,285,257
	4,153,918	19,952,678	128,540,711	107,159,157
Amount disclosed under non-current Other assets (Note 14)	(4,153,918)	(19,952,678)	-	-
Total	-	-	484,913,356	360,827,130

* Margin money deposits given as performance/financial security

Note 17: Revenue from operations

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Software Services	2,141,554,154	1,944,439,625

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 18: Other income

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Interest income on bank deposits	15,824,460	11,411,456
Interest income - others	-	672
Profit on sale of fixed assets	1,231,642	364,945
Net foreign exchange gain	-	61,637,583
Write back of provision no longer required (Doubtful debts)	-	13,019,231
Miscellaneous income	1,111	1,286
Total	17,057,213	86,435,173

Note 19: Employee benefits expense

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Salaries, wages and Bonus	742,745,954	721,797,279
Contribution to provident and other funds	42,773,468	39,269,211
Gratuity expense	12,350,277	15,242,581
Staff welfare expense	13,983,929	9,635,264
Total	811,853,628	785,944,335

Note 20: Depreciation and amortization expense

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Depreciation on tangible assets	39,514,532	45,247,813
Amortization of intangible assets	12,071,680	11,158,894
Total	51,586,212	56,406,707

Note 21: General, administrative and other expenses

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Travel and conveyance	116,993,500	117,423,287
Rent	13,914,162	10,504,772
Professional fees	30,161,025	38,429,170
Marketing and selling expenses	822,341	7,440,926
Consultancy charges	945,000	10,204,003
Onsite service expenses	693,983,761	528,460,567
Software expenses	24,752,336	20,615,867
Power and fuel	17,034,029	14,198,552
Repairs & Maintenance		
- Buildings	12,306,929	9,732,224
- Plant and machinery	2,623,394	2,630,620
- Others	3,363,320	3,015,835

Notes to Standalone Financial Statements for the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Communication expenses	10,309,559	10,069,354
Exchange Loss	37,280,981	-
Sales commission	125,584	4,030,124
Training and recruitment	5,068,294	2,629,108
Insurance	7,826,242	6,130,519
Audit fees *	2,148,000	1,415,000
Directors sitting fees	1,192,598	658,566
Rates and taxes	8,488,238	4,287,972
Corp. Social Responsibility Expense	4,706,725	-
Donation	-	1,534,791
Miscellaneous expenses	3,816,811	5,169,474
Total	997,862,829	798,580,731

- * Consists of Audit fee Rs.500,000 (PY Rs. 500,000)
Tax audit Rs.300,000 (PY Rs. 300,000)
Quarterly Review/ Group consolidation Rs.550,000 (PY Rs. 300,000)
Taxation services Rs. 750,000 (PY Rs. 280,000)
Certification Rs. 48,000 (PY Rs. 35,000)

Note 22: Finance cost

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Interest	14,606,511	18,013,328
Bank charges	1,417,675	1,536,823
Total	16,024,186	19,550,151

Note 23: Earnings per share

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

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Profit for computation of basic EPS	184,836,793	254,352,581
Add/ (Less) adjustment	-	-
Profit for computation of Diluted EPS	184,836,793	254,352,581
	Number	Number
Number of Shares at the Beginning of the year	10,267,681	10,123,681
Add: Weighted average of shares issued during the year	110,973	47,237
Total weighted average number of equity shares for calculating basic EPS	10,378,654	10,170,918
Effect of Dilutive stock option	147,300	309,758
Weighted average number of equity shares for calculating diluted EPS	10,525,954	10,480,676
Earnings per share - Basic (in Rs.)	17.81	25.01
Earnings per share - Diluted (in Rs.)	17.56	24.27

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 24: Disclosure pursuant to Accounting Standard - 15

i Short term plan - Compensated Absence

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

Particulars	Current year Rs.	Previous year Rs.
Liability at the beginning of the year	11,207,368	10,320,409
Leave salary cost accounted for the year (Net)	(1,107,368)	886,959
Total liability as at year end	10,100,000	11,207,368

ii Defined contribution plan - Provident fund & Social Security Schemes

Particulars	Current year Rs.	Previous year Rs.
Employers contribution accounted for the year	39,478,720	36,146,976

iii Defined Benefit Plan - Gratuity

Particulars	Current year Rs.	Previous year Rs.
Change in Benefit obligation		
Liability at the beginning of the year	44,954,647	30,956,486
Interest cost	3,858,399	2,358,861
Current service cost	7,399,415	6,675,516
Past service cost (Vested benefit)	-	-
Past service cost (Non Vested benefit)	-	-
Benefit paid	(4,167,099)	(2,941,453)
Actuarial (Gain)/Loss on obligations	3,708,312	7,905,237
Liability at the end of the year	55,753,674	44,954,647
Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	44,117,281	27,601,883
Expected return on plan assets	4,066,973	2,975,941
Contributions	11,626,005	17,759,818
Benefit paid	(4,167,099)	(2,941,453)
Actuarial Gain/(Loss) on plan assets	(1,451,123)	(1,278,908)
Fair value of plan assets at the end of the year	54,192,036	44,117,281
Actual return on Plan Assets		
Expected return on plan assets	4,066,972	2,975,941
Actuarial Gain/(Loss) on plan assets	(1,451,123)	(1,278,908)
Actual return on Plan Assets	2,615,849	1,697,033

Notes to Standalone Financial Statements for the year ended March 31, 2015

iii Defined Benefit Plan - Gratuity (Contd.,)

Particulars	Current year Rs.	Previous year Rs.
Amount recognized in the balance sheet		
Present value of the obligation	55,753,674	44,954,647
Fair value of plan assets	54,192,036	44,117,281
Difference (Funded status)	1,561,638	837,366
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Amount recognized in the balance sheet	1,561,638	837,366
Expenses recognized in the income statement		
Current service cost	7,399,415	6,675,516
Interest cost	3,858,399	2,358,861
Expected return on plan assets	(4,066,973)	(2,975,941)
Net Actuarial (Gain)/Loss to be recognized	5,159,436	9,184,145
Transitional Liability recognized	-	-
Past service cost - non Vested benefits	-	-
Past service cost - vested benefits	-	-
Expense recognized in P&L	12,350,277	15,242,581
Balance sheet reconciliation		
Opening net liability as per Books	837,366	3,354,603
Transitional liability adjusted to opening reserves and deferred taxes	-	-
Expense as above	12,350,277	15,242,581
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Contribution paid	(11,626,005)	(17,759,818)
Amount recognized in the balance sheet	1,561,638	837,366
Actuarial assumptions		
Discount rate - Current	7.80%	9.00%
Expected rate of return on plan assets	8.50%	8.50%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	10.00%	10.00%
Investment details		
Funds managed by the Insurer	100%	100%

Actuarial valuation

a. Experience adjustment

Rs.

Particulars	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	55,753,674	44,954,647	30,956,486	26,964,973
Plan assets	54,192,036	44,117,281	27,601,883	18,100,000
Surplus/(Deficit)	(1,561,638)	(837,366)	(3,354,603)	(8,864,973)
Exp. adj. on plan liabilities	800,213	1,009,942	(122,951)	(5,039,000)
Exp. adj. on assets	(1,451,123)	(1,278,908)	(1,685,924)	(689,000)

Estimated contribution towards gratuity for next year - Rs.100 Lakhs

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 25: Employee stock option plans

The company provides share based payment schemes to its employees. During the year ended March 31, 2015 an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

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

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

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

Particulars	March 31, 2015		March 31, 2014	
	No. of options	WAEP (Rs.)	No. of options	WAEP (Rs.)
Outstanding at the beginning of the year	508,700	92.51	677,400	84.05
Granted during the year	-	-	-	-
Forfeited during the year	54,000	97.67	24,700	92.36
Exercised during the year	277,618	78.34	144,000	54.87
Outstanding at the end of the year	177,082	113.14	508,700	92.51
Exercisable at the end of the year	80,182	111.26	174,800	93.13

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2015 is 4.95 Years (March 31, 2014: 5.46 Years). The range of exercise price for options outstanding at the end of the year is Rs.38.05 to Rs.114.70 (March 31, 2014 Rs.38.05 to Rs.114.70)

The weighted average fair value of stock options granted during the year - No Options has been granted during the year (March 31, 2014: NIL). The black scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	March 31, 2015	March 31, 2014
Dividend yield (%)		
Expected volatility		
Risk-free interest rate		
Weighted average share price		
Exercise price		
Expected life of options granted in years		
	No Options granted during the year	No Options granted during the year

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of options is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to Standalone Financial Statements for the year ended March 31, 2015

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

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Profit after tax as reported	184,836,793	254,352,581
Add : ESOP cost using intrinsic value method	NIL	NIL
Less: ESOP cost using fair value method	2,141,888	11,180,879
Proforma profit after tax	182,694,905	243,171,702
Earnings per share		
Basic		
As reported	17.81	25.01
Proforma	17.60	23.91
Diluted		
As reported	17.56	24.27
Proforma	17.36	23.07

Note 26: Operating lease: Company as lessee

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

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

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Within one year	10,216,371	10,521,206
After one year but not more than five years	25,878,952	16,595,160
More than five years	-	-
Total	36,095,323	27,116,366
Lease payments recognized in the Statement of Profit and Loss account	13,914,162	10,504,772

Note 27: Segment reporting

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Sales revenue by geographical market		
Within India	134,621,698	114,989,703
Outside India	2,006,932,456	1,829,449,922
Total	2,141,554,154	1,944,439,625

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 28: Commitments and contingencies

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	Nil	626,186
Service tax related matters	7,218,676	7,218,676
Income tax related matters	57,202,781	57,202,781
Counter guarantees issued to the bank for the bank guarantee obtained	10,645,670	31,800,731

The Service Tax Authorities had made a demand for Rs.3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to Dec 2005. Management contends that the Company has sufficient grounds to defend its position and is filing an appeal before Customs, Excise and Service tax appellate Tribunal, furnishing the necessary explanations / responses to support its position. Consequently, no provision has been made for the same in these financial statements.

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of Rs.57,202,781 for the fiscal year 2006-07 & 2008-09. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income tax Act. The matter for fiscal 2006-07 & 2008-09 is pending before CIT (Appeals). Management believes that its position will likely be upheld in the CIT (Appeals) process.

Company has received a show cause notice from SEBI in March 2015 for certain delay in filing of information in 2010. Company is seeking condonation for the delay and does not expect any significant financial impact there from.

Note 29: Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'

a Related Parties

i) Holding Company

SQS Software Quality Systems AG, Germany

ii) Subsidiaries

SQS BFSI Pte.Ltd., Singapore

SQS BFSI Inc, USA

Thinksoft Global Services (Europe) GmbH, Germany

SQS BFSI UK Ltd., UK

SQS BFSI FZE., UAE

iii) Key Management Personnel (KMP)

For Financial Year 2014-15

Dr. Martin Müller - Managing Director

For Financial Year 2013-14

Mr. A V Asvini Kumar - Managing Director *

Ms.Vanaja Arvind - Executive Director *

Mr.Mohan Parvatikar - Whole time Director **

Notes to Standalone Financial Statements for the year ended March 31, 2015

iv) Relatives of Key Management Personnel (Relatives of KMP)

For Financial Year 2014-15

None

For Financial Year 2013-14

Ms. Aarti Arvind

Ms. A K Latha

Mr. A K Krishn

Mr. Chalapathi Rao Peddineni

Mr. C V Rajan

v) Fellow Subsidiaries

SQS India Infosystems Private Limited, India

SQS 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

b Transactions with Related Parties

Particulars	Nature of relationship	Name of the related Party	March, 31, 2015 Rs.	March, 31, 2014 Rs.
Income				
INCOME FROM THE SERVICE RENDERED	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	-	-
	Subsidiary	SQS BFSI Inc, USA	405,891	918,456
	Subsidiary	SQS BFSI Pte.Ltd., Singapore	38,126,075	56,389,677
	Subsidiary	SQS BFSI UK Ltd., UK	60,996,882	59,095,727
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	14,880,987	-
	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH, Austria	4,013,491	-
	Fellow Subsidiaries	SQS USA Inc., USA	25,839,973	-
	Fellow Subsidiaries	SQS Group Limited UK	12,247,174	-
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	878,974	-
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	122,500	-
Expenses				
Managerial remuneration	KMP	Dr. Martin Müller #	21,020,037	-
	KMP	Mr.A V Asvini Kumar ***	-	40,760,800
	KMP	Ms.Vanaja Arvind ***	-	40,760,800
	KMP	Mr.Mohan Parvatikar	-	4,979,100

Notes to Standalone Financial Statements for the year ended March 31, 2015

Particulars	Nature of relationship	Name of the related Party	March, 31, 2015 Rs.	March, 31, 2014 Rs.
Rent	Relatives of KMP	Ms. A K Latha	-	464,400
Salary	Relatives of KMP	Ms. Aarti Arvind	-	6,003,720
Expenses for services rendered	Subsidiary	SQS BFSI Pte.Ltd., Singapore	78,013,688	69,736,515
	Subsidiary	SQS BFSI Inc, USA	256,707,730	170,726,082
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	-	619,998
	Subsidiary	SQS BFSI UK Ltd., UK	181,300,361	167,077,141
	Subsidiary	SQS BFSI FZE., UAE	177,961,982	120,300,830
OTHER TRANSACTIONS				
Proposed final dividend	Holding Company	SQS Software Quality Systems AG, Germany ****	115,076,020	10,694,788
	Relatives of KMP	Mr. C V Rajan	--	80,972
Interim dividend	Holding Company	SQS Software Quality Systems AG, Germany	21,910,272	-
	KMP	Mr. A V Asvini Kumar	-	18,270,830
	KMP	Ms. Vanaja Arvind	-	5,548,810
	KMP	Mr. Mohan Parvatikar	-	694,265
	Relatives of KMP	Ms. Aarti Arvind	-	359,900
	Relatives of KMP	Mr. A K Krishna	-	1,138,890
	Relatives of KMP	Ms. A K Latha	-	1,218,610
	Relatives of KMP	Mr. Chalapathi Rao Peddineni	-	-
	Relatives of KMP	Mr. C V Rajan	-	11,110
Cost Reimbursement	Holding Company	SQS Software Quality Systems AG, Germany	2,170,324	-
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	304,964	-
OUTSTANDING BALANCES				
Net Receivable from	Subsidiary	SQS BFSI Pte.Ltd., Singapore	827,378	-
	Fellow Subsidiaries	SQS Group Limited, UK	8,483,205	-
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	869,502	-
	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	2,645,845	-

Notes to Standalone Financial Statements for the year ended March 31, 2015

Particulars	Nature of relationship	Name of the related Party	March, 31, 2015 Rs.	March, 31, 2014 Rs.
Net Payable to	Fellow Subsidiaries	SQS Software Quality Systems Ges.mbH - Austria	2,203,391	-
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	137,641	-
	Fellow Subsidiaries	SQS USA Inc., USA	26,166,876	-
	Subsidiary	SQS BFSI Pte.Ltd., Singapore	-	3,981,954
	Subsidiary	SQS BFSI UK Ltd., UK	5,295,129	4,185,747
	Subsidiary	SQS BFSI Inc, USA	18,804,874	12,293,668
	Subsidiary	SQS BFSI FZE., UAE	19,560,904	6,722,556
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	679,965	840,004
Other Payables	Holding Company	SQS Software Quality Systems AG, Germany	744,584	-
	KMP	Mr. A V Asvini Kumar	-	21,890
	KMP	Ms. Vanaja Arvind	-	160
Provision for expenses	KMP	Dr. Martin Müller	2,560,000	-
	KMP	Mr. A V Asvini Kumar	-	990,000
	KMP	Ms. Vanaja Arvind	-	990,000
Final dividend payable	Holding Company	SQS Software Quality Systems AG, Germany ****	115,076,020	10,694,788
	Relatives of KMP	Mr. C V Rajan	-	80,972
Investments	Subsidiary	SQS BFSI Pte.Ltd., Singapore	2,658,023	2,658,023
	Subsidiary	SQS BFSI Inc, USA	4,625,400	4,625,400
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774
	Subsidiary	SQS BFSI FZE., UAE	8,696,000	8,696,000
	Subsidiary	SQS BFSI UK Ltd., UK	24,168,000	24,168,000

* until March 1, 2014

** until December 27, 2013

*** includes requisite value of motor car provided by the company and severance pay in accordance with the service contract

**** as per shareholding pattern on March 31, 2014

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

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 30: Exposure in foreign currency

- a The Company, in accordance with its risk management policies and procedures enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a Bank. Forward contracts pending as at the Balance Sheet date are as follows:

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
No. of Contracts (sell)	-	-
Value of Foreign currency (USD)	-	-
Value in INR	-	-

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

- b The details of foreign currency balances, which are not hedged as at the balance sheet date are as below:

Particulars	FCY	March 31, 2015		March 31, 2014	
		Amt in FCY	Amt in Rs.	Amt in FCY	Amt in Rs.
Trade receivables	GBP	811,686	75,048,498	1,627,357	162,491,606
Trade receivables	USD	4,380,573	274,180,041	2,935,449	176,420,465
Trade receivables	EUR	2,437,546	164,558,697	1,008,761	83,303,489
Trade receivables	AUD	121,960	5,879,692	181,340	10,042,609
Trade receivables	MYR	45,646	771,422	1,603,103	29,432,975
Trade receivables	SGD	80,623	3,678,814	269,977	12,850,905
Loans and advances	USD	96,941	6,067,510	87,885	5,281,902
Loans and advances	SGD	49,565	2,261,635	5,919	281,744
Loans and advances	GBP	82,408	7,619,486	34,496	3,444,423
Loans and advances	AUD	2,200	106,062	35,770	1,980,932
Loans and advances	AED	181,685	3,101,359	109,711	1,788,289
Loans and advances	BHD	-	-	716	116,730
Loans and advances	SAR	-	-	17,000	271,320
Loans and advances	EUR	96,199	6,494,410	3,889	321,135
Loans and advances	MYR	26,885	454,355	3,811	69,975
Other current liabilities	EUR	10,072	679,965	10,172	840,004
Other current liabilities	SGD	-	-	83,654	3,981,954
Other current liabilities	USD	300,445	18,804,874	204,554	12,293,668
Other current liabilities	GBP	57,269	5,295,129	41,920	4,185,747
Other current liabilities	AED	1,141,184	19,480,011	412,427	6,722,556
Trade payables	HKD	-	-	14,920	115,182
Trade payables	USD	75,225	4,708,335	5,691	342,029
Trade payables	SGD	-	-	430	20,468
Trade payables	AED	210,513	3,593,457	33,175	540,749
Trade payables	EUR	49,394	3,334,555	-	-
Trade payables	MYR	6,091	102,938	-	-
Trade payables	AUD	775	37,361	-	-

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 31: CIF value of imports

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Capital goods/software	1,004,030	472,241

Note 32: Earnings in foreign exchange (on accrual basis)

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Income from software services	2,006,932,456	1,829,449,922
Interest income	-	-
Total	2,006,932,456	1,829,449,922

Note 33

a Expenditure in foreign currency (on cash basis)

Particulars	March 31, 2015	March 31, 2014
	Rs.	Rs.
Travel expenses	95,405,660	75,361,420
Marketing and selling expenses	-	175,357
Professional fees/ consultancy fee	19,603,179	9,531,120
Salary	156,695,653	147,966,265
Sales commission	1,191,753	503,160
Rent	826,750	1,136,398
MD Remuneration	8,715,911	-
Others	9,058,868	9,273,780
Onsite service expenses	665,892,044	403,124,571
Total	957,389,819	647,072,071

b Dividend remitted in Foreign currency

Details of Dividend remitted during the year to Non resident

Particulars	March 31, 2015		March 31, 2014	
	Interim	Final	Interim	Final
Period	2014-15	2013-14	2013-14	2012-13
No. of Shareholders	1	1	NIL	NIL
No. of Shares	5,477,568	5,477,568	NIL	NIL
Amount Remitted (in Rs.)	21,910,272	21,910,272	NIL	NIL

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 34: Dues to Micro, Small and Medium enterprises

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

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

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
	Rs	Rs
Principal amount remaining unpaid to any supplier as at the period end	2,497	-
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period.	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-

Note 35: Disclosure made in terms of clause 32 of the listing agreement with stock exchange

Particulars	Name of the company	Amount	Maximum
		outstanding as on March 31, 2015	amount due at any one time during the year
a) Loans and advances			
i) Loans and advances in nature of loans made to subsidiary company	Nil	Nil	Nil
ii) Loans and advances in nature of loans made to Associate company	Nil	Nil	Nil
iii) Loans and advances in nature of loans where there is	Nil	Nil	Nil
1. No repayment schedule or repayment beyond seven years	Nil	Nil	Nil
2. No interest or interest below section 372 A of the Companies Act	Nil	Nil	Nil
iv) Loans and advances in the nature of loans made to firms/ companies in which directors of the company are interested	Nil	Nil	Nil

b) Investment by the company	Name of the company	Amount (Rs.)	Maximum amount of investment during the year (Rs.)
i) in Subsidiary company	SQS BFSI Pte.Ltd., Singapore	2,658,023	2,658,023
ii) in Subsidiary company	SQS BFSI Inc, USA	4,625,400	4,625,400
iii) in Subsidiary company	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774
iv) in Subsidiary company	SQS BFSI UK Ltd., UK	24,168,000	24,168,000
v) in Subsidiary company	SQS BFSI FZE., UAE	8,696,000	8,696,000
a) Investment by the loanee in the shares of the parent company and subsidiary company when the company has made a loan or advance in the nature of Loan		Nil	Nil

Notes to Standalone Financial Statements for the year ended March 31, 2015

Note 36: Previous year figures

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

As per our report of even date

PKF Sridhar & Santhanam For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration No.: 003990S

T V Balasubramanian

Partner

Membership No.: 027251

David Bellin

Chairman & Director

Dr. Martin Müller

Managing Director

N Vaidyanathan

Chief Financial Officer

S Akila

Company Secretary

Place: Chennai

Date : April 23, 2015

Place : Chennai

Date : April 23, 2015

INDEPENDENT AUDITOR'S REPORT

To the members of SQS India BFSI Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of SQS India BFSI Limited and its subsidiaries as referred to in section 129 (3) of the Companies Act 2013 ("the Act") (hereinafter "the Company"), which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its subsidiaries in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the 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, but not for the purpose of expressing an opinion on whether the company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 consolidated 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 consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its subsidiaries as at March 31, 2015 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the five subsidiaries included in the consolidated financial statements of the company whose financial statements reflect total asset of Rs.2119 lakhs as at March 31, 2015, total revenue of Nil and total cash inflow of Rs.569 lakhs for the year ended of that date, as considered in the consolidated financial statement. The financial statement of these subsidiaries have been audited by the subsidiary's auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of such subsidiary auditors.

For PKF Sridhar and Santhanam

Chartered Accountants

Firm registration No.:003990S

T.V.Balasubramanian

Partner

Membership No.: 027251

Place : Chennai

Date : April 23, 2015

Consolidated Balance Sheet as at March 31, 2015

Particulars	Note	March 31, 2015 Rs	March 31, 2014 Rs
EQUITY and LIABILITIES			
Shareholder's Funds			
Share capital	3	105,452,990	102,676,810
Reserves and Surplus	4	910,796,786	979,685,665
		1,016,249,776	1,082,362,475
Share application money pending allotment		1,777,850	-
Non-Current liabilities			
Long term Borrowings	5	73,252,328	96,329,252
Current Liabilities			
Trade payables	6	43,902,751	15,869,583
Other current liabilities	7	210,152,955	179,239,632
Short-term provisions	8	305,776,403	94,839,676
		559,832,109	289,948,891
TOTAL		1,651,112,063	1,468,640,618
ASSETS			
Non-Current assets			
Fixed assets			
Tangible assets	9	236,340,067	257,791,112
Intangible assets	10	6,638,909	16,350,083
Intangible Assets under Development		14,035,982	6,641,025
		257,014,958	280,782,220
Deferred tax asset (Net)	11	6,519,810	5,753,860
Long term loans and advances	12	3,286,467	5,181,162
Other Non-current assets	13	4,153,918	19,952,678
		13,960,195	30,887,700
Current Assets			
Trade receivable	14	567,353,826	557,778,311
Cash and bank balances	15	683,480,906	502,496,111
Short term loans and advances	12	109,542,283	86,997,956
Other current assets	13	19,759,895	9,698,320
		1,380,136,910	1,156,970,698
TOTAL		1,651,112,063	1,468,640,618

Summary of significant accounting policies

The accompanying notes are an integral part of this Balance Sheet

2

As per our report of even date

PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No.:003990S

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No.: 027251

David Bellin
Chairman & Director

Dr. Martin Müller
Managing Director

N Vaidyanathan
Chief Financial Officer

S Akila
Company Secretary

Place : Chennai
Date : April 23, 2015

Place : Chennai
Date : April 23, 2015

Consolidated Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note	March 31, 2015 Rs.	March 31, 2014 Rs.
Revenue from Operations	16	2,141,554,154	1,944,439,625
Other income	17	17,537,592	101,890,886
Total Revenue		2,159,091,746	2,046,330,511
Employee benefits expense	18	1,360,772,917	1,182,208,126
Depreciation and amortization expense	19	51,785,033	56,568,429
General, administrative and other expenses	20	409,710,909	365,109,755
Finance cost	21	16,424,456	20,121,331
Total Expenses		1,838,693,315	1,624,007,641
Profit before exceptional and extraordinary items and tax		320,398,431	422,322,870
Exceptional items		-	-
Profit before extraordinary items and tax		320,398,431	422,322,870
Extraordinary items		-	-
Profit before tax		320,398,431	422,322,870
Tax Expense:			
Current Tax			
Current year		104,679,753	118,230,864
Deferred Tax (Credit)		(765,950)	3,719,088
Profit for the year		216,484,628	300,372,918
Earnings per Equity share (Par value of Rs.10 each)	22		
Basic		20.86	29.53
Diluted		20.57	28.66

Summary of significant accounting policies

2

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

As per our report of even date

PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No. 003990S

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No.: 027251

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N Vaidyanathan
Chief Financial Officer

S Akila
Company Secretary

Place : Chennai
Date : April 23, 2015

Place : Chennai
Date : April 23, 2015

Statement of Consolidated Cash flow for the year ended March 31, 2015

Particulars	March 31, 2015 Rs	March 31, 2014 Rs
Cash flow from operating activities		
Net profit/(loss) before taxation	320,398,431	422,322,870
Adjustments for:		
Depreciation/amortisation	51,785,033	56,568,429
Loss/(profit) on sale of fixed assets	(1,187,081)	(364,945)
Unrealised forex exchange loss/(gain), net	31,979,780	(9,704,433)
Interest income	(16,047,024)	(11,411,456)
Interest expense	14,606,511	18,013,328
Provision for bad and doubtful debts	-	(13,019,231)
Operating profit before working capital changes	401,535,650	462,404,562
(Increase)/Decrease in Trade Receivables	4,141,080	(139,088,553)
(Increase)/Decrease in loans and advances and other current assets	(33,505,166)	27,303,384
Increase/(Decrease) in current liabilities and provisions	64,135,795	28,688,567
Cash generated from operations	436,307,359	379,307,960
Direct taxes paid (net of refunds)	(101,977,755)	(142,066,251)
Net cash from/(used in) operating activities	334,329,604	237,241,709
Cash flows from investing activities		
Purchase of fixed assets	(28,092,736)	(25,294,750)
Proceeds from sale of fixed assets	1,262,048	379,131
Interest received	18,575,213	10,792,531
Fixed deposits matured/(invested) during the year	(20,569,018)	(13,363,807)
Net cash from/(used in) investing activities	(28,824,493)	(27,486,895)
Cash flows from financing activities		
Proceeds from Issue of Shares/Share Application money Received	23,525,830	7,718,700
Term loan availed	-	-
Repayment of Borrowings	(23,076,924)	(23,699,020)
Interest paid	(14,606,511)	(18,013,328)
Dividends paid	(82,790,968)	(81,243,348)
Tax on dividend paid	(15,534,000)	(13,790,056)
Net cash from/(used in) financing activities	(112,482,573)	(129,027,052)
Net increase in cash and cash equivalents	193,022,537	80,727,762
Cash and cash equivalents at the beginning of the year	395,336,954	293,475,756
Effect of changes in exchange rate on cash and cash equivalents	(33,419,296)	21,133,436
Cash and cash equivalents at the end of the year (Ref Note 15)	554,940,195	395,336,954

Summary of significant accounting policies Note 2

As per our report of even date

PKF Sridhar & Santhanam For and on behalf of the Board of Directors
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 027251

David Bellin
Chairman & Director

Dr. Martin Müller
Managing Director

N Vaidyanathan
Chief Financial Officer

S Akila
Company Secretary

Place : Chennai
Date : April 23, 2015

Place : Chennai
Date : April 23, 2015

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 1

i Background:

SQS India BFSI Limited (formerly Thinksoft Global Services Limited) ("SQS BFSI" or "the Company"), incorporated on June 8, 1998 as a private limited company was converted into a public limited company with effect from August 19, 2008. The Company made its Initial Public Offering (IPO) of its Equity Shares on September 24, 2009 (issue open date) and shares under IPO were allotted on October 14, 2009. The Company's shares are listed in National Stock exchange and Bombay Stock exchange with effect from October 26, 2009. The Company is an India based software service provider primarily delivering software validation and verification services to the banking and financial services industry worldwide. The Company has invested in five wholly owned subsidiaries in Singapore, USA, Germany, UK and UAE for market development and service delivery in the respective regions.

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

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

The management has decided to wind up the operations of German Subsidiary and has closed down during the year the place of business in Cyprus. The management expects to realize at least the book values for the net assets carried in respect of these businesses.

ii Basis of preparation of financial statements:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP), in compliance with provisions of the Companies Act, 2013 and the Accounting Standards [as specified in the Companies (Accounting Standards) Rules, 2006 read with Section 133 of the Companies Act, 2013 and Rule 7 of the Companies (Accounts) Rules 2014 prescribed by the Central Government]. The other Accounting Standards as issued by ICAI, not yet notified are also considered, wherever applicable, except to the extent where compliance with the other statutory promulgations override the same requiring a different treatment. The accounting policies are consistent with those used in the previous year.

iii Principles of consolidation:

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

The financial statements of the company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of costs, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealized profits/losses in full. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances and where subsidiary company uses accounting policies different from those adopted by the holding company, appropriate adjustments, wherever required, have been made.

Note 2: Summary of significant accounting policies:

i Use of estimates:

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

ii Fixed Assets and Depreciation:

Tangible Assets:

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

Depreciation on assets is provided on the straight line method on the basis of useful life which are equal to or lower than the useful life prescribed in Schedule II of the Companies Act, 2013 for all the assets except for certain fixed assets where the useful life is determined on the basis technical evaluation by the company:

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

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

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

Notes to Consolidated Financial Statements for the period ended March 31, 2015

iii Intangible assets:

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

Amortization rates currently applied are as follows:

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

iv Impairment:

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

v Investment:

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

vi Revenue recognition:

Software service income:

- Revenue from software validation and allied services comprises revenue from time and material contracts and fixed price contracts.
- Revenue in respect of time-and-materials contracts is recognized based on time/efforts spent on and / or billed to clients as per the terms of specific contracts.
- Revenue in respect of fixed-price contracts is recognized on proportionate completion method on the basis of the work completed.
- Revenue includes reimbursement of expenses wherever billed as per the terms of contracts.

Interest income

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

Government grant

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

vii Employee benefits:

- Employee benefits in the form of Provident Fund / Social Security payments are defined contribution schemes and the contributions made are charged to the Statement of Profit and Loss for the year. The Company has no further obligations under these plans beyond its periodic contributions.
- Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the projected unit credit method. Actuarial gains/losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the Statement of Profit & Loss as Income/Expense.
- The Company does not allow leave encashment on retirement. However, appropriate provision is made at the end of each financial year based on estimates for the accrued and unavailed leave entitlement which are short term in nature.

viii Taxation:

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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

Notes to Consolidated Financial Statements for the period ended March 31, 2015

ix Earnings per share:

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

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

x Foreign currency transactions and translations:

a Initial recognition

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

b Conversion

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

c Exchange differences

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

d Forward contracts in foreign currency

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

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

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

xi Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in

respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xii Leases:

Where the company is lessee

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

xiii Employee stock compensation cost:

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

xiv Segment information:

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

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

xv Cash flows:

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

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

xvi Contingent liabilities:

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

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 3: Share capital

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Authorized		
12,000,000 equity shares (March 31, 2014: 12,000,000) of Rs.10 each	120,000,000	120,000,000
Issued, subscribed and fully paid up		
10,545,299 equity shares (March 31, 2014 10,267,681) of Rs.10 each	105,452,990	102,676,810

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

Equity shares

Particulars	March 31, 2015		March 31, 2014	
	Number	Rs.	Number	Rs.
At the beginning of the year	10,267,681	102,676,810	10,123,681	101,236,810
Issued during the year	277,618	2,776,180	144,000	1,440,000
Outstanding at the end of the year	10,545,299	105,452,990	10,267,681	102,676,810

b Terms/rights attached to equity shares

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

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

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

Particulars	March 31, 2015		March 31, 2014	
	Number	% Holding	Number	% Holding
SQS Software Quality Systems AG, Germany - Holding Company	5,753,801	54.56%	2,673,697	26.04%
A V Asvini Kumar	-	-	1,759,554	17.14%

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

e Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer Note 24

f For the year 2014-15, the Board of Directors have recommended final dividend of Rs. 20 per share (in addition to interim dividend of Rs 4 per share already distributed), which is subject to the approval of the share holders. During the previous year 2013-14, the company had declared final dividend of Rs.4 per share (in addition to interim dividend of Rs.5 per share)

g Share application money of Rs. 1,777,850 (Share capital of Rs.155,000 and share premium of Rs.1,622,850) represents funds received from employee in March 2015 towards options exercised (15,500 shares to be allotted) during the period. Pending board approval and statutory filings, funds received during the period has been disclosed as share application money pending allotment.

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 4: Reserves and surplus

Particulars	Note	March 31, 2015 Rs.	March 31, 2014 Rs.
Securities premium account			
Balance at the beginning of the year		157,243,350	150,782,010
Add: Additions during the year		18,971,800	6,461,340
Balance at the end of the year	A	176,215,150	157,243,350
General Reserve			
Balance at the beginning of the year		81,007,695	55,571,695
Add: Additions during the year		18,484,000	25,436,000
Balance at the end of the year	B	99,491,695	81,007,695
Surplus/(Deficit) in the statement of profit and Loss			
Balance as per last financial statements		741,434,620	574,301,065
Profit for the year		216,484,628	300,372,918
Less: Appropriations			
Interim dividend paid on equity shares		(41,567,620)	(50,857,905)
Proposed final equity dividend *		(211,058,604)	(41,085,124)
Tax on Interim equity dividend		(8,510,841)	(8,643,301)
Tax on proposed final equity dividend **		(43,208,242)	(7,217,033)
Transfer to general reserve		(18,484,000)	(25,436,000)
Total appropriations		(322,829,307)	(133,239,363)
Net surplus in statement of Profit and Loss	C	635,089,941	741,434,620
Total	(A+B+C)	910,796,786	979,685,665

*includes Rs.152,624 (PY Rs.14,400) pertains to previous year

** includes Rs. 25,938 (PY Rs.237,063) pertains to previous year

Note 5: Long term borrowings - Secured

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Term Loan from Bank	96,328,328	119,405,252
(Secured against the property including moveable fixed assets, furniture & fixtures, Interiors, equipments and other assets purchased out of the above loan)		
Less: Current maturities classified under other current liabilities (Refer note 7)	(23,076,000)	(23,076,000)
Total	73,252,328	96,329,252

The company also has a cash credit facility with bank which is secured by hypothecation of fixed assets and book debts of the company both present and future. There is no outstanding amount due on this account, as at the end of the year. The interest rate on Term Loan ranges from 12.00% to 13.75% during the year and repayment term is about 6.5 Years.

Note 6: Trade payables

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Sundry Creditors	43,902,751	15,869,583
Total	43,902,751	15,869,583

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 7: Other current liabilities

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Advance received from customers	-	1,318,019
Employee benefits payable	76,815,913	56,663,564
Liabilities for other expenses	55,871,394	44,751,308
Unearned Revenue	11,891,560	2,491,432
Unpaid application money due for refund	72,000	72,000
Unpaid dividend	2,097,793	1,285,257
Statutory Liabilities	40,328,295	49,582,052
Current maturities of long term borrowings (Refer note 5)	23,076,000	23,076,000
Total	210,152,955	179,239,632

Note 8: Short term Provisions

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Provision for Employee Benefits:		
for Leave salary	12,697,485	11,207,368
for gratuity	1,561,638	837,366
Provision for tax on proposed interim equity dividend	-	17,250
Proposed equity dividend	210,905,980	41,070,724
Provision for tax on proposed equity dividend	43,182,304	6,979,970
Provision for taxation (Net of prepaid taxes)	37,428,996	34,726,998
Total	305,776,403	94,839,676

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 9: Tangible assets

Rs.

	Leasehold rights & Improvement	Building	Plant and equipments	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Temporary partitions	Total
Cost or valuation									
At April 1, 2013	9,504,000	232,144,469	37,359,646	84,217,035	16,894,771	12,437,951	6,363,466	597,190	399,518,527
Additions	-	102,430	1,170,942	9,025,338	280,248	395,610	-	-	10,974,568
Disposals	-	-	(559,672)	(1,482,981)	(369,677)	(338,409)	(868,160)	-	(3,618,899)
At March 31, 2014	9,504,000	232,246,899	37,970,916	91,759,392	16,805,342	12,495,152	5,495,306	597,190	406,874,196
Additions	-	-	249,473	14,941,283	-	1,710,118	1,436,399	-	18,337,273
Disposals	-	-	-	(7,581,812)	(85,283)	(69,458)	(2,761,635)	-	(10,498,188)
At March 31, 2015	9,504,000	232,246,899	38,220,389	99,118,863	16,720,059	14,135,812	4,170,070	597,190	414,713,281
Depreciation									
At April 1, 2013	4,287,360	7,204,713	13,833,785	60,632,813	8,272,092	7,997,360	4,452,948	597,190	107,278,261
Additions	950,400	11,608,051	11,693,123	13,452,407	4,187,141	2,428,900	1,089,513	-	45,409,535
Disposals	-	-	(559,672)	(1,482,980)	(369,668)	(324,233)	(868,160)	-	(3,604,713)
At March 31, 2014	5,237,760	18,812,764	24,967,236	72,602,240	12,089,565	10,102,027	4,674,301	597,190	149,083,083
Additions	950,400	11,612,105	7,968,287	13,241,194	2,866,234	2,014,166	1,060,967	-	39,713,353
Disposals	-	-	-	(7,581,812)	(39,674)	(69,458)	(2,732,277)	-	(10,423,221)
At March 31, 2015	6,188,160	30,424,869	32,935,523	78,261,622	14,916,125	12,046,735	3,002,991	597,190	178,373,215
Net Block									
At March 31, 2014	4,266,240	213,434,134	13,003,680	19,157,152	4,715,777	2,393,124	821,005	-	257,791,112
At March 31, 2015	3,315,840	201,822,031	5,284,866	20,857,241	1,803,934	2,089,076	1,167,079	-	236,340,067

Note 10: Intangible assets - Computer Software

Rs.

	Gross Block	Amortization	Net Block
At April 1, 2013	57,469,280	38,234,324	
Additions	8,274,021	11,158,894	
Disposals	-	-	
At March 31, 2014	65,743,301	49,393,218	16,350,083
Additions	2,360,506	12,071,680	
Disposals	-	-	
At March 31, 2015	68,103,807	61,464,898	6,638,909

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 11: Deferred tax asset

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Opening Balance	5,753,860	9,472,949
Deferred tax credit (provision) for the year	765,950	(3,719,089)
Closing Balance	6,519,810	5,753,860
Break up of deferred tax asset		
on account of timing difference in claiming depreciation allowance	5,989,009	5,469,238
on account of timing difference in claiming provision for gratuity and doubtful debts	530,801	284,622
Total	6,519,810	5,753,860

Note 12: Loans and advances (Unsecured, considered good)

Particulars	Non-Current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Security deposit	3,286,467	5,181,162	18,203,541	18,146,504
Trade and Staff advances	-	-	15,589,855	20,056,801
Due from Related Parties *			23,115,000	
Other Loans and advances				
Prepaid expenses	-	-	17,539,266	11,336,570
MAT credit entitlement	-	-	16,869,630	16,869,630
Income tax refund due / deposits	-	-	5,339,067	5,339,067
Input tax credit	-	-	12,885,924	15,249,384
	-	-	52,633,887	48,794,651
Total	3,286,467	5,181,162	109,542,283	86,997,956

*Refer Note 28 for Loans given to Fellow Subsidiary. The GBP loan has been given at 4.5 % interest per annum for General Corporate purposes of the Fellow Subsidiary and is Guaranteed by the Ultimate holding company.

Note 13: Other assets (Unsecured, considered good)

Particulars		Non-Current		Current	
		March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Non-current bank balances (Note 15)		4,153,918	19,952,678	-	-
	(A)	4,153,918	19,952,678	-	-
Unbilled revenue		-	-	16,981,619	4,391,855
	(B)	-	-	16,981,619	4,391,855
Others					
Interest accrued on fixed deposits		-	-	2,778,276	5,306,465
	(C)	-	-	2,778,276	5,306,465
Total	(A+B+C)	4,153,918	19,952,678	19,759,895	9,698,320

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 14: Trade receivable (Unsecured)

Particulars		Non-Current		Current	
		March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		-	-	10,628,358	7,901,654
Considered doubtful		-	-	-	-
		-	-	10,628,358	7,901,654
Provision for doubtful receivables		-	-	-	-
	(A)	-	-	10,628,358	7,901,654
Others					
Considered good *		-	-	556,725,468	549,876,657
	(B)	-	-	556,725,468	549,876,657
Total	(A+B)	-	-	567,353,826	557,778,311

* it includes due from SQS India Infosystems Private Limited, India Rs. 137,641 (PY Rs. Nil)

Note 15: Cash and Bank balances

Particulars	Non-Current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Cash and cash equivalents				
Balance with bank on current accounts	-	-	499,908,384	355,324,008
Deposits with original maturity of less than three months	-	-	55,000,000	40,000,000
Cash in hand	-	-	31,811	12,946
	-	-	554,940,195	395,336,954
Other bank balances				
Deposits with original maturity for more than 3 months	-	-	126,370,918	105,801,900
Margin money deposits*	4,153,918	19,952,678	-	-
Unpaid application money due for refund	-	-	72,000	72,000
Unpaid dividend account	-	-	2,097,793	1,285,257
	4,153,918	19,952,678	128,540,711	107,159,157
Amount disclosed under non-current Other assets (Note 13)	(4,153,918)	(19,952,678)	-	-
Total	-	-	683,480,906	502,496,111

* Margin money deposits given as performance/financial security

Note 16: Revenue from operations

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Software services	2,141,554,154	1,944,439,625

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 17: Other income

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Interest income on bank deposits	16,047,024	11,411,456
Interest income - others	-	672
Profit on sale of fixed assets	1,187,081	364,945
Net foreign exchange gain	-	77,086,654
Write back of provision no longer required (Doubtful debts)	-	13,019,231
Government grant	204,134	-
Miscellaneous income	99,353	7,928
Total	17,537,592	101,890,886

Note 18: Employee benefit expense

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Salaries, wages and bonus	1,269,054,931	1,107,338,579
Contribution to provident and other fund	50,919,756	45,765,156
Gratuity expense	12,350,277	15,242,581
Staff welfare expense	28,447,953	13,861,810
Total	1,360,772,917	1,182,208,126

Note 19: Depreciation and amortization expense

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Depreciation on tangible assets	39,713,353	45,409,535
Amortization of intangible assets	12,071,680	11,158,894
Total	51,785,033	56,568,429

Note 20: General, administrative and other expenses

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Travel and conveyance	161,038,531	153,518,019
Rent	16,425,799	16,163,407
Professional fees (Including Audit Fees)	39,526,661	43,767,001
Marketing and selling expenses	21,619,483	36,559,112
Consultancy charges	945,000	10,204,003
Software expenses	25,987,606	20,615,867
Power and fuel	17,034,029	14,198,552
Repairs & Maintenance - Buildings	12,408,040	10,328,448
- Plant and machinery	2,642,126	2,631,873
- Others	3,662,917	3,572,947
Communication expenses	11,270,730	12,399,462
Sales commission	17,461,956	15,320,371
Exchange Loss	44,549,919	-
Training and recruitment	7,209,642	5,519,376
Insurance	8,532,598	6,409,091
Director sitting fees	1,192,598	658,566
Rates and taxes	8,931,287	4,768,217
Corp. Social Responsibility Expenses	4,706,725	-
Donation	-	1,534,791
Miscellaneous expenses	4,565,262	6,940,652
Total	409,710,909	365,109,755

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 21: Finance cost

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Interest	14,606,511	18,013,328
Bank charges	1,817,945	2,108,003
Total	16,424,456	20,121,331

Note 22: Earnings per share

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Profit for computation of basic EPS	216,484,628	300,372,918
Add/ (Less) adjustment	-	-
Profit for computation of Diluted EPS	216,484,628	300,372,918
	Number	Number
Shares at the Beginning of the year	10,267,681	10,123,681
Add: Weighted average of shares issued during the year	110,973	47,237
Total weighted average number of equity shares for calculating basic EPS	10,378,654	10,170,918
Effect of Dilutive stock option	147,300	309,758
Weighted average number of equity shares in calculating diluted EPS	10,525,954	10,480,676
Earnings per share - Basic (Rs.)	20.86	29.53
Earnings per share - Diluted (Rs.)	20.57	28.66

Note 23: Disclosure pursuant to Accounting Standard - 15

i Short term plan - Compensated Absence

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

Particulars	Current year Rs.	Previous year Rs.
Liability at the beginning of the year	11,207,368	10,320,409
Leave salary cost accounted for the year	1,490,117	886,959
Total liability as at year end	12,697,485	11,207,368

ii Defined contribution plan - Provident fund & other statutory contributions

Particulars	Current year Rs.	Previous year Rs.
Employers contribution	47,625,008	42,641,481

iii Defined Benefit Plan - Gratuity

Particulars	Current year Rs.	Previous year Rs.
Change in Benefit obligation		
Liability at the beginning of the year	44,954,647	30,956,486
Interest cost	3,858,399	2,358,861
Current service cost	7,399,415	6,675,516
Past service cost (Vested benefit)	-	-
Past service cost (Non Vested benefit)	-	-
Benefit paid	(4,167,099)	(2,941,453)
Actuarial (Gain)/Loss on obligations	3,708,312	7,905,237
Liability at the end of the year	55,753,674	44,954,647

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Particulars	Current year Rs.	Previous year Rs.
Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	44,117,281	27,601,883
Expected return on plan assets	4,066,973	2,975,941
Contributions	11,626,005	17,759,818
Benefit paid	(4,167,099)	(2,941,453)
Actuarial Gain/(Loss) on plan assets	(1,451,123)	(1,278,908)
Fair value of plan assets at the end of the year	54,192,036	44,117,281
Actual return on Plan Assets		
Expected return on plan assets	4,066,972	2,975,941
Actuarial Gain/(Loss) on plan assets	(1,451,123)	(1,278,908)
Actual return on Plan Assets	2,615,849	1,697,033
Amount recognized in the balance sheet		
Present value of the obligation	55,753,674	44,954,647
Fair value of plan assets	54,192,036	44,117,281
Difference (Funded status)	1,561,638	837,366
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Amount recognized in the balance sheet	1,561,638	837,366
Expenses recognized in the income statement		
Current service cost	7,399,415	6,675,516
Interest cost	3,858,399	2,358,861
Expected return on plan assets	(4,066,973)	(2,975,941)
Net Actuarial (Gain)/Loss to be recognized	5,159,436	9,184,145
Transitional Liability recognized	-	-
Past service cost - non Vested benefits	-	-
Past service cost - vested benefits	-	-
Expense recognized in P&L	12,350,277	15,242,581
Balance sheet reconciliation		
Opening net liability as per Books	837,366	3,354,603
Transitional liability adjusted to opening reserves and deferred taxes	-	-
Expense as above	12,350,277	15,242,581
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	-
Contribution paid	(11,626,005)	(17,759,818)
Amount recognized in the balance sheet	1,561,638	837,366
Actuarial assumptions		
Discount rate - Current	7.80%	9.00%
Expected rate of return on plan assets	8.50%	8.50%
Salary Escalation - Current	7.00%	7.00%
Attrition rate	10.00%	10.00%
Investment details		
Funds managed by the Insurer	100%	100%

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Actuarial valuation

a. Experience adjustment

Rs.

Particulars	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	55,753,674	44,954,647	30,956,486	26,964,973
Plan assets	54,192,036	44,117,281	27,601,883	18,100,000
Surplus/(Deficit)	(1,561,638)	(837,366)	(3,354,603)	(8,864,973)
Exp. adj. on plan liabilities	800,213	1,009,942	(122,951)	(5,039,000)
Exp. adj. on assets	(1,451,123)	(1,278,908)	(1,685,924)	(689,000)

Estimated contribution towards gratuity for next year - Rs. 100 Lakhs

Note 24: Employee stock option plans

The company provides share based payment schemes to its employees. During the year ended March 31, 2015 an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

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

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

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

Particulars	March 31, 2015		March 31, 2014	
	No. of options	WAEP (Rs.)	No. of options	WAEP (Rs.)
Outstanding at the beginning of the year	508,700	92.51	677,400	84.50
Granted during the year	-		-	
Forfeited during the year	54,000	97.67	24,700	92.36
Exercised during the year	277,618	78.34	144,000	54.87
Outstanding at the end of the year	177,082	113.14	508,700	92.51
Exercisable at the end of the year	80,182	111.26	174,800	93.13

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2015 is 4.95 Years (March 31, 2014: 5.46 Years). The range of exercise price for options outstanding at the end of the year is Rs.38.05 to Rs. 114.70 (March 31, 2014 Rs. 38.05 to Rs. 114.70)

The weighted average fair value of stock options granted during the year - No Options has been granted during the year (March 31, 2014: NIL).The black scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	March 31, 2015	March 31, 2014
Dividend yield (%)		
Expected volatility		
Risk-free interest rate		
Weighted average share price		
Exercise price		
Expected life of options granted in years		
	No Options granted during the year	No Options granted during the year

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of options is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to Consolidated Financial Statements for the period ended March 31, 2015

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

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Profit after tax as reported	216,484,628	300,372,918
Add: ESOP cost using intrinsic value method	NIL	NIL
Less: ESOP cost using fair value method	2,141,888	11,180,879
Proforma profit after tax	214,342,740	289,192,039
Earnings per share		
Basic		
As reported	20.86	29.53
Proforma	20.65	28.43
Diluted		
As reported	20.57	28.66
Proforma	20.36	27.59

Note 25: Operating lease: Company as lessee

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

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

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Within one year		
After one year but not more than five years	11,905,611	10,521,206
More than five years	25,878,952	16,595,160
	-	-
Total	37,784,563	27,116,366
Lease payments recognised in the Statement of Profit and Loss account	16,425,799	16,163,407

Note 26: Segment reporting

Sales revenue by geographical market	March 31, 2015 Rs.	March 31, 2014 Rs.
Within India	134,621,698	114,989,703
Outside India	2,006,932,456	1,829,449,922
Total	2,141,554,154	1,944,439,625

Note 27: Commitments and contingencies

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	Nil	626,186
Service tax related matters	7,218,676	7,218,676
Income tax related matters	57,202,781	57,202,781
Counter guarantees issued to the bank for the bank guarantee obtained	10,645,670	31,800,731

The Service Tax Authorities had made a demand for Rs 3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to Dec 2005. Management contends that the Company has sufficient grounds to defend its position and is filing an appeal before Customs, Excise and Service tax appellate Tribunal, furnishing the necessary explanations / responses to support its position. Consequently, no provision has been made for the same in these financial statements.

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of Rs.57,202,781/- for the fiscal year 2006-07 & 2008-09. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income tax Act. The matter for fiscal 2006-07 & 2008-09 is pending before CIT (Appeals). Management believes that its position will likely be upheld in the CIT (Appeals) process.

Company has received a show cause notice from SEBI in March 2015 for certain delay in filing of information in 2010. Company is seeking condonation for the delay and does not expect any significant financial impact there from.

Note 28: Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures

a Related Parties

i) Holding Company

SQS Software Quality Systems AG, Germany

ii) Key Management Personnel (KMP)

For Financial Year 2014-15

Dr. Martin Müller - Managing Director

For Financial Year 2013-14

Mr. A V Asvini Kumar - Managing Director *

Ms. Vanaja Arvind - Executive Director *

Mr. Mohan Parvatikar - Whole time Director **

iii) Relatives of Key Management Personnel (Relatives of KMP)

For Financial Year 2014-15

None

For Financial Year 2013-14

Ms. Aarti Arvind

Ms. A K Latha

Mr. A K Krishna

Mr. Chalapathi Rao Peddineni

Mr. C V Rajan

iv) Fellow Subsidiaries

SQS India Infosystems Private Limited, India

SQS 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

b Transaction with Related Parties

Particulars	Nature of relationship	Name of the related Party	March 31, 2015 Rs.	March 31, 2014 Rs.
Income				
Income from the service rendered	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich, Switzerland	14,880,987	-
	Fellow Subsidiaries	SQS Software Quality Systems Ges. mbH, Austria	4,013,491	-
	Fellow Subsidiaries	SQS USA Inc., USA	25,839,973	-
	Fellow Subsidiaries	SQS Group Limited, UK	12,247,174	-
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited, Ireland	878,974	-

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Particulars	Nature of relationship	Name of the related Party	March 31, 2015 Rs.	March 31, 2014 Rs.
EXPENSES	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	122,500	-
Managerial remuneration	KMP	Dr. Martin Müller #	21,020,037	-
	KMP	Mr. A V Asvini Kumar ***	-	40,760,800
	KMP	Ms. Vanaja Arvind ***	-	40,760,800
	KMP	Mr. Mohan Parvatikar ***	-	4,979,100
Rent	Relatives of KMP	Ms. A K Latha	-	464,400
Salary	Relatives of KMP	Ms. Aarti Arvind	-	6,003,720
Expenses for services rendered	Fellow Subsidiaries	SQS Egypt S.A.E, Egypt	201,605	-
	Fellow Subsidiaries	SQS USA Inc., USA	2,365,902	-
OTHER TRANSACTIONS	Holding Company	SQS Software Quality Systems AG, Germany ****	115,076,020	10,694,788
Proposed final dividend	Relatives of KMP	Mr. C V Rajan	-	80,972
Interim dividend	Holding Company	SQS Software Quality Systems AG, Germany	21,910,272	-
	KMP	Mr. A V Asvini Kumar	-	18,270,830
	KMP	Ms. Vanaja Arvind	-	5,548,810
	KMP	Mr. Mohan Parvatikar	-	694,265
	Relative of KMP	Ms. Aarti Arvind	-	359,900
	Relative of KMP	Mr. A K Krishna	-	1,138,890
	Relative of KMP	Ms. A K Latha	-	1,218,610
	Relative of KMP	Mr. C V Rajan	-	11,110
Cost Reimbursement Received	Fellow Subsidiaries	SQS USA Inc., USA	776,179	-
	Fellow Subsidiaries	SQS Group Limited, UK	222,274	-
Cost Reimbursement Paid	Holding Company	SQS Software Quality Systems AG, Germany	304,964	-
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	2,170,324	-
	Fellow Subsidiaries	SQS USA Inc., USA	27,999,907	-
	Fellow Subsidiaries	SQS Egypt S.A.E, Egypt	138,818	-
OUTSTANDING BALANCES				
Net Receivable from	Fellow Subsidiaries	SQS Group Limited, UK	8,705,479	-
	Fellow Subsidiaries	SQS software Quality Systems (Ireland) Limited	869,502	-

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Particulars	Nature of relationship	Name of the related Party	March 31, 2015 Rs.	March 31, 2014 Rs.
Net Payable to	Fellow Subsidiaries	SQS Software Quality Systems (Schweiz) AG, Zurich	2,645,845	-
	Fellow Subsidiaries	SQS Software Quality Systems Ges. mbH - Austria	2,203,391	-
	Fellow Subsidiaries	SQS India Infosystems Private Limited, India	137,641	-
	Holding Company	SQS Software Quality Systems AG, Germany	744,584	-
	Fellow Subsidiaries	SQS USA Inc., USA	871,201	-
	Fellow Subsidiaries	SQS Egypt S.A.E, Egypt	340,423	-
Other Payables	KMP	Mr. A V Asvini Kumar	-	21,890
	KMP	Ms. Vanaja Arvind	-	160
Loans and advances (Loan Given)	Fellow Subsidiaries	SQS Group Limited UK	23,115,000	-
Provision for expenses	KMP	Dr. Martin Müller	2,560,000	-
	KMP	Mr. A V Asvini Kumar	-	990,000
	KMP	Ms. Vanaja Arvind	-	990,000
	KMP	Mr. Mohan Parvatikar	-	-
Final dividend payable	Holding Company	SQS Software Quality Systems AG, Germany ****	115,076,020	10,694,788
	Relatives of KMP	Mr. C V Rajan	-	80,972

* until March 1, 2014

** until December 27, 2013

*** includes perquisite value of motor car provided by the company and severance pay in accordance with the service contract

**** as per shareholding pattern on March 31, 2014

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

Note 29: Exposure in foreign currency

- a The Company, in accordance with its risk management policies and procedures enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party in generally a bank. Forward contracts period as at the Balance Sheet date are as follows:

Particulars	March 31, 2015 Rs.	March 31, 2014 Rs.
No. of Contracts (sell)	-	-
Value of Foreign currency (USD)	-	-
Value in INR	-	-

The company has not entered in to any other derivative instruments during the year.

Notes to Consolidated Financial Statements for the period ended March 31, 2015

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

Particulars	FCY	March 31, 2015		March 31, 2014	
		FCY	Rs.	FCY	Rs.
Trade receivables	GBP	913,240	84,438,181	1,904,317	190,146,062
Trade receivables	USD	4,392,974	274,956,220	2,934,538	176,365,740
Trade receivables	EUR	2,437,546	164,558,697	1,008,761	83,303,489
Trade receivables	SGD	242,278	11,055,139	528,591	25,160,949
Trade receivables	AUD	121,960	5,879,692	181,340	10,042,609
Trade receivables	MYR	45,646	771,422	1,603,103	29,432,975
Loans and advances	USD	156,226	9,778,175	118,317	7,110,868
Loans and advances	SGD	64,319	2,934,864	24,757	1,178,444
Loans and advances	GBP	363,488	33,608,091	85,875	8,574,582
Loans and advances	AUD	2,200	106,062	35,770	1,980,932
Loans and advances	AED	252,474	4,309,724	467,437	7,619,219
Loans and advances	EUR	97,326	6,570,492	30,815	2,544,681
Loans and advances	BHD	-	-	716	116,730
Loans and advances	MYR	26,885	454,355	94,977	1,743,782
Loans and advances	SAR	-	-	17,000	271,320
Trade payables	GBP	203	18,777	5,292	528,406
Trade payables	SGD	-	-	3,610	171,836
Trade payables	USD	523,458	32,763,251	9,951	598,057
Trade payables	EUR	49,855	3,365,709	346	28,551
Trade payables	AED	230,985	3,942,914	96,909	1,579,610
Trade payables	MYR	6,091	102,938	-	-
Trade payables	SAR	5	89	14,920	238,123
Trade payables	AUD	775	37,361	-	-

Note 30: Particulars of Parent company & Subsidiary companies

Name of the entity	Net Assets , i.e., total assets minus Liabilities		Share in profit or loss	
Parent	84%	850,985,706	85%	184,836,793
Subsidiaries				
Foreign				
1) SQS BFSI Pte.Ltd., Singapore	5%	46,267,635	1%	2,541,683
2) SQS BFSI Inc, USA	2%	25,194,327	6%	12,780,768
3) Thinksoft Global Services (Europe) GmbH, Germany	1%	8,767,025	-1%	(1,274,535)
4) SQS BFSI UK Ltd., UK	6%	64,412,638	2%	4,416,694
5) SQS BFSI FZE., UAE	2%	22,400,295	6%	13,183,225
Subtotal	16%	167,041,920	15%	31,647,835
Grand Total	100%	1,018,027,626	100%	216,484,628

Notes to Consolidated Financial Statements for the period ended March 31, 2015

Note 31: Previous year figures

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

As per our report of even date

PKF Sridhar & Santhanam

Chartered Accountants

Firm Registration No.: 003990S

For and on behalf of the Board of Directors

T V Balasubramanian

Partner

Membership No.: 027251

David Bellin

Chairman & Director

Dr. Martin Müller

Managing Director

N Vaidyanathan

Chief Financial Officer

S Akila

Company Secretary

Place : Chennai

Date : April 23, 2015

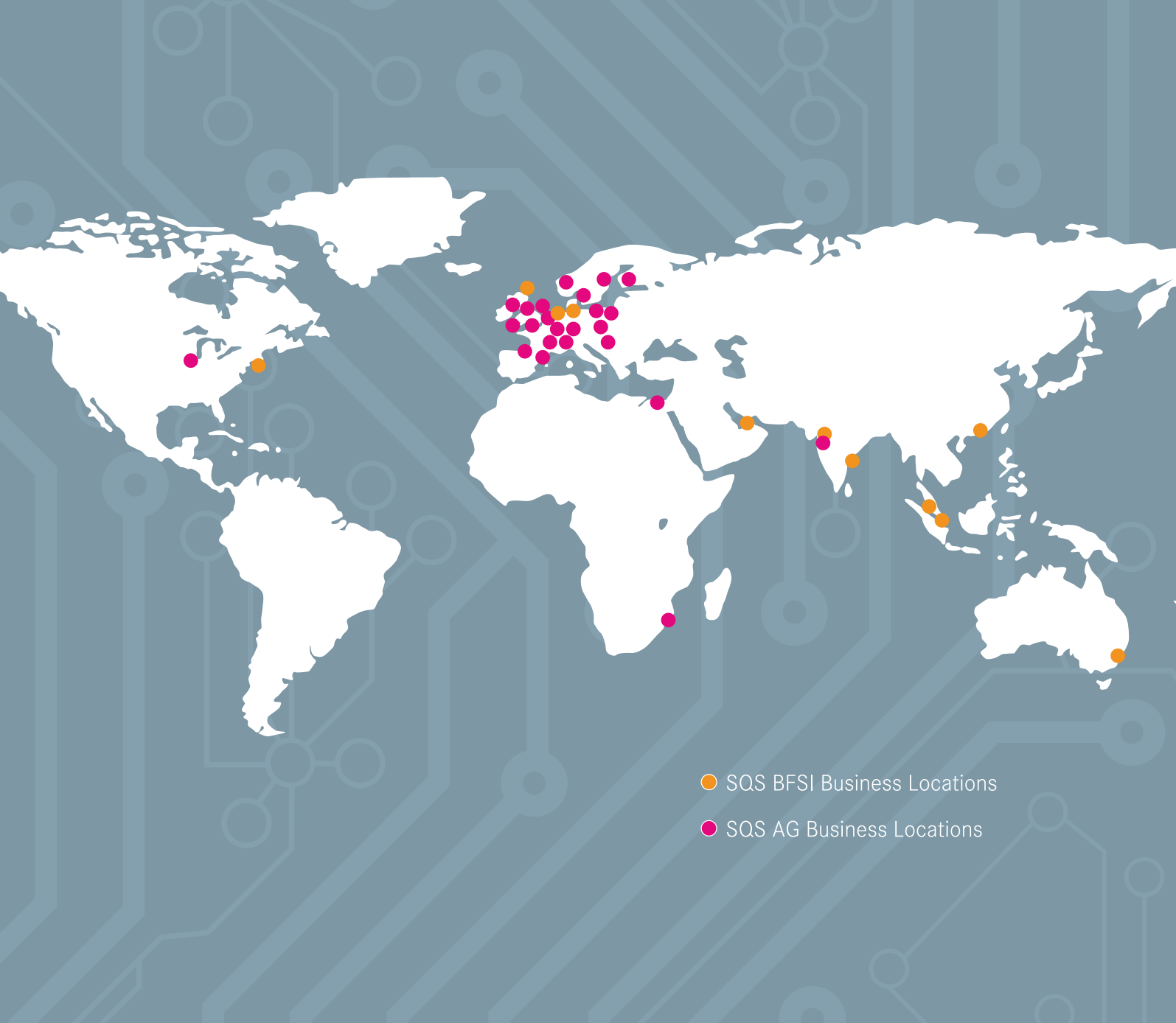
Place : Chennai

Date : April 23, 2015

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Team SQS BFSI @ Odyssey - Jan. 2015



● SQS BFSI Business Locations

● SQS AG Business Locations

SQS India BFSI Limited

(Formerly Thinksoft Global Services Ltd.)
6A, Sixth Floor, Prince Info City II,
No. 283/3 & 283/4, Rajiv Gandhi Salai (OMR),
Kandanchavadi, Chennai - 600 096, India.
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