



## “SQS India BFSI Limited Investor Update Conference Call”

**August 08, 2017**



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**Moderator**

Ladies and Gentlemen, Good Day. And welcome to SQS India BFSI Limited Investor Update Conference Call. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '\*' then '0' on your touchtone telephone. I would now like to hand over the conference call over to Mr. Diwakar Pingle from Christensen IR. Thank you and over to you, sir.

**Diwakar Pingle:**

Thank you, Janes. Good afternoon and good morning to you. This call has been organized primarily to kind of give a brief update on the notice from SEBI for stock exchanges, placing a bunch of companies under the presumed shell company list, and as a result of which we were not allowed to trade starting today.

Just to kind of remind you, while we are working with authorities to resolve the issue, at this point in time it is still a work-in-progress. But we still felt it is a kind of duty to at least update you with what has been done and what are the steps to be taken. And to do that today, we have with us the top management of SQS India BFSI Limited, Aarti Arvind – Managing Director and CEO, SQS India BFSI; Mr. Vaidyanathan N. – Executive Director, SQS India BFSI, Mr. René Gawron – Director, SQS India BFSI and CFO of SQS AG, the parent company and Mr. Ramaseshan K. – CFO, SQS India BFSI.

What we will do is we will just give a brief update. Aarti will speak a few words on what is being done and then may be Rene will add a couple of lines. And then we will possibly take questions from you guys.

A kind request, given that we are kind of focusing on the stock in hand, we will kind of restrict this to a maximum of 30 minutes. And we would appreciate if we can dwell on issue at hand and we will not be taking any business-related questions in this particular call. I hope you are okay with that.

With that said, I will kind of queue it Aarti Arvind right now. Aarti, over to you.

**Aarti Arvind:**

Thank you, Diwakar. Thank you all for joining for the call on short notice today. Just to give you a brief background on this before we get started, yesterday a communication was sent from SEBI to the exchanges and this had a list of suspected shell companies in which trading are suspended. We found that our name was appearing in this list, and based on this trading in our stocks were suspended from today morning.

Just to clarify, we have not received any intimation from any of the authorities till date on this subject and this is a complete surprise for us on how we have been included in this risk. We are a company who are very active in our business, we comply with all regulations and strategy requirements, are very transparent in all our interactions, we interact with investors on a regular



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basis, we had our AGM last week, we have paid dividends regularly to our shareholders over the years and our aim is to increase shareholder value consistently.

But on having got to know about the suspension in trading, we have initiated various actions, we have met with Register of Companies in Chennai to ascertain the facts of why this has been done or whether they have more information. And we are also taking up the matter with SEBI and MCA by writing to them very strongly to seek the reason for this action and eliciting their support to resolve this at the earliest. So, there are various actions which have been happening during the course of today, because this came up late yesterday evening and these all have been done during the course of today. And we would like to assure you that we are working towards resolving this at the earliest, because we understand that this is very key to resolve this quickly for the shareholders interest and we would make sure that happens at the earliest possible by us.

I would also request Rene to share his comments on this.

**René Gawron:**

I would like to share with you in addition to what Aarti said, also from the point of view that we are the majority shareholder of SQS India BFSI. We were, as Aarti just said, completely surprised by this, very unusual action which I would have never expected at all. I can only assure you, SQS as a group, of course we continue to be listed on London and we are traded there on the stock market as a mother company and this does not affect any of our business, and especially does not affect any of the business we are doing with SQS India BFSI, which is a vibrant and a very lively company and certainly not a shell company. And I trust that all the right measures have been taken by the management in Chennai to get this resolved at the earliest.

**Moderator:**

Thank you. Ladies and Gentlemen, we will now begin with the question-and-answer session. We take the first question from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:**

Sir, this came just out of the blue, just wanted to understand when they have shortlisted this list they must have the data mined for a certain period. So, have you got any details for which year have they mined the data out of which they came out with this list?

**Aarti Arvind:**

We have not received any intimation, we have not received any information or any request for any information for this subject till now. So, we are trying to find out why this has happened and the background to this. But honestly, till yesterday evening there was nothing which was asked of us relating to this at all, for us to even look at which year, what information, no, nothing.

**Saket Kapoor:**

Because, ma'am, I was just dwelling on the point again, because whenever these kinds of circulars are published there has to be a period on which the investigation must have happened. Supposedly, for the period 2012 - 2013 they might have mined out the data and they might have some linked out of which this list might have arisen. So, I think the first priority should to get on the site on the



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basis of which data and for what period have they complied due to which such a list has arrived. And this is what is my suggestion which I felt I should share as a shareholder.

**Aarti Arvind:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Ritesh Poladia from Giric Capital. Please go ahead.

**Ritesh Poladia:** My question is, has company ever received any letter from SFIO or when erstwhile promoter also was there?

**Aarti Arvind:** No.

**Moderator:** Thank you. We have the next question from the line of Sameer Shah from Valuequest Investment. Please go ahead.

**Sameer Shah:** Just wanted to check now what is the course of action and whether we will be having a team who will be working towards resolving the same and who is the authority with whom we are going to coordinate or who will basically remove this thing?

**K. Ramaseshan:** As Aarti mentioned, the first action that we have taken is we have approached Registrar of Companies here in Chennai and also met the Regional Director. We are working with our consultant in terms of drafting a letter to the stock exchanges, SEBI as well as Ministry of Corporate Affairs. These are all the things that we are working on and it will be done by end of the day.

**Sameer Shah:** Okay. But will we have a dedicated team till resolve it?

**Aarti Arvind:** I think all of us are extremely focused on this because we understand the difficulty this would cause for our shareholders and it is our top priority to resolve this at the earliest. So, we are definitely focused on this, we have a team who are all focused on getting any information that we need for this putting together, making sure that we are talking to the authorities and resolving it quickly.

**Sameer Shah:** And can this be a case of mistaken identity?

**K. Ramaseshan:** We believe so.

**Sameer Shah:** Then it can be resolved faster?

**K. Ramaseshan:** Yes.



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**Moderator:** Thank you. We have the next question from the line of Pranay Jain from Wealth Safe Securities. Please go ahead.

**Pranay Jain:** One thing I wanted to ask, if we have not received any communication from the capital markets regulator prior to yesterday's notice, there have been such instances even before where companies have been classified as shell companies. So, what change from their previous notice up till this notice would have prompted your company to spring up amongst their names over here? That is one. And secondly, what is the mode of communication that you are taking? Right now you mentioned that you are taking clarification from consultant and will be approaching the capital markets regulator accordingly, but what is the process going to be?

**K. Ramaseshan:** No, as it said there was no prior communication from the capital markets. And as Aarti said, it was surprise to us when we saw the letter issued by SEBI to the stock exchanges yesterday night that was the first communication we have received. Secondly, as you said, our course of actions are very clear, we have approached the Registrar of Companies here in Chennai and we are working out sending a response to the SEBI as well as Ministry of Corporate Affairs. Those are all the actions that we are contemplating with.

**Pranay Jain:** So, do we have any criteria for defining these companies, is there any understanding so far in your communication from the consultants? And second part of the question is, what is the visibility you are sharing with retail and minority shareholders with regards to their timeline for resolving this?

**Aarti Arvind:** I think in terms of the timeline for resolving it, of course we would try to do at the earliest but at the same time it is also in the hands of the authorities. Though from our side we would push with enough information and classifications and support whatever is required to resolve this quickly. Though, if you are asking is it one or two days or three days or four days, we do not know yet, because that is with the authorities. But our effort will be to clarify anything that is required to sort it out quickly.

In terms of what has changed or why we have classified into this, that question is baffling us as well because we are very active in the business that we do, we have clients, we are adding clients, we are meeting our investors, we had our AGM last week and there is nothing at all which we can think of by which we would fall into the category of a shell company. So, it is quite baffling for us and I think our focus instead of figuring out why they included us is to go to the authorities and say why have you included us, you please tell us because we do not belong in this category, let's sort it out what information do you need to sort it out or what has happened. So, our priority is to get that done.

**Moderator:** Thank you. We have the next question from the line of Sarit Panackal from Equity Masters. Please go ahead.



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- Sarit Panackal:** This question is regarding timelines, I know you are working to resolve this as soon as possible, may be in a few days. But after the initial interactions you have had with the authorities, have you got any indication that it may take longer, that may be this entire process could end up taking weeks and months?
- K. Ramaseshan:** We do not know, one action is we met the ROC, as I said, and they have given some input and we are going to send a response to the stock exchanges as well as SEBI and the MCA. But there is no indication in terms of timelines. But we believe that it has to be done quickly based on our response back to them. The response will go to the authorities today.
- Sarit Panackal:** Okay, so you will be responding by today itself?
- K. Ramaseshan:** Yes.
- Moderator:** Thank you. Our next question is from the line of Rajgopal Ramnathan, investor. Please go ahead.
- Rajgopal Ramathan:** To the management team, I guess you need to keep at your job as far as day-to-day management is concerned. Just one question, could you investigate may be over the past couple of years or so whether there were any instances of circular trading? Because I guess some of this concern could be linked to anti-money laundering, therefore if you can initiate an internal investigation on share trading pattern, may be that could be of help. This was just a suggestion. Thank you.
- Moderator:** Thank you. We have the next question from the line of Rohan Advant from Multiac. Please go ahead.
- Rohan Advant:** My question is to the representative of the parent company, is there any thought in context of whatever has happened to increase the parent's shareholding in the Indian entity which could also help instill confidence in shareholders?
- René Gawron:** Yes, I do not really want to comment on this. I think what I said two weeks ago also in the investors call, this is currently not a plan we are having, we are quite happy with our shareholding. And I think it is also not related to this topic, because first we need to get this resolved so that the trading of the shares can resume on BSE and NSE, before we entertain any other plans.
- Moderator:** Thank you. Our next question is from the line of Sumit Podar from Birla Sun Life Insurance. Please go ahead.
- Sumit Podar:** Just wanted to check, it seems that this particular suspension is under some credit surveillance measure and I believe some process has been mentioned there. Have you come across any advice from your consultants which talks about what is the criteria to come out of this GSM?



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- K. Ramaseshan:** We have not got anything, but only thing what I can tell you is there are companies who have already sent out communication to SEBI taking up this seriously because they do not believe what they have done is right. And we are also on the same page and we will send response back to them by today.
- Sumit Podar:** But as a process what is the exit criteria from this kind of situation, because this seems to be a particular process that the exchange is following.
- Aarti Arvind:** In term of the process that is followed, I think our first priority is to contest this by saying that look these are the details of our organization and we are very surprised by this and we would like to send that notice, at least the representation to SEBI as well as the MCA immediately. Our first priority is to get the representation there because we want them to know that these are the facts of the case, we are happy to talk, we are happy to share any information that you would like, but we need this resolved quickly. So, that is our first priority. And next would be in terms of what is the process to follow if this is not taken up by them immediately in terms of as a deviation or how do we resolve this. So, I think the first thing is to get out the communication to the authority so that we have represented our case, that is the initial thing that we want to do and that is our priority for today.
- Moderator:** Thank you. We have the next question from the line of Parkishit Kandpal from HDFC. Please go ahead.
- Parkishit Kandpal:** Ma'am, in the past have we ever set up any company for bidding for any of the government tenders which was like very low capital company?
- Aarti Arvind:** No.
- Moderator:** Thank you. Well, that was the last question. I now hand the floor over to Ms. Aarti Arvind for her closing comments. Over to you, ma'am.
- Aarti Arvind:** Thank you. Thank you all for joining. I know this was a bit of a short notice that we gave you, but we felt it was important because there were questions which were coming in which were valid questions and concerns by shareholders were very valid and we wanted to address them. So, we wanted to make sure that you have the information that you would like right from us, we are very much here, we will solve this out and make sure that whatever has happened we do have the answers from the authorities to see how do we resolve this. So, we are working towards sorting this out to the earliest, that assurance we give that this is our top priority to sort it out. So, there is no doubt about that, so we want to assure you that we will take care of it. Thank you for joining and I am sure all of you understand the context of what we have communicated. So, thanks a lot.



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**Moderator:**

Thank you. Ladies and Gentlemen, on behalf of SQS India BFSI Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.